

MATERIAL CHANGE REPORT

PURSUANT TO

**SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)
SECTION 118(2) OF THE SECURITIES ACT (ALBERTA)
SECTION 84(1) OF THE SECURITIES ACT (SASKATCHEWAN)
SECTION 75(2) OF THE SECURITIES ACT (ONTARIO)
SECTION 73 OF THE SECURITIES ACT (QUEBEC)
SECTION 81(2) OF THE SECURITIES ACT (NOVA SCOTIA)
SECTION 76(2) OF THE SECURITIES ACT (NEWFOUNDLAND)**

ITEM 1: REPORTING ISSUER

AGRA Inc. ("AGRA")

ITEM 2: DATE OF MATERIAL CHANGE

February 15, 2000

ITEM 3: PRESS RELEASE

Press release relating to the material change was released on February 16, 2000.

ITEM 4: SUMMARY OF MATERIAL CHANGE

On February 15, 2000, AGRA entered into a merger agreement (the "Merger Agreement") with AMEC p.l.c. ("AMEC"), a U.K. based international capital projects, services and investments group. The merger will be achieved through a plan of arrangement (the "Arrangement") under the *Canadian Business Corporation Act*. Under the Arrangement, AGRA shareholders will be entitled to receive on the effective date of the merger (the "Effective Date"), at their option (i) \$16.00 in cash, (ii) 3.053 AMEC ordinary shares or (iii) 3.053 exchangeable shares of a AMEC Canadian subsidiary ("Exchangeco"), exchangeable into AMEC ordinary shares, provided that at least 12,750,000 exchangeable shares are issued or (iv) any combination thereof, for each AGRA common share. If all AGRA shareholders were to elect to receive cash, the merger values AGRA at \$514 million.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

The Merger Agreement provides for the combination of AMEC and AGRA in a transaction in which each AGRA shareholder (other than AGRA shareholders who properly exercise their dissent rights) will have the choice of receiving 3.053 (the "Exchange Ratio") AMEC ordinary shares, 3.053 shares of Exchangeco, which are exchangeable for AMEC ordinary shares ("Exchangeable Shares") or \$16.00 cash for each AGRA Common Share held. An AGRA shareholder may also choose to receive any combination thereof for its AGRA common shares. If

AGRA shareholders electing to receive Exchangeable Shares would receive less than 12,750,000 Exchangeable Shares, Exchangeable Shares will not be issued. However, in such circumstances, AGRA shareholders who elect to receive Exchangeable Shares will be able to elect whether they wish to receive cash or AMEC ordinary shares instead. Any AGRA shareholder (other than AGRA shareholders who properly exercise their dissent rights) who does not make an effective election will receive \$16.00 for each AGRA common share held.

The Exchangeable Shares will be securities issued by Exchangeco, an indirect Canadian subsidiary of AMEC, to be incorporated for purposes of participating in the transaction. Holders of the Exchangeable Shares will be entitled to dividends and other rights that are, as nearly as practicable, economically equivalent to those of the AMEC ordinary shares. Through a voting trust, holders of the Exchangeable Shares will be entitled to vote at meetings of AMEC shareholders.

Holders of options to purchase AGRA common shares which are not exercised prior to completion of the merger will receive options to purchase a number of AMEC ordinary shares equal to the Exchange Ratio multiplied by the number of options to purchase AGRA common shares held by each such holder. The exercise price per AMEC ordinary share will equal the exercise price of the AGRA common share prior to the Effective Date divided by the Exchange Ratio.

Following completion of the Transaction, AMEC will operate the business of AGRA in combination with the existing business of AMEC.

Conditions to the Transaction

The obligations of AMEC and AGRA to complete the transaction are subject to the satisfaction or waiver, where permissible, of certain conditions set forth in the Merger Agreement, including obtaining approval of the Arrangement by AGRA shareholders, AMEC shareholders and the court.

