TransAlta™

Third Quarter & Year-to-Date 2007 Results

Ready

Strong business model.

Diversified generating assets.

Technical and commercial expertise.

Environmental leadership.

Financial discipline.

Forward looking statements

This presentation may contain forward-looking statements, including statements regarding the business and anticipated financial performance of TransAlta Corporation. These statements are based on TransAlta Corporation's belief and assumptions based on information available at the time the assumption was made. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, global capital markets activity, changes in prevailing interest rates, currency exchange rates, inflation levels, unanticipated accounting or audit issues with respect to our financial statements or our internal control over financial reporting, and general economic conditions in geographic areas where TransAlta Corporation operates. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause TransAlta's actual results and experience to differ materially from the anticipated results or other expectations expressed. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this news release or as otherwise stated. TransAlta undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

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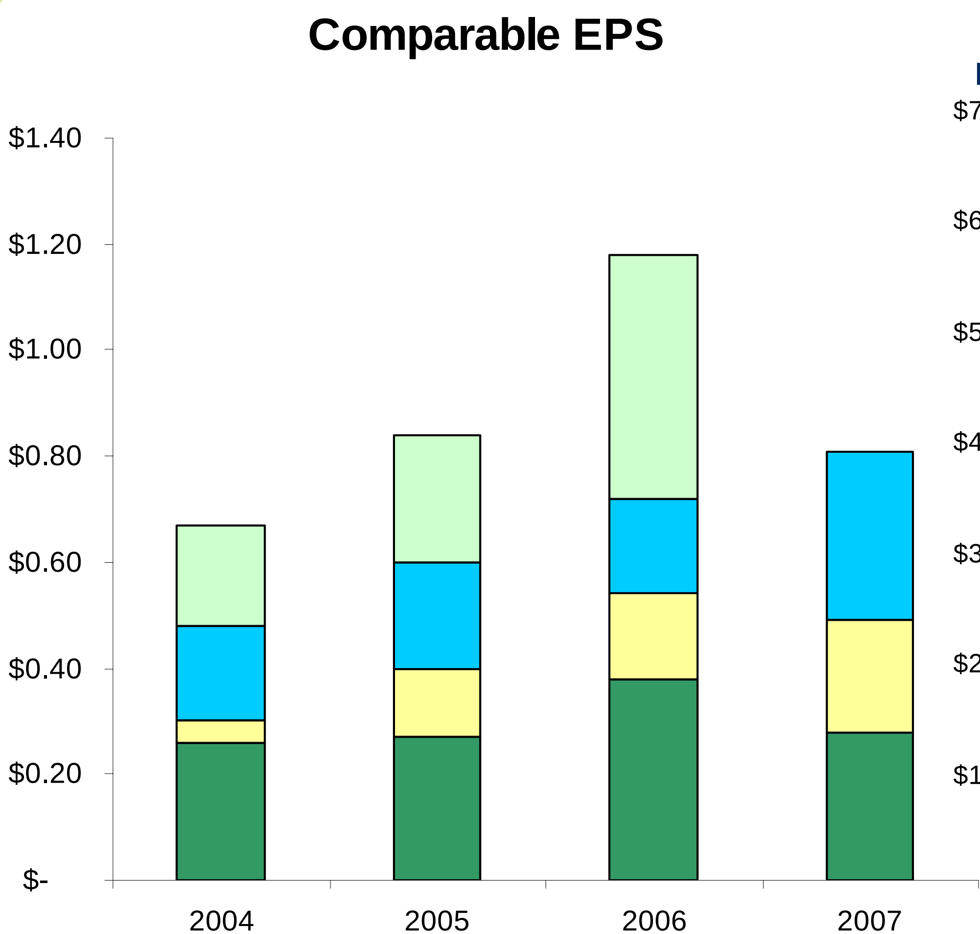
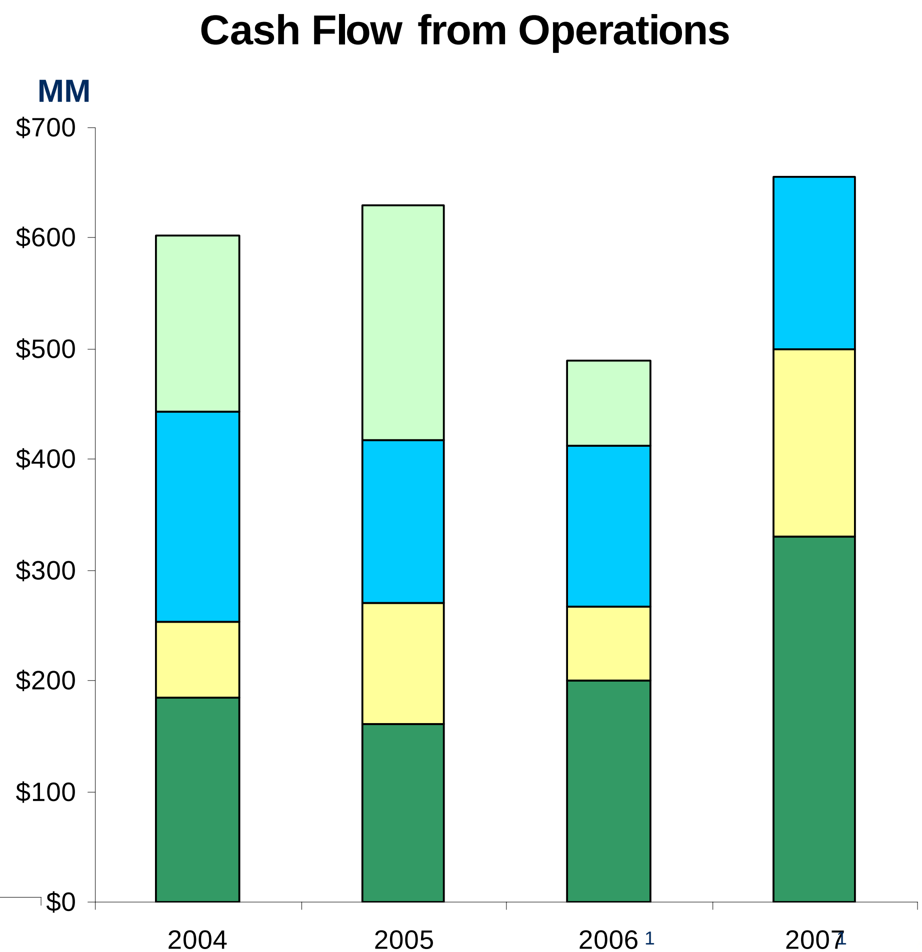
Outline

