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March 28, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Act s. 114(2) Takeover Bids - Exemption from the formal take over bid requirements in Part 13 of the Securities Act - Identical consideration - Issuer needs relief from the requirement in s. 107(1) of the Act that all holders of the same class of securities must be offered identical consideration - Under the bid, Canadian resident shareholders may receive shares, cash, or a combination of both; US resident shareholders will receive substantially the same value as Canadian shareholders, in the form of cash paid to the US shareholders based on the proceeds from the sale of their shares; the number of shares held by US residents is de minimis; and the US does not have an identical consideration requirement

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 107(1), 114(2)

In the Matter of
the Securities Legislation of
Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and
Labrador, Nova Scotia, Ontario, Québec and Saskatchewan
(the “Jurisdictions”)

and

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

and

In the Matter of
James Richardson International Limited
(the “Filer”)

MRRS Decision Document

Background

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 “Legislation”) for an exemption from the requirement in the Legislation to offer identical consideration to all holders of the class of securities subject to a take-over bid (the “Identical Consideration Requirement”) in connection with the securities exchange take-over

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bid to be made by the Filer for all issued and outstanding Limited Voting Common Shares (the “Common Shares”) and the Series A Convertible Preferred Shares (the “Preferred Shares”, and, together with the Common Shares and Preferred Shares, the “Securities”) of United Grain Growers Limited, carrying on business as Agricore United (“Agricore”) (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) The Manitoba Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation amalgamated under the *Canada Business Corporations Act*, with its head office in Winnipeg, Manitoba.
2. The Filer is not a reporting issuer in any jurisdiction that recognizes the concept of reporting issuer status.
3. All of the common shares of the Filer (the “JRI Shares”) are currently owned by James Richardson & Sons, Limited.
4. Agricore was continued under the *United Grain Growers Act* in 1992 and has its head office in Winnipeg, Manitoba.
5. To the knowledge of the Filer, Agricore is a reporting issuer in each of the Jurisdictions that recognizes the concept of reporting issuer status.
6. The Common Shares and the Preferred Shares of Agricore are listed and posted for trading on the Toronto Stock Exchange.
7. The Filer intends to make offers to acquire all of the outstanding Securities (the “Offers”).
8. The consideration offered for each of the Securities under the Offers will be:

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- (a) \$6.50 per Common Share, plus 0.509 of a JRI Share; and
 - (b) \$24.00 per Preferred Share, plus any accrued and unpaid dividends.
9. Securityholder lists delivered to the Filer by Agricore disclosed that, as of March 2, 2007, residents of the United States comprise 21 registered holders of Common Shares (collectively holding approximately 1.6% of the outstanding Common Shares on a fully diluted basis) and residents of jurisdictions other than the United States or Canada comprise 3 registered holders of Common Shares (collectively holding approximately 1.2% of the outstanding Common Shares on a fully diluted basis).
 10. As of January 10, 2007, Archer Daniels Midland Company (“ADM”), headquartered in Decatur, Illinois, held 16,634,269 Common Shares (representing approximately 28% of the Common Shares on a fully-diluted basis) through its wholly-owned subsidiary ADM Agri-Industries Company, a Nova Scotia unlimited liability company (“ADM Nova Scotia”).
 11. According to ADM's most recent 10-Q filed with the SEC, as of December 31, 2006, ADM had US\$25,045,614 in assets. Based on these facts, both ADM and ADM Nova Scotia would qualify as an “accredited investor” as defined in Rule 501 under the 1933 Act, and would also qualify for exemptions from the registration or qualification requirements of the state blue sky securities laws of many states.
 12. The JRI Shares offered pursuant to the Offers to holders of Securities in the United States (the “U.S. Securityholders”) have not been and will not be registered or otherwise qualified for distribution under the U.S. Securities Act of 1933, as amended (the “1933 Act”) or U.S. state securities laws.
 13. Rule 802 under the 1933 Act provides an exemption from the registration requirements of that Act for offers and sales in any exchange offer for a class of securities of a foreign private issuer or in any exchange of securities for the securities of a foreign private issuer in any business combination if the holders in the United States of the foreign subject company hold no more than 10% of the securities that are the subject of the exchange offer or business combination. Rule 802 provides that for purposes of this calculation, securities held by persons who hold more than 10% of the subject securities are to be excluded. In order for this exemption to apply, holders in the United States must participate in the exchange offer or business combination on terms at least as favourable as the other holders of the subject securities, subject to an exception which allows the offeror to offer cash consideration to

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securityholders resident in states of the United States which do not have an applicable state blue sky exemption from the registration or qualification requirements of state securities laws.

