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NFS to be sold

Deal to require regulatory approval; purchaser says closing not planned, layoffs not expected

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ERWIN Nuclear Fuel Services, which manufactures fuel for the Navy and converts high-enriched uranium to a lowenriched form for a nuclear power plant in Alabama , has reached an agreement to sell to an affiliate of Babcock & Wilcox, the companies said Monday.

The deal, announced in the late afternoon, will put NFS in the hands of NOG-Erwin Holdings Inc. NFS employees were informed of the sale at 4 p.m., about an hour after the news was delivered to a variety of public officials in the community.

Babcock & Wilcox declined to divulge the purchase price and other details of the deal. The two sides are working to finalize the purchase by the end of the year but need to obtain regulatory approval from the government and resolve other closing-related issues first.

NFS is a great addition to the B&W portfolio of businesses, complementing the products and services we currently provide, John A. Fees, B&W chief executive officer, said in a statement. B&W and NFS have been major contributors in both the government and commercial nuclear industries for the past five decades. This acquisition better aligns both companies in delivering the future applications of nuclear energy.

As for NFS, Chief Executive Officer Dwight Ferguson said in the same statement, This partnership expands NFS ability to provide enhanced services to our customers, adding greater value to our diverse stakeholders. NFS has worked alongside B&W for many years.

We are pleased to add our capabilities to those of the B&W group of companies and believe this will allow NFS to better leverage the growth opportunities that are in todays market for the Erwin plant.

Among the issues B&W addressed Monday is that it does not plan to close the NFS facility and will continue current activities there. No layoffs are anticipated, and no changes will be made to the union contracts. It is unclear whether the facility here will continue to be known as NFS.

One of the reasons for our acquisition of NFS is the ability to capitalize on our combined expertise, allowing us to grow the business and elevate our service to the customers, B&W said in a question-and-answer document Monday.

B&W would not comment on changes in management structure, but Erwin Mayor Brushy Lewis said Ferguson had previously told him he was going to retire in April. NFS spokesman Tony Treadway confirmed that and said Ferguson would stay on as CEO until then or until a new leader is appointed.

B&W might be better known in the region as BWXT, a competitor of NFS, but Babcock spokesman Steve Stultz said the company no longer uses that name.

NFS, which has operated in Erwin since 1957, began exploring a possible sale a year ago. It is the largest employer in Unicoi County with about 740 workers, with more than 300 being members of United Steelworkers, Local 9-677. The company's payroll in 2005 was \$48 million.

B&W is a subsidiary of McDermott International, which bought the company in the late 1970s. B&W, which has about 12,000 employees worldwide, is a publicly traded company on the New York Stock Exchange through McDermott, which has 17,000 workers in the world.

Babcock & Wilcox, an operating group of McDermott International Inc., works in advanced energy technology innovation and service, primarily in nuclear and fossil power. It has competed against NFS for Navy contracts. B&W said NFS bidding success enhanced its strategic value and the new owner hopes the two companies combined resources will help give B&W a more formidable presence in the Department of Energy service market.

Lewis, an NFS retiree, and Unicoi County Mayor Greg Lynch were comfortable with the sale.

I think it's a good fit, Lewis said. And it's a huge company. They've got a lot of assets. In case they want to do something else at the plant out there, they've got the money to do it with now. I think it'll be great for Erwin.

It sounds like a good thing, Lynch said. I feel pretty comfortable that they'll keep their operations pretty well intact or possibly even expand in some areas. Of course, they're going to be owned by a huge corporation, and things may be moving out and moving in, but I believe they're going to work with us well. I wouldn't say I'm excited, but I feel pretty comfortable that it's going to hopefully be status quo out there.

Representatives of B&W are expected to come to Erwin soon, but the agenda is uncertain, Stultz said.