

L-3 to Sell Its Marine Systems International Business

L-3 Communications, USA, has entered into a definitive agreement with Wärtsilä Corporation, Finland, to sell its Marine Systems International (L-3 MSI) business. The transaction is anticipated to be completed in the second quarter of 2015, subject to customary closing conditions and regulatory approvals. The transaction, with a base purchase price of EUR285 million, is subject to customary adjustments and an estimated reduction of EUR60 million for L-3 MSI employee pension-related liabilities to be assumed by Wärtsilä Corporation.

Headquartered in Hamburg, Germany, L-3 MSI is a sector within L-3's Electronic Systems business segment, primarily focused on the commercial ship industry. L-3 MSI is a turnkey supplier of complete electrical systems, as well as integrated navigation, automation, communications, and power and propulsion systems for all types of ships, including cruise liners, ferries, and offshore and specialty vessels. L-3 MSI comprises various units, including SAM Electronics, Valmarine, Lyngsø Marine, Dynamic Positioning & Control Systems, JOVYATLAS/EUROATLAS, ELAC Nautik, FUNA and APSS. L-3 MSI is expected to generate sales of approximately EUR400 million with an operating margin of approximately 6.5% for the year ending 31 December 2014.

Michael T. Strianese, L-3's chairman, president and chief executive officer, expects that as a turnkey supplier of a variety of sophisticated marine electrical and automation systems, with an outstanding workforce, MSI will complement and enhance Wärtsilä's strengths in this sector. At the same time, this sale will open up new opportunities for L-3 to further enhance its operations and focus on delivering innovative solutions in its core markets.

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