- Third Quarter & Year-to-Date 2007 Results
- Performance Against Key Measures
- Q4 Outlook

Establishing a track record of financial growth





Q1 **Q2** **Q3** **Q4**

1. Due to the timing of collection of November 2006 sales, a $185 MM receivable was received Jan. 2, 2007
2. In the third quarter TA received two month's worth of revenue under the PPA due to contractual timing of these scheduled payments. On Oct. 2, 2007 TA received $87.3 million, as contractually scheduled, and will appear in the fourth quarter cash flows.

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Gross margin increase due to strong underlying operations

Q3 2007 vs. Q3 2006

- Underlying operational earnings considerably stronger due to lower derates at Centralia and higher production at Alberta hydro
- Generation gross margins increased $19.5 million due to higher production at Centralia and Alberta hydro; excludes $7.1 million mark- to- market gain related to certain Centralia contracts
- Availability was 85.1% due to derates at Centralia, 87.3% adjusting for derates
- Production increased by 341 GWh primarily due to increases at Centralia
- Energy Trading gross margin $15.4 million

YTD 2007 vs. YTD 2006

- Continued improved performance from Centralia drives strong underlying performance
- Generation gross margins increased $68 million due to favorable pricing in Alberta and Pacific Northwest, combined with lower coal costs and higher production at Centralia; excludes $32.9 million mark-to-market loss related primarily to Centralia contracts
- Availability was 85.6% due to derates at Centralia, 89.3% adjusting for derates
- Production increased 2,040 GWh primarily due to increases at Centralia
- Energy Trading gross margin $42.4 million

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Continued improvements at Centralia increase comparable earnings per share

