

Clyde Blowers to acquire four companies from US giant Textron in \$1 billion deal

Clyde Blowers, the East Kilbride-based group owned by Scottish entrepreneur Jim McColl, today (Friday Sep 12) announced that they have reached a definitive agreement to acquire an entire business unit from American Fortune 500 company Textron.

The deal, with a total value of \$1 billion, involves the purchase by McColl of four separate businesses from Textron, one of the world's largest and most successful multi-industry companies.

These comprise the American giant's entire Fluid and Power division. The companies are:

- Maag Pumps systems - Based in Oberglatt, Switzerland, a global provider of highly engineered polymer and compounding pumps, extrusion pumps, screen changers, filtration systems and high end industrial pumps. Maag has approximately 275 employees at eight locations in seven countries.
- David Brown Gear Systems - Based in Huddersfield, England, a leading provider of gearing solutions to large and growing industries, including defence, mining, metals and minerals, power, cement, oil & gas, food and beverage. It employs 1,113 employees at 18 locations in 11 countries.
- David Brown Hydraulics - Based in Poole, England, a niche provider of Hydraulic Pumps, motors, valves and power take off units. The product line primarily targets industrial and defence original equipment manufacturers (OEMs) and small to medium sized OEMs which do not have in-house hydraulics expertise, differentiating itself through support in design and optimisation of the entire hydraulic system within its customers' products. DB Hydraulics outsources most of its manufacturing. With 119 employees at 10 facilities located in nine countries, DB Hydraulics has global design, services and supply chain capabilities.
- Union Pumps - Based in Battle Creek, Michigan, US, a global producer of highly engineered centrifugal and reciprocating pumps and associated aftermarket parts and services. The company supplies pump solutions to the nuclear power, petrochemical processing, desalination and industrial markets. Union Pumps has approximately 730 employees at 10 locations in six countries - including the US, Canada, France and Yorkshire in England.

The deal, which McColl says "took a bit of time" to put together, was partly funded by a club of four major banks – Bank of Scotland, Barclays, HSBC and RBS.

In addition, equity was provided by Clyde Blowers Capital Fund II LP, a private equity fund established by Clyde Blowers to provide finance for this deal and for future acquisitions.

The co-lead investors in the Fund are Boston-based HarbourVest Partners and UK based Pantheon Ventures, alongside Bank of Scotland and Swiss based LGT Group. Clyde Blowers were assisted in the raising of the Fund by JP Morgan Cazenove.

Jim McColl said: "I am absolutely delighted to sign a deal of this magnitude, especially in the current economic climate. We are talking a total value of \$1 billion, including additional working capital, bonding facilities, the integration with Union Pumps of the Weir Pumps business – which was bought by Clyde last year – and payment of up to \$645m to Textron. It is a very substantial deal for a British company.

"I believe it is a great boost for British business. At a time when the news is all about foreign businesses coming to the UK and buying our biggest companies, here is a story of a British company having the clout to buy an entire division from a global company ranked 202nd in the American Fortune 500.

"It is remarkable, and testament to the growing strength of Clyde Blowers as a global company in our own right that we have been able to put together such a deal at this time.

"Each of the acquired businesses has its own top quality management team. We look forward to working with our new colleagues to help them realise the tremendous potential in all of these businesses."

Peter Wilson, HarbourVest's managing director, said: "HarbourVest is very excited to partner with Jim and the team at Clyde Blowers. The progress made at Clyde Pumps over the past 12 months is testament to the operational skills that will be brought to bear on the newly acquired companies, and we see the deal as a groundbreaking portfolio transaction bringing together outstanding industrial expertise with private equity capital."

Elly Livingstone, partner at Pantheon Ventures, said: "We are delighted to have agreed this partnership with the Clyde Blowers team. This is a truly innovative transaction, which speaks to the range and scale of secondary investing, as well as the development of both new deal structures and emerging private equity managers."

Three of the four companies being acquired – Maag Pumps, David Brown Gear Systems and David Brown Hydraulics – will be separate portfolio companies within the Clyde Blowers group, taking the number of such organisations to seven – each with its own management structure. The others are Clyde Process Solutions, Clyde Bergemann Power Group, InterBulk Group and Clyde Pumps.

Union Pumps will integrate with Clyde Pumps, the company formed by Jim McColl following the highly-publicised purchase in May 2007 from Weir Group of iconic Glasgow company Weir Pumps – where McColl (55) started his working life as a 16-year-old apprentice engineer. The purchase saved 600 jobs, as Weir Group had planned the sale of Weir Pumps to Swiss company Sulzer, whose intention was to close the Glasgow plant.

Together, the companies will offer a comprehensive range of centrifugal and reciprocating pumps for the conventional power, nuclear power, downstream oil & gas, upstream oil & gas, water and industrial markets, including desalination, as well as a comprehensive range of after market services.

Both companies have a strong heritage with Union dating back to 1885 and Clyde Pumps, incorporating Weir Pumps, dating back to 1871. The companies have a combined rich brand heritage including brands such as Weir Pumps, Mather & Platt, Girdlestone, David Brown

Pumps, Union Pump and Pompes Guinard and enjoy a loyal customer base of major contractors and end users.

Jim McColl said: "The integration of these two businesses together with an exciting Clyde Pumps joint venture with WPIL (formerly Worthington Pump India Ltd), and a joint venture in China which is expected to be finalised by the end of October, will create a new global pumps business capable of competing effectively in several high growth, high margin markets.

"The transformation in 18 months of the Weir Pumps business, which was acquired by Clyde Blowers from a single site business based in Glasgow, to a truly global company with the products, scope and scale to serve all its customers across the globe, was a key driver for this acquisition. Now that this has been achieved, a detailed plan to integrate the two businesses, which has been worked on for several months, will be put into action.

For Clyde Blowers, which now has just under 5000 employees throughout the world, the latest acquisitions take turnover for all companies to a total of £1.2 billion.

Lewis B. Campbell, Textron's chairman, president and CEO said: "This is a very positive move for both parties, as well as a great fit for employees. Clyde Blowers is gaining world-class operations with Textron's Fluid & Power group of companies, including some of the most advanced technologies, respected brands and highly talented people in their respective industries, while we continue to strategically focus our portfolio of businesses to deliver even more meaningful value growth, profitability and shareholder return."

ends (12/9/08)

NB: Jim McColl is available for further comment via The BIG Partnership

**Issued by The BIG Partnership on behalf of Clyde Blowers
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Advisors To The Textron Deal

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