

ITT Corporation to Split in Three

ITT Corporation is planning to separate the company's businesses into three distinct, publicly traded companies. Under the plan, ITT would execute tax-free spinoffs to shareholders of its water-related businesses and its Defense & Information Solutions segment. Following completion of the transaction, ITT will continue to trade on the New York Stock Exchange as an industrial company that supplies highly engineered solutions in the aerospace, transportation, energy and industrial markets. Under the plan, ITT shareholders will own shares in all three corporations following the completion of the transaction.

ITT senior management and its board of directors believe that these three businesses are well-positioned to create significant value for shareholders as standalone companies. ITT expects to finalize and execute the plan before the end of the year.

Following completion of the spinoff, ITT Corporation will continue to be a diversified global manufacturer of highly engineered industrial products and high-tech solutions. Its global platform will include ITT's current Industrial Process business, as well as its Motion Technologies, Interconnect Solutions and Control Technologies businesses. ITT Corporation will have leading market positions across an extensive portfolio of advanced technology industrial pumps, valves and control systems serving the oil and gas, mining, chemical, power generation, and pulp and paper markets. It will also have leadership positions in highly engineered products such as specialised and harsh-environment connectors, aerospace valves, actuators and components, as well as shock absorbers, brake pads and other energy absorption solutions. It is expected to have a revenue profile that is globally balanced. Its emerging-market growth prospects are outstanding, with nearly 60 percent of revenues coming from international operations and emerging markets.

Following completion of the spinoff, a standalone water technology corporation with a new corporate brand name will be formed through the combination of three of ITT's current businesses: Residential & Commercial Water, Flow Control and Water & Wastewater (including biological, filtration and disinfection treatment and analytics). These businesses are already known for solid operating results, leading market positions and strong product brand awareness, positioning the new water technology company for significant growth. The portfolio will span the transport, testing and treatment of water, focusing on the residential, commercial, municipal, agricultural, construction, building services, dewatering, beverage and leisure marine markets, as well as analytical instrumentation for water and wastewater, environmental, medical and beverage applications. The company is expected to benefit from an already strong installed base, driving attractive aftermarket opportunities, as well as a diverse global footprint with approximately 55 percent of revenues coming from international markets and strong emerging market growth prospects.

Following completion of the spinoff, the existing Defense & Information Solutions segment will be renamed and rebranded as a new standalone company that is a provider of innovative technologies and operational services to meet the enduring requirements of the global military, government and commercial customers. The company's products and services will include premier technologies such as next-generation night vision, integrated electronic warfare, networked communications, force protection, radar, global intelligence, surveillance and reconnaissance systems, composite structures, space-based satellite imaging, weather and climate monitoring, and navigation and imaging systems, as well as maintenance, engineering and professional services.

Each of the future companies is expected to have a capital structure, balance sheet and financial policies consistent with investment grade credit metrics. As it prepares for the transaction, ITT will continue to follow financial policies that are consistent with its current investment grade credit ratings.

Effective upon the completion of the transaction, the new ITT Corporation will be led by ITT's current chief financial officer, Denise Ramos, who will serve as its future chief executive officer. Its chairman of the board will be Frank MacInnis, currently a director of ITT Corporation and the chairman and former chief executive officer of EMCOR Group, Inc. The water technology businesses will become a new company to be led by Gretchen McClain, currently president of ITT Fluid and Motion Control, who will serve as its future chief executive officer. Its executive chairman of the board will be Steve Loranger, currently chairman, president and chief executive officer of ITT Corporation. The Defense & Information Solutions business will become a new company to be led by David Melcher, currently president of ITT Defense & Information Solutions, serving as its future chief executive officer. Its chairman of the board will be Ralph Hake, currently a director of ITT Corporation and previously the chairman and chief executive officer of Maytag Corporation.

Each corporation will have its own independent board of directors, and each of ITT's current board members has committed to serve on one or more of the boards of these companies. Upon completion of the transaction, each company is expected to be listed on the New York Stock Exchange.

ITT's current board of directors is unanimously confident that Frank MacInnis, Steve Loranger and Ralph Hake will bring valuable experience leading public companies and expertise in corporate governance as chairmen of these new boards.

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