Results	Q3'07	Q3'06	YTD '07	YTD '06
Comparable earnings (MM)	$63.6[1]	$35.3	$161.7	$141.8
Net earnings (MM)	$65.9	$35.3	$179.3	$190.9
Per share				
Comparable earnings	$0.32	$0.18	$0.80	$0.71
Net earnings	$0.33	$0.18	$0.88	$0.95
Dividends	$0.25	$0.25	$0.75	$0.75
Cash flow from Operations (MM)	$155.3	$144.8	$654.7	$411.9
Free Cash Flow (MM)	$45.7	$10.5	$202.1	$62.3
Availability (%)	85.1[1]	84.1	85.6[1]	88.6
Production (GWh)	12,761	12,420	36,955	34,915

1 Adjusting for derates at Centralia related to the coal transition plan, availability would be 87.3% in Q3 and 89.3% YTD

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Generation gross margins increase drives results

Net Earnings	3 mo. Ended Sept. 30	9 mo. Ended Sept. 30
Net Earnings, 2006[1]	$35.3	$190.9
Increase in Generation gross margins (before mark-to-market loss)	19.5	68.0
Decrease in Generation mark-to-market loss	7.1	(32.9)
(Decrease)/Increase in CD&M margins	(5.0)	(13.0)
Decrease/(Increase) in operations, maintenance and administration costs	4.7	(1.4)
Decrease in depreciation expense	4.1	8.5
Gain on sale of Centralia mining equipment	3.4	15.1
Decrease in net interest expense	19.0	24.5
Increase in equity loss	(1.8)	(13.8)
(Increase)/Decrease in non-controlling interest	1.0	2.1
Increased income tax expense	(19.7)	(73.6)
Other	(1.7)	4.9
Net Earnings, 2007	**$65.9**	**$179.3**

1 TransAlta adopted the standard for stripping costs incurred in the production phase of a mining operation on Jan. 1, 2006

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Strong credit ratios indicative of commitment to remaining investment grade

Financial ratios	YTD 2007[1]	2006[2]
Cash flow to interest (x)	**6.0**	5.5
Cash flow to total debt (%)	**28.8**	26.2
Debt to invested capital[3,4,5] (%)	**47.6**	44.0

1 YTD ratios are a rolling 12-month average

2 Year ended Dec. 31, 2006

3 Debt = short-term debt + current portion long-term debt + long-term debt – cash

4 Invested capital = debt + preferred securities + non-controlling interest + common equity

5 Debt to invested capital includes non-recourse debt

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Financial objectives and measures – updated

Objectives	Measures	2007 Goals	YTD '07	YTD '06
Deliver long-term shareholder return	TSR ROCE[1] (annualized)	10% ~10%	36.2% 9.0%	7.3% 9.9%
Increase comparable earnings per share	Comparable EPS	Revised to low double digit[2]	$0.80	$0.71
Increase operating cash flow	Operating cash flow	Revised to $750 - $850 MM[3]	$655 MM	$412 MM
Maintain strong financial ratios	Credit ratios	Investment grade	Investment grade	Investment grade
Improve productivity	OM&A/installed MWh	Offset inflation	$6.20	$6.41
Grow capacity profitably	Installed capacity	Increase ~5%/yr	~4%[4]	Flat

1. Return on capital employed (ROCE) = earnings before non-controlling interests, income taxes and net interest expense/average annual invested capital.
2. Goal increased from original 6% - 10% target
3. Goal increased from original $650 - $750 MM target
4. Based on announced projects

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Operating objectives and measures – updated

Objectives	Measures	2007 Goals	YTD 2007	YTD 2006
Maintain targeted availability	Fleet availability	90%	85.6%	88.6%
Contract plant output	Contracted output > one year	>75%	94%	94%
Increase gross margin	Margin	Increase	$1109.1 MM	$1087.0 MM
Make sustaining capex predictable	Sustaining capex budget	Revised to $350 - $370 MM[1]	$237 MM	$116 MM
Reduce environmental footprint	Emissions reductions	< emissions intensity	Compliance in all markets	Compliance in all markets

1. Goal increased from original $320 - $345 MM target to incorporate Centralia transition plan and accelerated construction of rail and coal unloading facilities

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2007 sustaining capex includes revised Centralia transition plan spend

Centralia plan calls for accelerated construction of coal and rail unloading facilities and advances on materials in 2007