Covenants Regarding Non-Solicitation

Pursuant to the Merger Agreement, AGRA has agreed that it shall not, directly or indirectly, through any officer, director, employee, representative (including for greater certainty any investment banker, lawyer or accountant), or agent of AGRA or any of its subsidiaries: (i) solicit, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding any merger, amalgamation, arrangement or other business combination or the sale of any material assets or more than 20% of the equity of AGRA (an "Acquisition Proposal"); (ii) participate in any discussions or negotiations regarding any Acquisition Proposal; (iii) approve or recommend any Acquisition Proposal; or (iv) enter into any agreement, arrangement or understanding related to any Acquisition Proposal. Notwithstanding the foregoing, nothing in the Merger Agreement prevents the AGRA board of

directors from considering, participating in any discussions or negotiations, or entering into a confidentiality agreement and providing information regarding an unsolicited *bona fide* Acquisition Proposal, in respect of which any required financing has been demonstrated to the satisfaction of the AGRA board of directors to be reasonably likely to be obtained, which does not otherwise breach these non-solicitation provisions and which the AGRA board of directors has determined after consultation with its financial advisors and with outside counsel is an Acquisition Proposal that would if consummated result in a transaction more favourable to AGRA shareholders than the transaction contemplated by the Merger Agreement (a "Superior Proposal"). AGRA must notify AMEC of any Acquisition Proposal.

AGRA has agreed not to accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a non-disclosure agreement) on the basis that it would constitute a Superior Proposal unless: (i) it has provided AMEC with a copy of the Superior Proposal document; (ii) four calendar days have elapsed from the later of the date AMEC received written notice that the AGRA board of directors has resolved to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal, and the date AMEC received a copy of the Superior Proposal; and (iii) it has or concurrently will have paid to AMEC a break fee of \$14.5 million (the "Break Fee").

During such four calendar day period, AMEC may, but is not obligated to, offer to amend the terms of the Merger Agreement and the plan of arrangement. The AGRA board of directors is obligated to review any offer by AMEC to amend the terms of the Merger Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties, whether AMEC's offer upon acceptance by AGRA would result in the Superior Proposal ceasing to be a Superior Proposal. If the AGRA board of directors so determines, it must enter into an amended agreement with AMEC reflecting the amended proposal. If the AGRA board of directors continues to believe, in good faith and after consultation with its financial advisors and outside counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects AMEC's amended proposal, AGRA may terminate the Merger Agreement provided that AGRA must concurrently pay to AMEC the Break Fee and enter into a definitive agreement with respect to the Superior Proposal.

Termination and Payment of Break Fees and Expenses

The Merger Agreement may be terminated by mutual agreement of AGRA and AMEC at any time prior to closing of the transaction on the Effective Date. In addition, if the Effective Date does not occur on or prior to July 31, 2000, the Merger Agreement automatically terminates, subject to extension by mutual agreement of the parties.

AMEC or AGRA may terminate the Merger Agreement prior to the Effective Date if any condition in the respective party's favour has not been satisfied at or prior to the Effective Date (subject in some cases to a 30 day cure period), other than as a result of a material default by the terminating party.

The Merger Agreement may be terminated by AMEC upon the occurrence of any of the following events, subject to the payment by AGRA to AMEC of the Break Fee:

- (i) the board of directors of AGRA fails to recommend or withdraws, modifies or changes in a manner adverse to AMEC its approval or recommendation of the Merger Agreement or the plan of arrangement (unless AMEC has suffered a material adverse change or breached a covenant which would entitle AGRA to terminate the Merger Agreement);
- (ii) the board of directors of AGRA approves or recommends any Acquisition Proposal;
- (iii) through the fault of AGRA, or following the making of an Acquisition Proposal, the Arrangement is not submitted for the approval of the AGRA shareholders on or prior to July 17, 2000; or
- (iv) any mutual condition precedent or condition in favour of AMEC is not satisfied in circumstances where the requisite AGRA shareholder approval has not been obtained at the meeting of AGRA shareholders and an Acquisition Proposal has been made by any person other than AMEC and its affiliates prior to the meeting of AGRA shareholders.

AGRA may also terminate the Merger Agreement upon a determination by the AGRA board of directors that an Acquisition Proposal is a Superior Proposal, provided that AGRA is not then in breach or default of any of its obligations under the Merger Agreement, and subject to the payment by AGRA to AMEC of the Break Fee.

In the event that AGRA shareholders do not approve the Arrangement, AMEC will be entitled to an expense reimbursement of \$3.5 million.

In the event that AMEC shareholders do not approve the Arrangement, AGRA will be entitled to an expense reimbursement of \$2.5 million.

For further details, see the press release attached hereto.

