

NEWALL ENGINEERING COMPANY LIMITED

BRIEFING TO ALL NEWALL STAFF

- Today Newall International has been taken over by: -
Roger Willems – Majority Shareholder
And
Robert Schofield

- The Purchase does not include Churchill Machine Tools

The Owners

Roger Willems owns Penn Fabrication; an engineering company with a turnover of £30 Million with extensive operations in the US. Roger has led Penn for over 25 years.

Robert Schofield until recently was Managing Director of the Mcvities and KP Business in the UK. Turnover £1 Billion.

- We have invited Bob Hockley and Martin Powell to stay in the business. Full details of our management team will be made in the next week or so.

We would point out that;

- o We are an engineering business
- o We are not a bank or venture capitalist company

- The amount of borrowings that Newalls will have will be very low compared to the previous owners. That means our interest payments will be low and our financial position stronger.

Our Views of the Business

- o A FUNDAMENTALLY SOUND BUSINESS
- o Great products
- o Quality customers who value Newall
- o Good people with excellent skills

- **BUT**
 - o There is an need for more cost control
 - o A compelling requirement for better team work

We want a 'one team' approach.

The new management will have a hands on approach.

What are we doing now and what does it mean for you?

- Firstly we are understanding our current contract situation
- We intend to be up and operating immediately
- The level of operating will depend on the activity needed and we think this will involve around 40 people virtually straight away.
- We will commence inviting people to return to work over the next 24 hours.
- Over the next 2 to 3 weeks we will decide on the ongoing level of activity and the level of people we need. We ask for your patience in this.
- We will be communicating this to all Newall people
 - o At home
 - o In the field
 - o Keighley
 - o Peterborough
- Lastly we would intend this to be the start of a regular briefing which will keep you informed of how your business is progressing.

Robert Schofield

Roger Willems

11 May 2001