$MM	2007E	Q3'07	Q3'06	YTD'07	YTD'06
Sustaining	$350 - $370	$103	$72	$226	$98
Routine capital	$100 - $105	$18	$10	$59	$23
Mine capital	$75 - $80	$11	$18	$18	$20
Corporate	-	$15	$6	$34	$9
Centralia Fuel Blend	$100 - $105	$32	-	$56	-
Major maintenance	$75 - $80	$26	$38	$58	$46
Growth	$210 - $220[1]	$73	-	$145	$3
Mexico	$2 - $5	-	$(2)	$(1)	$8
Total	$562 - $595	$176	$70	$370	$109

[1] Includes approximately ~$32 million for Kent Hills, ~$37 million for Sundance 4, ~$141 million for Keephills 3

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2007 major maintenance plan

Given scope of work on coal plants, opex will be higher in 2007

$ millions	Coal	Gas and Hydro	Total
Capital expenditures	$60 - $65	$15 - $20	**$75 - $85**
Operating expenditures	$50 - $55	$0 - $5	**$50 - $60**
Total	**$110 - $120**	**$15 - $25**	**$125 - $145**
Lost GWhs	1.900 – 1,950	125 - 150	**2,025 – 2,100**

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Strong outlook for Q4 2007

Our financial performance and the current strong market pricing environment support expectation of double digit EPS growth over next several years

Current Outlook for Q4 2007

- Production expected to increase due to fewer planned outages, no significant maintenance work, and successful commissioning of Sun 4 53 MW uprate
- **Alberta** - Prices are expected to remain strong due to an expected cooler than average winter.
- **Pacific Northwest** - Prices are anticipated to face upside pressure in the fourth quarter due to cooler than normal temperatures.
- **Ontario** - Prices are forecast to strengthen compared with 2006 because of a tighter supply and a cooler winter.

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APPENDIX

Income Statement – Q3 07 vs. Q3 06

(millions)	Q3 2007	Q3 2006
Revenue	$ 712	$ 656
Fuel & purchased power	336	302
Gross margin	**376**	**354**
OM&A	147	152
Depreciation & amortization	100	104
Operating Income	**129**	**98**
Financing costs	29	45
Non-controlling interest	12	13
Income tax (recovery)	23	4
Gain on sale of assets	(3)	-
Equity loss (income)	3	1
Net earnings from operations	**66**	**35**
Net earnings	**$ 66**	**$ 35**
Net earnings per share	**$ 0.33**	**$ 0.18**
Production	12,761	12,420
Availability (%)	85.1	84.1

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Comparable earnings

	3 mo. Ended Sept. 30, 2007	3 mo. Ended Sept. 30, 2006	9 mo. Ended Sept. 30, 2007	9 mo. Ended Sept. 30, 2006
Earnings on a comparable basis	$ 63.6	$35.3	$161.7	$141.8
Sale of assets at Centralia	2.3	-	9.9	-
Tax rate change	-	-	7.7	55.3
Turbine impairment, net of tax	-	-	-	(6.2)
Net (loss) earnings	**$ 65.9**	**$35.3**	**$179.3**	**$ 190.9**
Weighted average common shares outstanding in the period	**202.8**	**201.1**	**202.6**	**200.3**
Earnings on a comparable basis per share	**$ 0.32**	**$0.18**	**$0.80**	**$ 0.71**

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Cash Flow – Q3 07 vs. Q3 06

(millions)	Q3 2007 Actuals	Q3 2006 Actuals
Operating Activities		
Cashflow from operations	$ 162	$ 131
Change in non-cash working capital	(7)	14
	155	**145**
Investing Activities		
Net capital additions	(189)	(55)
Sale of assets	16	-
Gain (loss) on net investment hedges	-	(4)
Other	6	(17)
	(167)	**(76)**
Financing activities		
Dividends (net of DRIP)	(50)	(34)
Increase in net debt	110	26
Repurchase of shares under NCIB	(27)	-
Non-controlling interest	(23)	(18)
Other	9	1
	19	**(25)**
Net Cash Flow	**$ 7**	**$ 44**