ITEM 6: RELIANCE ON CONFIDENTIALITY SECTION OF THE ACT

Not applicable

ITEM 7: OMITTED INFORMATION

Not applicable

ITEM 8: SENIOR OFFICER - FOR FURTHER INFORMATION CONTACT:

Katharine F. Braid
Senior Vice-President, Chief Legal Officer and Corporate Secretary
2010 Winston Park Drive, Suite 100
Oakville, Ontario L6H 6A3

Phone: (905) 829-4402 ext. 2740

Fax: (905) 829-5136

ITEM 9: STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto this 25th day of February, 2000.

AGRA Inc.

"Katherine Braid"

Katherine Braid
Senior Vice-President, Chief Legal Officer and
Corporate Secretary

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.


AGRA INC.
Canadian Quotes from Telenium
[AGR.\(ME\)](#) [AGR.\(TSE\)](#)

Attention Business Editors:

AMEC and AGRA merge to create a leading international engineering company

TORONTO, and LONDON, U.K., Feb. 16 /CNW/ - AGRA Inc. (TSE: AGR) and AMEC p.l.c. (LSE: AMEC) announce today an agreement to merge the two companies. This will create a leader in the provision of design, services, applied technology and project delivery in the global engineering, construction and environmental industries, with combined revenue of pnds stlg 3.8 billion (C\$ 8.8 billion) from continuing operations.

The merger will be achieved through a cash and share offer by AMEC which values each AGRA share at C\$16.00 and AGRA at C\$ 514 million (pnds stlg 221 million).

AMEC, the UK-based international capital projects, services and investments group, is a market leader in the UK and, through its associate, SPIE S.A. ("SPIE"), also in France, with other significant operations in the US and South East Asia. In year ended 31 December 1998, it generated turnover of pnds stlg 3.4 billion (C\$ 7.9 billion), total operating profit of pnds stlg 72.4 million (C\$ 168.4 million) and earnings from continuing operations of pnds stlg 49.5 million (C\$ 115.2 million). Shareholders' funds were pnds stlg 202.7 million (C\$ 471.6 million) at 31 December 1998 and net cash amounted to pnds stlg 97.2 million (C\$ 226.1 million). Its total market capitalisation, at close of business on 15 February 2000, was pnds stlg 630.0 million (C\$ 1455.3 million).

AGRA is a Canada-based professional services company specialising in engineering, construction, environmental and technology solutions in Canada, the US and 22 other countries. In the year ended 31 July 1999, AGRA generated revenue of C\$ 1.3 billion (pnds stlg 556 million), operating income pre-exceptional items of C\$ 55.6 million (pnds stlg 23.9 million) and earnings from continuing operations and pre-exceptionals of C\$ 29.9 million (pnds stlg 12.9 million). Total shareholders' equity at 31 July 1999 was C\$ 354.8 million (pnds stlg 152.5 million) and net debt amounting to C\$ 72.9 million (pnds stlg 31.3 million). Its market capitalisation, at close of business on 15 February 2000, was C\$ 350 million (pnds stlg 150 million).

Rationale for and benefits of the merger

A consolidating client base renders scale progressively more important in the global engineering and construction industry. Customers increasingly expect their suppliers to provide a full range of services on a global basis. The proposed merger of AMEC and AGRA, together with AMEC's investment in SPIE, will create a leading international player, as measured by revenue, in the international engineering, construction and environmental markets, providing leading edge technology and a comprehensive range of other related services.

The combination of these complementary businesses will give rise to

significant opportunities to create value by capturing substantial revenue, skills and technological synergies, in addition to overhead and other cost savings. The enlarged group will have the management and financial resources to ensure that these synergies are delivered. The merger is a logical step for both AMEC and AGRA and is consistent with their stated strategies. In particular the merger will create:

- a leading supplier of services to clients in a range of industries including oil and gas, chemicals, infrastructure, transportation, pipelines, forest products, mining, pharmaceuticals and other consumer products
- a full service provider from consultancy, design, delivery and commissioning to maintenance and operation - with an operational bias towards partnering and alliances
- a top three ranking global engineering design firm, behind Fluor Daniel Inc and Bechtel Group Inc
- global platform from which to serve shared clients, particularly in the oil and gas and pharmaceutical sectors
- a complementary range of skills, operations, geography and culture
- the ability to transfer expertise, technologies and customer knowledge
- a business with strong market positions in Europe, the Americas and Asia

Structure of the merger

The boards of directors of AMEC and AGRA have unanimously approved a definitive merger agreement. Under the agreement, AGRA shareholders will have the right to elect to receive \$16 in cash, or 3.053 exchangeable shares of a AMEC Canadian subsidiary, exchangeable into AMEC ordinary shares ("exchangeable shares"), or 3.053 AMEC ordinary shares, or any combination thereof. The merger agreement contains normal non-solicitation provisions and break fees. The exchangeable shares will be exchangeable, at each shareholder's option, for an equivalent number of AMEC ordinary shares. AMEC ordinary shares trade on the London Stock Exchange.