14. The Filer is a “foreign private issuer” for the purposes of Rule 802 under the 1933 Act, meeting the definitions of such term referred to in Rule 800 and contained in Rule 405 under the 1933 Act.
15. As a result of the exclusion of the shares held by ADM Nova Scotia from the calculation of the U.S. ownership level in accordance with the provisions of Rule 802, fewer than 10% of the Securities are held in the United States. As the 10% ownership condition and the other conditions of Rule 802 will be met, the offer and sale of the JRI Shares will be exempt from the registration requirements of the 1933 Act.
16. Although some states have adopted an exemption from the registration or qualification requirements of state blue sky laws corresponding to Rule 802 under the 1933 Act, in many states there is no exemption from those requirements of state blue sky laws that corresponds to Rule 802 under the 1933 Act. As a result, the securities laws of a significant number of states of the United States would prohibit delivery of the JRI Shares to holders of subject securities located in those states without registration or qualification of the JRI Shares to be issued to them unless another state law exemption is available to such holders. The Multijurisdictional Disclosure System does not provide relief from the registration or qualification requirements of U.S. state securities laws.
17. Registration under certain U.S. state securities laws of the JRI Shares deliverable to U.S. Securityholders would be extremely costly and burdensome to the Filer.
18. For U.S. Securityholders who are, or who appear to the Filer or to the depositary to be, resident in one of the states of the United States with no state blue sky exemption corresponding to Rule 802 under the 1933 Act and no other readily available exemption from the registration or qualification requirements of state blue sky laws, and for holders of Securities in jurisdictions other than the United States and Canada to whom the JRI Shares may not be delivered without registration or qualification under the laws of their own jurisdiction (collectively with the U.S. Securityholders, the “Non-Resident Securityholders”), the Filer proposes to deliver to the depositary or other selling agent the JRI Shares such holders would otherwise be entitled to receive under the relevant Offer. The depositary or selling agent will then sell such JRI Shares on behalf of such holders through the facilities of the TSX. As

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soon as possible after the completion of the sale, the depositary or selling agent will send to each such holder a cheque equal to that holder's pro rata share of the proceeds of the sale, less commissions and applicable withholding taxes. Such procedure has been disclosed in the Offers.

19. Any sale of JRI Shares described in paragraph 18 will be completed as soon as commercially reasonable following the date on which the Filer takes up Securities tendered under the Offers.
20. The offer and sale of JRI Shares to ADM Nova Scotia may not be subject to any U.S. state blue sky requirements if ADM Nova Scotia is resident and headquartered in Canada, its Securities are by it held in Canada, and no offer or sale of JRI Shares is made to ADM Nova Scotia in any U.S. state. However, even if the laws of the State of Illinois, where ADM is headquartered, apply to the offer and sale of JRI Shares to ADM Nova Scotia, an exemption from the registration requirements of Illinois state law would be available in respect of the offer and sale of JRI Shares to ADM Nova Scotia specifically, despite the fact that Illinois does not have an exemption which corresponds to Rule 802 under the 1933 Act. The Filer intends to deliver JRI Shares to ADM Nova Scotia in respect of its Securities pursuant to the Offers a manner exempt from, or not subject to, state blue sky requirements and not rely upon the procedure set out in paragraph 18 with respect to the Securities held by ADM Nova Scotia.
21. Except to the extent that relief from the Identical Consideration Requirement is granted, the Offers will be made in compliance with the requirements under the Legislation governing take-over bids.

Decision

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, in connection with the Offers, the Requested Relief is granted so that the Filer is exempt from the Identical Consideration Requirement insofar as Non-Resident Securityholders who would otherwise receive JRI Shares pursuant to the Offers receive instead cash proceeds from the sale of such JRI Shares in accordance with the procedure set out in paragraph 18 above.

Chris Besko, Deputy Director
The Manitoba Securities Commission