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Free cash flow

	Q3 '07	Q3 '06	YTD '07	YTD '06
Cash flow from operating activities	$155.3	$144.8	$654.7	$411.9
Add/(Deduct):				
Sustaining capital expenditures	(116.2)	(55.3)	(237.4)	(153.2)
Dividends on common shares	(49.6)	(34.1)	(154.3)	(100.1)
Distribution to subsidiaries' non-controlling interest	(22.6)	(18.0)	(63.1)	(52.1)
Non-recourse debt repayments	(11.2)	(8.2)	(32.5)	(33.7)
Timing of contractually scheduled payments	87.3	-	-	-
Centralia closure costs	-	-	24.2	-
Cash flows from equity investments	2.7	(18.7)	10.5	(10.5)
Free cash flow	**$45.7**	**$10.5**	**$202.1**	**$62.3**

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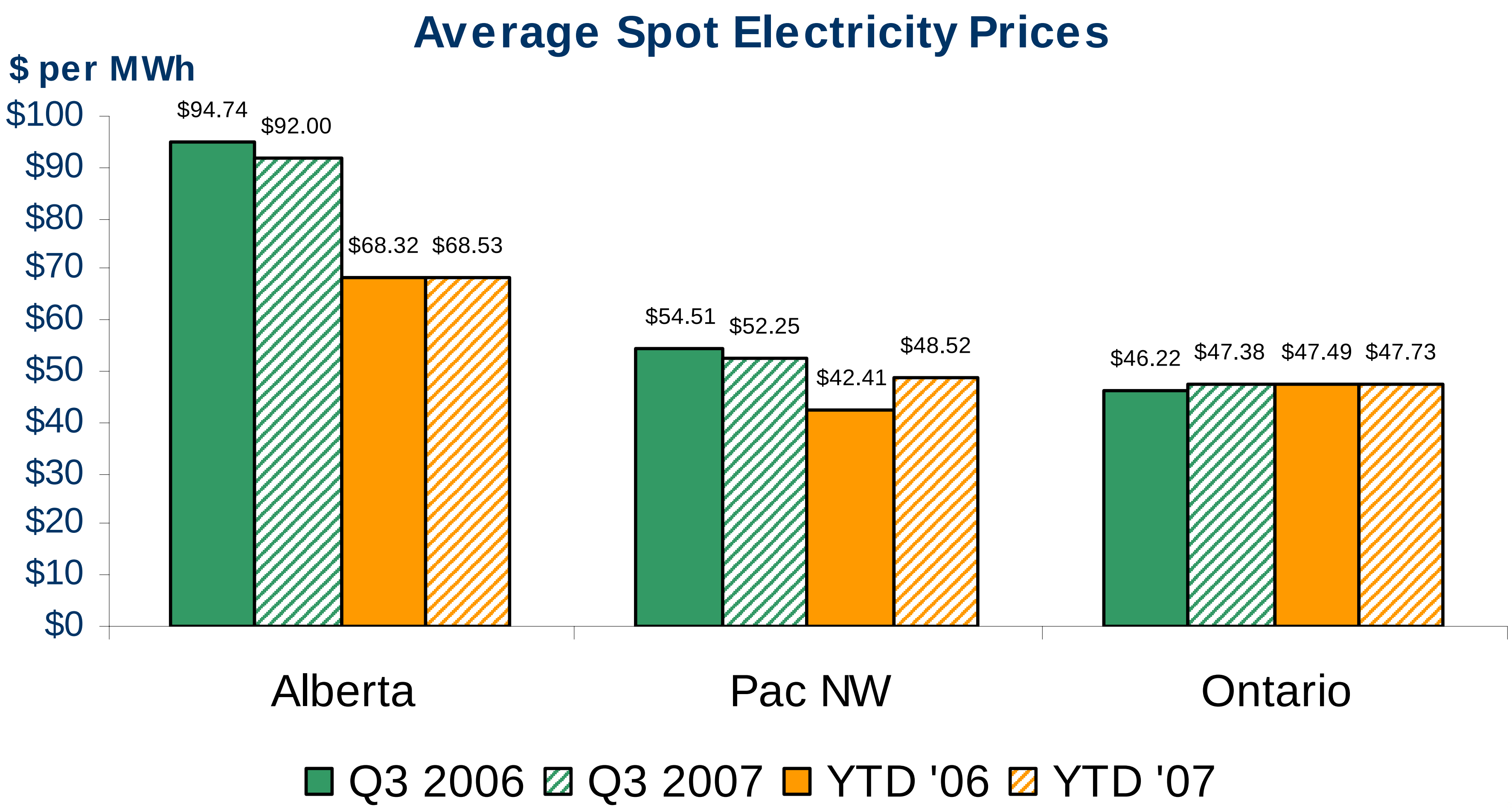
Q3 & YTD 2007 vs. Q3 & YTD 2006 comparison