The offer price of C\$ 16 per AGRA share represents a premium of 46% to AGRA's closing price of C\$ 10.95 on February 15 and a premium of 42% to AGRA's twenty day weighted average closing price of C\$ 11.29 per share.

If all AGRA shareholders elect to receive exchangeable shares, this would be the equivalent of AMEC issuing a total of approximately 98 million ordinary shares. If acceptances for exchangeable shares are less than 15% of total acceptances, ordinary shares or cash, at the option of the AGRA shareholder, will be issued in lieu. If all AGRA shareholders elect to receive cash, the total consideration would be C\$ 514 million (pnds stlg 221 million), on a fully diluted basis.

The transaction represents the first time that Canadian shareholders have been offered the opportunity to hold exchangeable shares in a UK-based company. The exchangeable share option in the offer is designed to provide existing AGRA shareholders and management with the opportunity to participate in the growth and development of the combined business.

The merger will be effected under a plan of arrangement in Canada and is subject to approval by the shareholders of both companies as well as certain regulatory and court approvals.

Management

AMEC Chairman, Sydney Gillibrand will be Chairman of the enlarged company and Peter Mason will be Chief Executive.

Peter Janson, President and Chief Executive Officer of AGRA, will join the board of AMEC along with one non-executive director from AGRA's current

board. Mr Janson will assume responsibility for the enlarged company's operations in the Americas, which will be headquartered in Toronto. These operations will include the main current operations of AGRA plus Morse Diesel International of New York, AMEC's construction management arm.

Current trading

On 12 January 2000, AMEC issued a trading update which announced a record order book, a robust cash position and that the trading outturn for 1999 would be in line with current market expectations. AMEC's preliminary results for 1999 will be announced on 9 March 2000.

On 9 December 1999, AGRA reported figures for the first quarter to end October 1999. These showed earnings from continuing operations up 73% to C\$ 11.6 million (pnds stlg 5.0 million), the ninth successive quarter of year on year increases. AGRA's results for the second quarter will be announced on 2 March 2000.

Impact on earnings

In the first full fiscal year, and with initial assumptions on cost savings, the impact of the merger on earnings per share, prior to goodwill amortisation, is expected by the directors of AMEC to be materially earnings accretive if 100% of the consideration is taken in cash. If 100% of the consideration is taken in shares, the impact on earnings is expected to be broadly neutral.

No part of the statements in the above two sentences should be interpreted to mean that the earnings per share of the enlarged AMEC group, for the current or future financial years, will necessarily match or exceed the historical published earnings per share of AMEC.

Dividends

During the offer period AMEC will announce its full year results to 31 December 1999 and AGRA will announce its second quarter results to 31 January 2000. The boards of both companies expect to recommend dividend payments which will be payable to shareholders at the respective dates of record.

Employment rights

The employment rights, including pension rights, of the management and employees of AMEC and AGRA will be fully safeguarded.

Documentation

The formal Offer document, setting out details of the Offer, will be dispatched to AGRA shareholders as soon as practicable. A circular to AMEC shareholders convening an extraordinary general meeting to consider, inter alia, resolutions to approve the merger and take other steps necessary to implement the Offer will also be dispatched as soon as practicable.

AMEC Chief Executive, Peter Mason, said: "This merger will advance dramatically the strategic objectives of our two companies. These are remarkably aligned and, with very similar management cultures, I look forward to a successful integration process. We both gain critical new advantages of scale and global reach, together with complementary services and technologies. It will deliver value to our shareholders and customers worldwide, in the same way as our successful investment in SPIE."

AGRA President & Chief Executive Officer, Peter Janson, said: "This merger accelerates value. It presents AGRA shareholders with an immediate premium as well as an opportunity to share in the future upside of the enlarged group. Our combined expertise, geographic presence, customer base and financial strength creates a company with a unique ability to unlock value for customers, from project planning and funding to asset operation, management and improvement. This merger provides excellent opportunities for our customers, employees and shareholders."

