Beet officials continue negotiations for purchase Great Western Co.

Great Western Producers Cooperative and Great Western United Corporation (GWU) announced Dec. 13 that they believe satisfactory progress has been made with respect to the proposed purchase by the co-operative of the Great Western Sugar Company, a GWU subsidiary. They noted, however, that conditions to consummate a sale include the co-operative's ability to complete proposed underlying financing, GWU's ability to use the proceeds to effect a recapitalization plan, and consensus among all parties on final agreements.

Following a meeting of GWU's board of directors, GWU and co-operative officials indicated that they are hopeful that an agreement will be signed early in 1974 and that the sale will be completed sometime next spring. Since it is not presently possible to assess whether all the prerequisites could be accomplished, GWU's board announced that, in fairness to the Great Western growers and GWU stockholders, negotiations would terminate if these conditions cannot be met within a reasonable period of time so as to complete the sale by July 1, 1974.

Current negotiations contemplate an acquisition cost of approximately $58,500,000 based on the net worth of the sugar company. The consideration to be received by GWU would consist of an aggregate of approximately $15,500,000 of sugar company senior debt and cash, and approximately $43,000,000 of unsecured subordinated debt of the co-operative. It was noted that the present cash value of the consideration which might be received by GWU would be considerably less than $58,500,000 because of the substantial amount of debt involved, and that a sale of the sugar company would therefore involve a substantial write-off by GWU.

A spokesman for GWU indicated that it would be reasonable to expect that the corporation would use a substantial amount of the proceeds of any sale of the sugar company in connection with effecting a recapitalization, but that specific plans for the use of proceeds have not been formulated at this point. It was noted, however, that any plan for GWU's use of proceeds would differ substantially from that which had been established by the GWU board in connection with the purchase agreement relating to the sale of the sugar company which was executed in Oct. 1972, and which terminated after a series of extensions on Aug. 1, 1973.

GWU and co-operative officials pointed out that any transaction would require the approval of the boards of GWU and the co-operative, and would also be subject to any required approval of GWU's stockholders and the co-operative's members.

The officials indicated that, assuming an agreement can be reached and approval is forthcoming, it would not be reasonable to expect a closing before next spring.