Great Western sale agreement signed

The Great Western Producers Co-operative and Great Western United Corporation (GWU) announced the signing, Saturday, of a purchase agreement for the sale of The Great Western Sugar Company to the Co-operative, and the signing of the agreements which will provide the Co-operative’s financing for the transaction.

Robert R. Owen, president of the Co-operative, and Robert G. Everett, president of GWU, stated that the agreements anticipate a sale not later than October 1, 1974, and expressed their belief that all prior conditions could be met before that date. Both Owen and Everett indicated that the signing of the Co-operative’s financing agreements removes a substantial obstacle to the completion of the transaction, although there remain significant conditions to the closing.

The sale of Great Western Sugar involves consideration to GWU of approximately $38,500,000, based on the amount of the stockholder’s equity at time of closing. The Sugar company will pay the increase in net worth over this amount to GWU in cash prior to sale. The Co-operative made a down payment of $500,000 to GWU. Upon the closing GWU will receive additional cash, amounting to approximately $15,000, 000 and the remainder of the purchase price in subordinated Co-operative debt, including $15,000,000 of 8% capital notes to be purchased by sugar beet growers over the next five years and approximately $28,000,000 of 10% subordinated debentures, $5,000,000 of which would be due in 1981 and $23,000,000 of which would be due in 1993. The payment and enforcement provisions of the debentures and capital notes are limited by terms in the Co-operative’s financing agreements. The 1981 debentures would be placed in escrow to secure indemnification provisions in the purchase agreement.

The Co-operative’s financing agreements anticipate $82,000,000 of senior first mortgage sugar company financing, including $42,000,000 from an insurance company and $10,000,000 from six banking institutions. The six banks have also signed a financing agreement which would provide up to $75,000,000 of seasonal sugar line financing, subsequent to the closing of the purchase of Great Western Sugar by the Co-operative.

In another development Everett announced the election after the signing of Owen and Robert V. Sakata, chairman of the Co-operative, to the board of directors of Great Western Sugar.

GWU indicated that details with respect to the proposed sale of Great Western Sugar, solicitation of required approval from its shareholders and debenture-holders, and the previously announced proposed plan of recapitalization will be contained in proxy materials to be sent to security holders this summer. GWU and the Co-operative stated that information with respect to their securities will be contained in registration statements to be filed with the S.E.C.