

IN THE OF MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, MANITOBA, ONTARIO AND Québec

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
eMERGE INTERACTIVE, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Manitoba, Ontario and Québec (the "Jurisdictions") has received an application from eMerge Interactive, Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the registration and prospectus requirements contained in the Legislation shall not apply to the proposed issue to the holders of common shares of Safeguard Scientifics, Inc. ("Safeguard") of common shares in the capital of the Filer;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer is a company incorporated under the laws of the State of Delaware. The Filer is not a reporting issuer or equivalent in any jurisdiction in Canada. The Filer's principal executive offices are located at 10315 102nd Terrace, Sebastian, Florida, U.S.A. 32958.
2. Safeguard is a company incorporated under the laws of the Commonwealth of Pennsylvania whose shares trade on the New York Stock Exchange. Safeguard is not a reporting issuer or equivalent in any jurisdiction in Canada.
3. The Filer filed a Registration Statement on October 27, 1999 with the SEC, as amended on December 6, 1999, December 10, 1999, December 15, 1999 and January 10, 2000 (which has not yet become effective) pursuant to which 8,000,000 class A common shares of the Filer will be offered, of which 6,500,000 class A common shares of the Filer will be offered by the Filer and several stockholders, including limited partnerships affiliated with Safeguard, will be selling shareholders with respect to 1,500,000 class A common shares of the Filer. Safeguard and its related entities is one of the Filer's principal shareholders, beneficially holding approximately 27.2% of the issued and outstanding shares of the Filer prior to the offering.

4. Of the 8,000,000 class A common shares covered by the Registration Statement, the Filer is offering 2,806,000 class A common shares to shareholders of Safeguard, and Safeguard is offering 694,000 class A common shares of the Filer to the shareholders of Safeguard, pursuant to what is referred to as the Safeguard Subscription Program (the "Program"). The 3,500,000 class A common shares of the Filer offered under the Program are referred to in this Application as the "Filer Shares". The balance of the 8,000,000 class A common shares covered by the Registration Statement will be offered in the traditional underwritten fashion.

5. Pursuant to the Program, Safeguard shareholders will have the opportunity to subscribe for one Filer Share for every ten Safeguard common shares that they own of record as of October 20, 1999 (the "Record Date"). Shareholders of Safeguard who owned less than 100 shares of Safeguard as of the Record Date will be ineligible to participate in the Program.

6. If any of the Filer Shares offered by the Filer under the Program are not purchased by the shareholders of Safeguard, Safeguard will purchase such shares from the Filer at the closing of the offering.

7. Sales under the Program will close on the day of the closing of the sale of the other shares offered to the public.

8. The Filer's authorized share capital consists of 125,000,000 shares of common stock, \$.008 par value per share, consisting of 115,888,887 class A common shares and 9,111,113 class B common shares, and 15,000,000 preferred shares, \$.01 par value per share, of which 6,957,694 class A common shares and 9,943,606 preferred shares are issued and outstanding. The preferred shares will be automatically converted immediately prior to closing into common shares on the basis of 1.25 common shares for each preferred share. Safeguard's authorized share capital consists of 500,000,000 common shares and 1,000,000 preferred shares, of which 34,769,635 common shares were issued and outstanding as at October 31, 1999. After giving effect to the offering, the Filer will have 31,732,902 common shares outstanding (assuming the automatic conversion of the outstanding preferred shares into common shares).

9. The Filer has applied for quotation of the class A common shares on the Nasdaq National Market.

10. Based on the share register of Safeguard as at the Record Date, there are two registered shareholders with British Columbia addresses holding an aggregate of 2,100 common shares of Safeguard, three registered shareholders with Manitoba addresses holding an aggregate of 524 common shares of Safeguard, three registered shareholders with Ontario addresses holding an aggregate of 272 common shares of Safeguard, and two registered shareholders with addresses in Québec holding an aggregate of 12,006 common shares of Safeguard, being a *de minimus* percentage of the issued and outstanding common shares of Safeguard.

11. Based on the share register of the Filer as at January 5, 2000 there are four registered shareholders with Alberta addresses holding an aggregate of 78,752 shares of the Filer and one registered shareholder with an Ontario address holding 8,750 shares of the Filer, being a *de minimis* percentage of the issued and outstanding shares of the Filer.

12. The Filer will provide to each shareholder of Safeguard wishing to purchase class A common shares of the Filer under the Program, a copy of the final prospectus as filed with the SEC.

13. There is no present or anticipated future market in the Jurisdictions for the common shares of the Filer, and, accordingly, any resale of these securities will occur outside of the Jurisdictions, more specifically through the Nasdaq National Market.

14. All disclosure material relating to the Filer that is furnished to securityholders resident in the United States will, at the relevant time, be furnished to securityholders resident in the Jurisdictions.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS 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:

A. the registration and prospectus requirements contained in the Legislation shall not apply to the sale of class A common shares of the Filer to the holders of common shares of Safeguard pursuant to the Program provided that a copy of the final prospectus as filed with the SEC is provided to each registered shareholder of Safeguard having an address in the Jurisdictions prior to the acceptance of any subscription from any such shareholder; and

B. a first trade in common shares of the Filer acquired pursuant to this Decision shall be subject to the registration and prospectus requirements contained in the Legislation unless such first trade is executed on the Nasdaq National Market in accordance with all laws and rules applicable to such market.

January 28, 2000.

"J.A. Geller"

"R. Stephen Paddon"

Headnote

MRRS Application Pursuant to Subsection 74(1) - exemptions from sections 25 and 53 of the Act for trades in connection with distribution of common shares by non-reporting issuer U.S. corporation -issuance of shares to Ontario shareholders exempt provided that U.S. prospectus is provided to such shareholders - first trade in shares acquired pursuant to the ruling exempt from section 53 of the Act provided such trades executed over Nasdaq National Market.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 1(1), 25, 53, 74(1).

