

ALBERTA SECURITIES COMMISSION

ORDER

Citation: 1478860 Alberta Ltd., Re, 2009 ABASC 455

Date: 20090909

1478860 Alberta Ltd., a wholly-owned subsidiary of TransAlta Corporation

Applicant

- and -

Canadian Hydro Developers, Inc.

Respondent

Background

1. 1478860 Alberta Ltd., (**1478860**), a wholly-owned subsidiary of TransAlta Corporation (**TransAlta**), commenced a take-over bid for all of the issued and outstanding common shares of Canadian Hydro Developers, Inc. (**Canadian Hydro**) dated 22 July 2009, as extended by notice of extension dated 27 August 2009 and as may be further extended, amended or varied (collectively referred to herein as the **TransAlta Offer**).
2. 1478860 has applied to the Alberta Securities Commission (the **Commission**) for:
 - (a) a permanent order pursuant to subsections 198(1)(a) and (b) of the *Securities Act*, R.S.A. 2000, c. S-4 (the **Act**) that trading cease in respect of any securities issued or to be issued in connection with the Canadian Hydro shareholder rights plan agreement made as of 24 April 2008 (the **Rights Plan**), including without limitation, the rights issued under the Rights Plan (the **Rights**) and any securities of Canadian Hydro to be issued upon the exercise or conversion of the Rights; and
 - (b) a permanent order pursuant to subsection 198(1)(c) of the Act removing prospectus exemptions in respect of any trade in securities pursuant to, or in connection with, the Rights Plan, including without limitation, the distribution of Rights on the occurrence of the Separation Time (as defined in the Rights Plan) and in respect of the exercise of the Rights.

Representations

3. The Commission considered the evidence, the submissions of counsel for TransAlta, counsel for Canadian Hydro, and staff of the Commission (**Staff**), and noted the agreement of the parties and Staff to this Order.

Decision

4. The Commission, considering it to be in the public interest to do so, orders under subsections 198(1)(a) and (b) of the Act that effective 12:00 noon (Calgary time) on September 21, 2009 trading cease in respect of any securities issued or to be issued in connection with the Rights Plan in so far as they relate to the TransAlta Offer and any Compulsory Acquisition and any Subsequent Acquisition Transaction (each as defined in the TransAlta Offer), including without limitation, rights issued under the Rights Plan and any securities of Canadian Hydro to be issued upon the exercise of the Rights.

5. The Commission, considering it to be in the public interest to do so, orders under subsection 198(1)(c) of the Act that effective 12:00 noon (Calgary time) on September 21, 2009 the exemptions contained in respect of any trade in securities pursuant to, or in connection with, the Rights Plan in so far as they relate to the TransAlta Offer and any Compulsory Acquisition and any Subsequent Acquisition Transaction (each as defined in the TransAlta Offer), including without limitation, the distribution of Rights on the occurrence of the Separation Time and in respect of the exercise of the Rights, shall not apply to any trade in securities pursuant to or in connection with the Rights Plan.

9 September 2009

For the Commission:

“original signed by”

William S. Rice, QC
Alberta Securities Commission

“original signed by”

Beverley A. Brennan, FCA
Alberta Securities Commission

“original signed by”

Allan L. Edgeworth, P. Eng.
Alberta Securities Commission