THE SECURITIES ACT)	Order No. 4089
)	
Section 20)	March 26, 2003

UNITED FARMERS OF ALBERTA CO-OPERATIVE LTD.

WHEREAS:

- (A) The United Farmers of Alberta Co-operative Limited ("UFA") has applied to The Manitoba Securities Commission (the "Commission") for an order under subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") that intended trades by UFA in its securities to certain residents of Manitoba are exempt from the registration and prospectus requirements of sections 6 and 37 of the Act;
- **(B)** UFA has represented to the Commission that:
 - 1. UFA was formed as a co-operative association under the laws of Alberta by Chapter 56 of the Statutes of Alberta, 1918 and is continued under *The United Farmers of Alberta Co-operative Limited Act, 1966*;
 - 2. The authorized capital of UFA presently consists of an unlimited number of ordinary shares of the par value of five dollars each or such amount as may be fixed by the UFA's by-laws ("Ordinary Shares") and an unlimited number of Class "A" Preferred Shares and Class "B" Preferred Shares (collectively, "Preferred Shares").
 - 3. To become a member of UFA (a "Member") requires the ownership of a single Ordinary Share pursuant to section 2 of the UFA By-laws. Ordinary shares of UFA have a par value of \$5.00 and provide no return thereon. To be able to vote on matters concerning UFA a Member must have purchased a minimum of \$100 in products or services from UFA in the most recent period of January 1 to September 30.
 - 4. UFA is authorized by the UFA Act to require Members to, and presently requires Members to, lend to UFA each year a portion of the patronage dividends declared to Members ("Patronage Dividends") in the form of a non-interest bearing loan or debt obligation of UFA in favour of the Member ("Patronage Loans") which is converted to cash on a due date determined by directors' resolution at the time of declaration.
 - 5. As at December 4, 2002, 6,008,816 Ordinary Shares and no Preferred Shares have been issued and outstanding and \$87,963,252 in aggregate is owed to Members under Patronage Loans.

- 6. UFA has implemented a revised equity structure (the "Revised Equity Plan") that provides for the distribution of Patronage Dividends, declared by UFA and retained as Patronage Loans, to Members as follows:
 - (a) 15% to Ordinary Shares subject to a maximum Ordinary Share holding of 200 Ordinary Shares per Member;
 - (b) 25% of the balance (after deduction of Ordinary Share allocation) in cash and applicable withholding tax; and
 - (c) the remainder to non-interest bearing "Revolving Equity" which are Patronage Loans repaid to members in redeemable Class "A" Preferred Shares in equal installments over a twelve year period.
- 7. Class "A" Preferred Shares are issued automatically as payment of Revolving Equity to members in Manitoba. No Class "A" Preferred Shares are issued for cash in Manitoba.
- 8. As a transitional measure, UFA also issued commencing January 1, 2003, an additional class of Class "B" Preferred Shares instead of Class "A" Preferred Shares only to those Members (or principals of corporate and partnership members) of UFA who turned or will turn 65 on or before June 30, 2004. On June 30, 2004, all Class "B" Preferred Shares will, by their terms, be automatically exchanged for redeemable Class "A" Preferred Shares.
- 9. At January 1, 2003 pre-existing Ordinary Share balances continued to be held as Ordinary Shares and pre-existing Patronage Loans were converted into Revolving Equity.
- 10. The Revised Equity Plan was approved by the board of directors of UFA and by UFA delegates at the Annual Meeting of UFA held on March 13, 2002.
- 11. In connection with the reorganization of UFA's equity structure, delegates were provided with a copy of UFA's Revised and Restated Bylaws, the new Share Provisions and the Member Equity Plan. UFA intends to provide to all Members a booklet describing its revised Member Equity Plan. In addition, members will continue to receive a copy of UFA's annual report, financial statements and management discussion and analysis.
- 12. UFA has approximately 225,841 Members, of which approximately 193,960 (85.9%) are resident in Alberta, 4,549 (2.0%) are resident in British Columbia, 140 (0.1%) are resident in Manitoba, 4,729 (2.1%) are resident in Saskatchewan and 22,463 (9.9%) are resident elsewhere.

- 13. UFA is not and has never been a reporting issuer in Manitoba or any province in Canada and is not subject to any reporting issuer obligations.
- 14. UFA is not an exchange issuer.
- 15. UFA's securities are not listed or traded on an exchange or quotation system.
- (C) IN THE OPINION OF THE COMMISSION it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

- **1. THAT** pursuant to subsection 20(1) of the Act the intended trades by UFA in Securities to Members resident in Manitoba in accordance with the provisions of the provisions of *The United Farmers of Alberta Co-operative Limited Act*, 1966 as amended and the UFA's Revised and Restated Bylaws are exempt from the requirements of sections 6 and 37 of the Act, provided that:
 - (a) The United Farmers of Alberta Co-operative Limited Act, 1966 as amended, continues to apply to the UFA;
 - (b) The UFA provide to all Members in Manitoba a booklet describing the Revised Equity Plan; and
 - (c) The UFA continue to provide Members in Manitoba with a copy of UFA's annual report, financial statements, and management discussion and analysis.
- **2. THAT** pursuant to subsection 20(1) of the Act, any trade in Securities acquired under this order to another Member made in accordance with the provisions of *The United Farmers of Alberta Co-operative Limited Act*, 1966 as amended and the UFA's Revised and Restated Bylaws is exempt from section 6 of the Act.
- **3. THAT** the fee for this application is \$1,000.00.

Deputy Director - Legal