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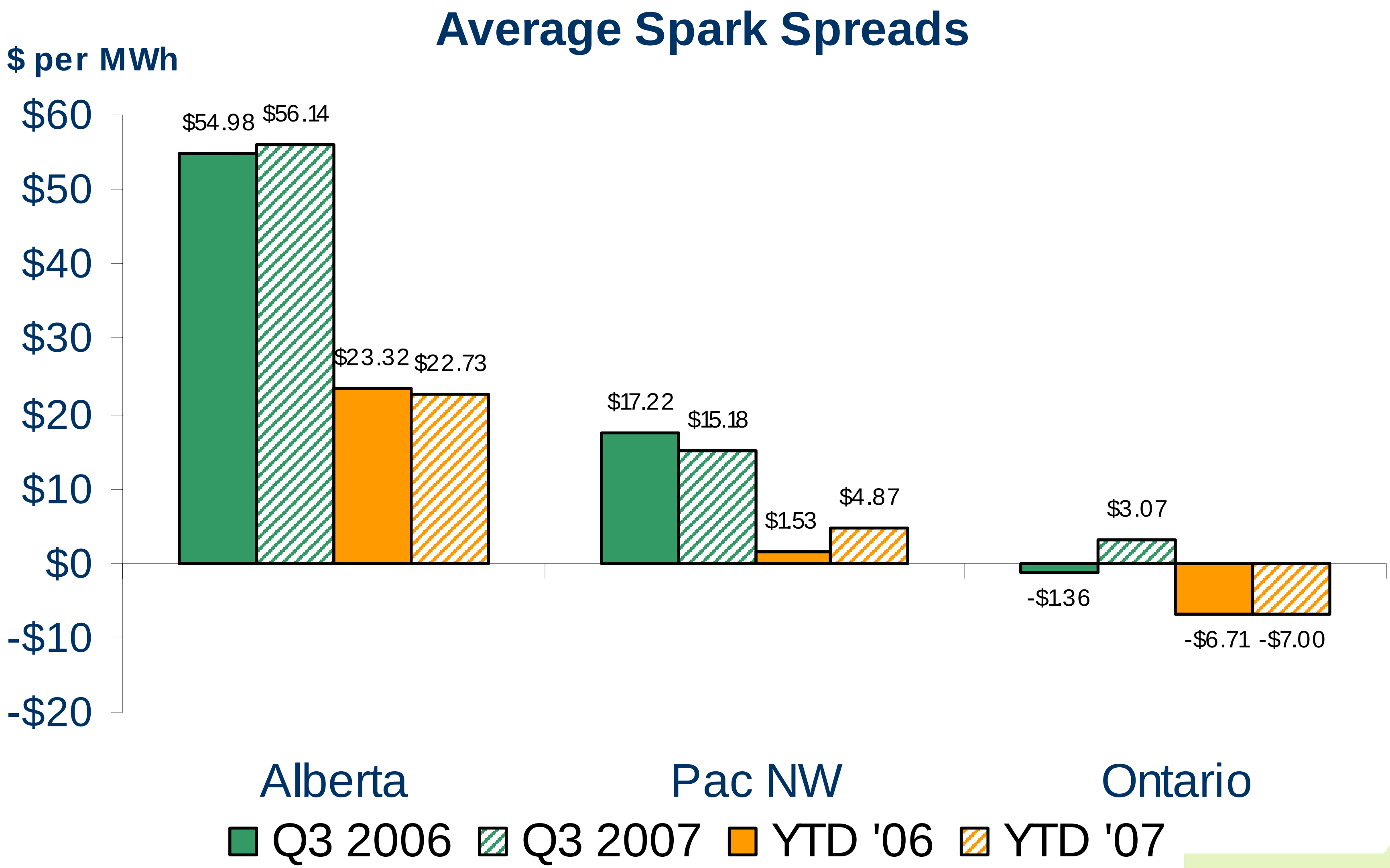
Q3 & YTD 2007 vs. Q3 & YTD 2006 comparison



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