

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
MANITOBA, SASKATCHEWAN, ALBERTA  
AND BRITISH COLUMBIA

AND

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

AND

IN THE MATTER OF UNITED GRAIN  
GROWERS  
LIMITED, carrying on business as AGRICORE  
UNITED.

MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Manitoba, Saskatchewan, Alberta and British Columbia, (the "Jurisdictions") has received an application from United Grain Growers Limited, carrying on business as Agricore United (the "Filer" or "Agricore United"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Registration Requirements and the Prospectus Requirements shall not apply to:

(i) trades by the Filer in respect of the distribution by the Filer of loans and loan accounts to its members or to the spouse and any child of a member (a "Member Loan" and "Member Loan Account", respectively); and

(ii) trades by the Filer in respect of the distribution by the Filer of loans and loan accounts (an "Employee Loan" and "Employee Loan Account", respectively) to the spouse or child of an employee of Agricore United.

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

**AND WHEREAS** unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

**AND WHEREAS** the Filer has represented to the Decision Makers as follows:

1. United Grain Growers Limited ("UGG"), a company continued under the *United Grain Growers Act* (Canada) (the "UGG Act"), now operates as Agricore United as a result of the Merger described below.

2. The UGG Act provides that UGG shall consist of both members and shareholders. Membership qualifications are established by the Board of Directors by by-law. An individual may apply to become a member if he or she is a farmer, owner or lessee of a farm, either directly or through a corporation, partnership, firm, colony or joint farming operation, and have done at least \$3,000.00 worth of business with Agricore United during the past two fiscal years (the "Member").

3. On July 30, 2001, a Merger Agreement and Plan of Arrangement (collectively, the "Arrangement" or the "Merger") was entered into between Agricore Cooperative Ltd. (at that time, a cooperative governed by the laws of Saskatchewan, the "Former Cooperative") and UGG, to form Agricore United. Under the Arrangement and Merger, Agricore Cooperative Ltd. amalgamated with Agricore Ltd., a wholly owned subsidiary of UGG.

4. Articles of Arrangement were filed under the *Canada Business Corporations Act* on November 1, 2001 (the "Effective Date") which gave effect to the Arrangement on that date. The Arrangement resulted in the combination of the businesses of UGG and Agricore Cooperative Ltd., under the name "Agricore United".

5. Agricore United has its head office in Winnipeg, Manitoba and is a reporting issuer or the equivalent thereof in all provinces and territories of Canada.

6. Pursuant to the Merger, Agricore United issued 20,492,305 Common Shares to the former shareholders and members of the Former Cooperative on the Effective Date. Members of the Former Cooperative immediately prior to the completion of the Merger became members of Agricore United upon completion of the Merger (the "Agricore United Members").

7. The authorized share capital of Agricore United consists of an unlimited number of limited voting common shares (the "Common Shares") and an unlimited number of preferred shares, issuable in series (including 1,202,750 Series A Convertible Preferred shares, convertible at the option of the holder, on a one-for-one basis into common shares). As of December 31, 2002, there were 1,105,157 Series A Convertible Preferred shares issued and outstanding, 750,350 Common Shares issuable under Agricore United's stock option plan and 45,285,920 Common Shares issued and outstanding. The Common Shares are listed for trading on the Toronto Stock Exchange (the "TSE") under the symbol "UGG".

#### The Agricore United Member and Employee Loan Program

8. Agricore United established the Agricore United Member and Employee Loan Program (the "Loan Program") to allow Members and employees of Agricore United an opportunity to invest in Agricore United. In turn, the Loan Program allows Agricore United the opportunity to diversify its borrowing arrangements, and in particular, provides Agricore United with the ability to pay down current operating lines of credit.

9. For Members, the Loan Program allows a Member Loan Account to be established by a Member or the spouse or child of a Member (the "Member Participant"). The aggregate maximum amount that can be held by any Member Participant is restricted to \$1.5 million (the "Maximum Amount"). Any amounts in excess of the Maximum Amount (including accrued interest) will be returned to the Member Participant.

10. All withdrawals of funds from Member Loan Accounts will be made payable to only the holder[s] of that Member Loan Account as shown on the books of Agricore United.

11. For employees, the Loan Program allows an Employee Loan Account to be established by an employee or the spouse or child of an employee ("Employee Participant"). The aggregate maximum amount that can be held by any Employee Participant is restricted to \$1.5 million (the "Maximum Amount"). Any amounts in excess of the Maximum Amount (including accrued interest) will be returned to the Employee Participant.

12. Employee Participants can advance funds to Agricore United under the Loan Program. Employee Participants who are themselves employees of Agricore United may elect to have Agricore United deduct the amount of the loan periodically by way of payroll deduction. Employee Loans have the same material attributes as the Member Loans.

13. There are exemptions from the Registration Requirements and Prospectus Requirements of the Legislation of each Jurisdiction for trades under the Loan Program to Employee Participants who are employees of Agricore United.

14. Employee Participants are not required to participate in the Loan Program by expectation of employment or continued employment of the employee or, where the Employee Participant is not an employee, the employee to whom the Employee Participant is related.

15. Member Loans and Employee Loans are not transferable.

16. Employee Loans are automatically repaid upon employment being terminated for any reason other than retirement. A retired employee who established an Employee Loan Account prior to retirement may continue to hold the account after retirement, but may not advance any new money to Agricore United after retirement.

17. All Member Participants and Employee Participants (collectively "Participants") who advance money to Agricore United under the Loan Program will receive an information document (the "Information Document") which will provide information specific to the Loan Program and may incorporate by reference various continuous disclosure documents filed by Agricore United as a reporting issuer under the Legislation.

18. The Information Document will describe contractual rights and any statutory rights available to a Participant.

19. The trades to be made by Agricore United in respect of the Member Participants and the Employee Participants who are not themselves employees of Agricore United under the Loan

Program may not technically, fall within the available exemptions from the Registration and Prospectus Requirements of the Legislation.

**AND WHEREAS** pursuant to 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 pursuant to the Legislation is that:

The Registration Requirements and Prospectus Requirements shall not apply to trades by Agricore United in respect of the distribution by Agricore United of:

(a) Member Loans and Member Loan Accounts to Member Participants; and

(b) Employee Loans and Employee Loan Accounts to Employee Participants,

provided that

(a) the Information Document shall be updated at least annually; and

(b) the current Information Document and any amendments to the Information Document shall be filed with the Principal Jurisdiction using SEDAR and staff of the Principal Jurisdiction will have 10 days to object to its use before it is used to offer securities under the Loan Program;

and further provided that at the time of the distribution to a Participant:

(a) UGG is subject to the UGG Act;

(b) Agricore United is a reporting issuer or equivalent in the Jurisdiction where the Participant resides;

(c) the Participant receives a copy of the Information Document and any amendments to the Information Document; and

(d) the Information Document provides each Participant with contractual rights of withdrawal, rescission and/or damages that would otherwise be required in a prospectus filed under the Legislation of the Jurisdiction where the Participant resides.

DATED AT Winnipeg, Manitoba this 4th day of February, 2003.

"Doug Brown"  
Director Legal