

Harris buying defense contractor Exelis in \$4.4 deal

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(AP)—Communications and information technology company Harris is buying Exelis in a cash-and-stock deal valued at about \$4.4 billion.

The new company will have approximately 23,000 workers worldwide, including 9,000 engineers and scientists.

Exelis, the former defense unit of manufacturer ITT Corp., makes night-vision goggles, anti-bomb products and does technical work for the government.

Harris Chairman, President and CEO William Brown said in a statement on Friday that the companies have complementary businesses, with the acquisition making it stronger to compete against rivals and providing greater scale.

Harris Corp. is based in Melbourne, Florida, while Exelis Inc. is based in McLean, Virginia. There are plans to consolidate the companies' headquarters and for senior members of both Harris and Exelis to be part of the combined company's management.

Exelis shareholders will receive \$16.625 in cash and 0.1025 of a share of Harris common stock for each Exelis share they own. That would put the deal value at \$23.75 per Exelis share. The companies put the enterprise value of the deal at \$4.75 billion. That figure includes assumed debt.

Harris stockholders will own about 85 percent of the combined

company, with Exelis shareholders owning the remaining 15 percent.

The boards of both companies approved the deal unanimously. The buyout still needs approval from Exelis shareholders and is targeted to close in June.

Exelis shares rose \$6.14, or 34.7 percent, to \$23.85 in premarket trading about an hour ahead of the market open. Harris shares rose \$4.70, or 6.8 percent, to \$74.19.

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