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November 17, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Rules s. 162(3) - Exemption from the Requirement to Include a Formal Valuation of the Offeree Issuer in an Issuer Bid Circular - An issuer wants relief from the requirement to obtain a formal valuation in connection with its insider bid for the outstanding common shares of a target company - Certain securityholders who are at arm's length to the offeror have already agreed to tender their shares to the insider bid; the offeror will offer consideration under the bid that is at least equal to the highest amount it has agreed to pay to the selling securityholders; the selling securityholders had full knowledge and access to information concerning the target issuer; the offeror did not know any material information in respect of the target that had not been generally disclosed when it entered into the agreements with the selling securityholders; the offeror can rely on exemptions from the requirement to obtain a valuation and disclose prior valuations in OSC Rule 61-501 or Québec Policy Q-27

Applicable British Columbia Provisions

Securities Rules, B.C. Reg. 194/97, s. 162

In the Matter of
the Securities Legislation of
Nova Scotia and British Columbia
(the “Jurisdictions”)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
nCipher plc (the “Filer”)

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the

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“Legislation”) that the Filer, as an insider, be exempted from the requirement to obtain a valuation (the “Valuation Requirement”) of the exchangeable shares and the common shares (collectively the “Abridgean Shares”) of Abridgean Inc. (“Abridgean”) and Abridgean (US) Inc. (“Abridgean US”), respectively, in connection with the proposed offer (the “Offer”) by the Filer to purchase all of the outstanding Abridgean Shares (the “Requested Relief”).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications:

- 2.1 the Nova Scotia Securities Commission is the principal regulator for this application, and
- 2.2 this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision, unless they are defined in this decision.

Representations

4. This decision is based on the following facts represented by the Filer:
- 4.1 The Filer is a corporation organized under the laws of England with its head office in London, England. The ordinary shares of the Filer are listed on the London Stock Exchange. The Filer is not a reporting issuer in any jurisdiction in Canada.
 - 4.2 Abridgean is a corporation incorporated under the laws of Nova Scotia, having its head office in Halifax, Nova Scotia. Abridgean is not a reporting issuer in any jurisdiction in Canada.
 - 4.3 Abridgean US is a corporation incorporated under the laws of Delaware. Its shares are not publicly listed on any stock exchange. Abridgean is a wholly owned subsidiary of Abridgean US. The common shares of Abridgean owned by Abridgean US are the only assets of Abridgean US.
 - 4.4 The Filer owns 61.21% of the issued and outstanding voting shares of Abridgean US, which the Filer acquired on November 28, 2005. Abridgean US owns all the issued and outstanding voting shares of

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Abridean. As a result, the Filer is an insider of Abridean and Abridean US under the Legislation.

- 4.5 There are 1,687,356 voting common shares, 43,282,981 voting preferred shares and 1 special voting share (the “Special Voting Share”) issued and outstanding in the capital of Abridean US. The common shares are held by 18 shareholders, 9 of whom are residents of Canada, the preferred shares are held by the Filer, while the Special Voting Share is held by a trustee on behalf of the holders of the exchangeable shares of Abridean.
- 4.6 There are 100 voting common shares and 25,667,333 exchangeable shares issued and outstanding in the capital of Abridean. The common shares are held by Abridean US. The exchangeable shares are held by 132 shareholders, 124 of whom are resident in Canada. The exchangeable shares carry dividend rights and voting rights of Abridean US (through the Special Voting Share) such that they are the economic equivalent of the common shares of Abridean US.
- 4.7 Nominees of the Filer hold 3 of the 5 positions on the Board of Directors of Abridean and, as a result, the Filer has knowledge of all material information, financial and otherwise, concerning Abridean.
- 4.8 Abridean is a computer software provider offering only one product that provides access and identity management and user provisioning solutions for organizations having more than 1,000 users.
- 4.9 Abridean competes in a shrinking and increasingly integrated marketplace with an unremarkable product. Abridean made significant losses in its 2004 and 2005 fiscal years. Abridean has continued to incur losses to date in its 2006 fiscal year. It has only sustained its operations to date as a result of loans made to it by the Filer.
- 4.10 Under the Offer, the Filer would pay either a cash price of \$0.08 Cdn. for each Abridean Share tendered, or a price determined by a 5-year earn-out model that would provide \$0.04 Cdn. per Abridean Share tendered in cash immediately and as much as an additional \$0.21 Cdn. per Abridean Share tendered (the “Bid Price”).

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- 4.11 The Filer negotiated the Bid Price and entered into a lock-up agreement (the “Agreement”) dated October 21, 2005 with Sean Sears who is the founder, president, chief executive officer and a director of Abridean and, as such, has full knowledge of the business and affairs of Abridean. Mr. Sears is at arm’s length from the Filer and owns, either directly or indirectly, approximately 25% of the Abridean Shares. Under the Agreement Mr. Sears agreed to tender his Abridean Shares for the Bid Price in response to the Offer.
- 4.12 The Agreement with Mr. Sears was conditional upon the Filer making the Offer by January 31, 2006. In a letter dated September 22, 2006 to counsel for the Filer, a copy of which was filed with the Application in this matter, Mr. Sears confirmed that he still supports the Offer and would tender his Abridean Shares in response to the Offer as long as the terms of the Offer remain the same.
- 4.13 Based on the facts represented in section 4.9 and section 4.10, the Filer in making the Offer in Ontario is able to rely, and intends to rely, on an automatic exemption under paragraph 3 of subsection 2.4(1) of Ontario Securities Commission Rule 61-501 *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions*, from a requirement comparable to the Valuation Requirement.
- 4.14 Without further financial support from the Filer, which is uncertain, Abridean will be unable to meet its obligations as they become due.
- 4.15 In view of the current financial condition of Abridean and the position of its one software product in the marketplace, it is extremely unlikely that the Valuation Requirement would provide any useful information to the holders of the Abridean Shares. The Bid Price was determined in October, 2005, at a time when the Filer was not yet an insider of Abridean. It is reasonable to expect that a current valuation of the Abridean Shares would result in a valuation that is lower than the Bid Price and, as such, the Valuation Requirement may in fact be detrimental to the best interests of the holders of the Abridean Shares.

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Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

J William Slattery
Deputy Director Corporate Finance