Advisors

Warburg Dillon Read has acted as advisors to AMEC with Deutsche Bank as advisors in the UK. CIBC World Markets has acted as advisor to AGRA.

Deutsche Bank AG London, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting for AMEC and no-one else in connection with the Offer, and will not be responsible to any person other than AMEC for providing the protections afforded to customers of Deutsche Bank or for giving advice in relation to the Offer.

This press release is not an offer of securities for sale in the United States and AMEC securities may not be offered or sold in the United States absent registration with the US Securities and Exchange Commission or an exemption from registration, and no such registration or public offering of securities in the United States is planned.

Notes to Editors

Additional Information on AMEC and AGRA

AMEC, the international capital projects, services and investments group, is a market leader in the UK and, through its associate SPIE S.A., also in France, with significant operations in the US, South East Asia and Australia. In fiscal 1998, it generated turnover of pnds stlg 3.4 billion (\$C 7.9 billion) and employed 22,000 people. Headquartered in London and Cheshire, AMEC provides added value solutions and total life of asset support, from feasibility to operation, to its clients in selected sectors, including: oil and gas, infrastructure, utilities, rail, telecommunications, manufacturing, healthcare, pharmaceuticals, power and transport. The majority of AMEC's operating profits is generated by its Services activities, which cater for the growing trend to outsourcing. In addition, AMEC is a leading exponent of UK private finance - or externally funded - projects and is active in urban re-generation.

AMEC owns 41.6% of SPIE S.A., the French based international electrical engineering and building contractor. Its principal trading companies are Spie Trindel, Spie Enertrans, and Spie Batignolles. In 1998, turnover was FFfr 18.3 billion. AMEC made this investment in 1997 and has the option to buy the balance of SPIE in 2002.

AGRA is a Canadian based professional services company specialising in engineering, construction, environmental and technology solutions for customers throughout Canada, the US and 22 other countries, with project experience in many more. In fiscal 1998-99, it generated revenue of \$C 1.3 billion (pnds stlg 556 million) and employed 6,500 people. Headquartered in Toronto, it is one of North America's largest international companies operating in these disciplines and polled number 13 worldwide in the latest ENR survey of international engineering companies. As a full service provider, AGRA acts for a broad range of clients in key industries, including oil and gas, chemicals, power, mining, forest products, infrastructure, consumer products, pharmaceuticals, telecommunications and entertainment.

The company was incorporated in Saskatchewan by its founder in 1960. From these origins it developed into a food, retail and engineering conglomerate. In 1988, Alex Taylor, AGRA's current Chairman, became President and CEO and over the next decade AGRA was refocused into an engineering, construction and environmental business. In April 1999, Peter Janson succeeded Alex Taylor as AGRA's President and CEO, and Mr. Taylor became Chairman. Mr. Janson joined AGRA from ABB US, a subsidiary of ABB ASEA Brown Boveri Ltd, the Swiss based engineering and energy giant.

Exchange rates

Values throughout this announcement have been translated from Canadian dollars to Sterling (for illustration purposes only) using an exchange rate of pnds stlg 1:C\$ 2.3266.

-30-

For further information: AMEC (in the U.K.), Peter Mason, Chief Executive, 011 44 (0) 71 574 3999; Simon Batey, Finance Director, 011 44 (1) 71 574 3999; Tony Williams, Director of Corporate Affairs, 011 44 (1) 71 574 3623; Nick Welsh, Chief Press Officer, 011 44 (1) 71 574 3624; www.amec.co.uk, www.amec-agra.com; AGRA (in Canada), Peter Janson, President & CEO, (905) 829-4402; Dennis Galange, Finance Director, (905) 829-4402; David Paterson (IR & media calls), Vice President Investor Relations, (905) 403-5024; www.agra.com, www.amec-agra.com

This press release concerns more than one organization.
To view releases from one of these organizations, please select from below.

- AGRA INC.
- AMEC P.L.C.

View Others



Portfolio Email

from Canada NewsWire

Register NOW!

View News Releases

TODAY	English	French	Both
Yesterday's News Releases			

Search News Releases

Category	Date	Industry	Keyword
Organization	Stock Symbol		Subject

Search Other Information

Company Snapshot



General Inquiries - cnw@newswire.ca
 Technical Issues - webmaster@newswire.ca
 © 1999 Canada NewsWire, all rights reserved

