

## More Spinoffs in the News

by Robert W. Wood • San Francisco

**T**he popularity of spinoffs evidently has not declined, at least if news reports are any indication. ITT Corp. has announced that it plans to spin off its timber and paper unit. As with so many other spinoffs in recent years, the asserted business purpose (as used in its colloquial sense, rather than within the technical parlance of Section 355) announced by management is to concentrate on other operations that will yield higher returns and faster growth. (See "ITT to Spin Off Rayonier in Bid To Boost Profit," *Wall St. J.*, 12/9/93, p. A2.)

Investors approved of the ITT spinoff of Rayonier last year. Even after jettisoning the timber and paper operations, ITT would still have seven diverse businesses, perhaps providing fodder for future spinoffs.

ITT common shareholders are to receive one Rayonier share for every four ITT common shares held. Holders of ITT's \$2.25 convertible Series N cumulative preferred stock will receive one share of Rayonier for every 3.1595 shares held.

The Rayonier spinoff may be an especially good example of an alternative to a sale. After ITT acquired the unit in 1968, it made numerous attempts to sell the operations.

### Other Deals

Cytocare Inc., a pharmaceutical developer and medical-device maker, also announced considera-

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tion of a split, which may or may not be structured as a spinoff. Management cited the fact that the company has not received a fair valuation by keeping businesses with divergent risk profiles bundled together. (See "Medical Concern Considers Splitting Up Its Businesses," *Wall St. J.*, 12/7/93, p. A4.)

American Express Co. is also moving forward with the spinoff of its Lehman Brothers unit. (See "Lehman Bros. Moves Closer To a Spinoff," *Wall St. J.*, 11/23/93, p. B6.) Harcourt General's cinema division spinoff, GC Cos., is already trading on a when-issued basis, with a very high level of interest. (See "Harcourt's Theater Spinoff Is Hot Box Office, But Some Say This Is No Time to Wait in Line," *Wall St. J.*, 11/26/93, p. C2.)

Aviall, the new Ryder System aviation services spinoff, was also in the news. Litton Industries Inc. is spinning off a nondefense company. Litton has announced that after the spinoff, the newly spun-off entity will acquire from Dresser Industries Inc. the latter's 29.5% of Western Atlas International Inc. for \$558 million in cash and notes. (See "Litton Spinoff Firm To Acquire Stake In Oil-Services Unit," *Wall St. J.*, 12/9/93, p. A4.) The acquisition will not occur until after the spinoff, which was scheduled to be completed by the end of 1993.

Finally, American Cyanamid is to complete the spinoff of its Cytec Industries Inc. chemical unit by distributing new Cytec common to Cyanamid shareholders, one share for seven. (See "American Cyanamid To Complete Spinoff Of Cytec Chemical Unit," *Wall St. J.*, 12/20/93, p. A2.) The spinoff will allow Cyanamid to focus on higher-margin prescription drug and life sciences businesses, and agricultural products. ■