Building on strengths

CIBC World Markets

10th Annual Whistler Institutional Investor Conference

Steve Snyder, President & CEO

February 23, 2007

TransAlta

Forward looking statements

This presentation may contain forward-looking statements, including statements regarding the business and anticipated financial performance of TransAlta Corporation. All forward-looking statements are based on our beliefs and assumptions based on information available at the time the assumption was made. These statements are not guarantees of our future performance and 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 cost of fuels to produce electricity, legislative or regulatory developments, competition, global capital markets activity, changes in prevailing interest rates, currency exchange rates, inflation levels and general economic conditions in geographic areas where TransAlta Corporation operates. Given these uncertainties, the reader should not place undue reliance on this forward-looking information, which is given as of this date. The material assumptions in making these forward-looking statements are disclosed in our 2005 Annual Report to shareholders and other disclosure documents filed with securities regulators.

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

TransAlta

Outline

- Corporate Overview
- 2006 Highlights
- Performance Against Key Measures
- 2007 - What Investors Can Expect

TransAlta

Wholesale power generator and marketer

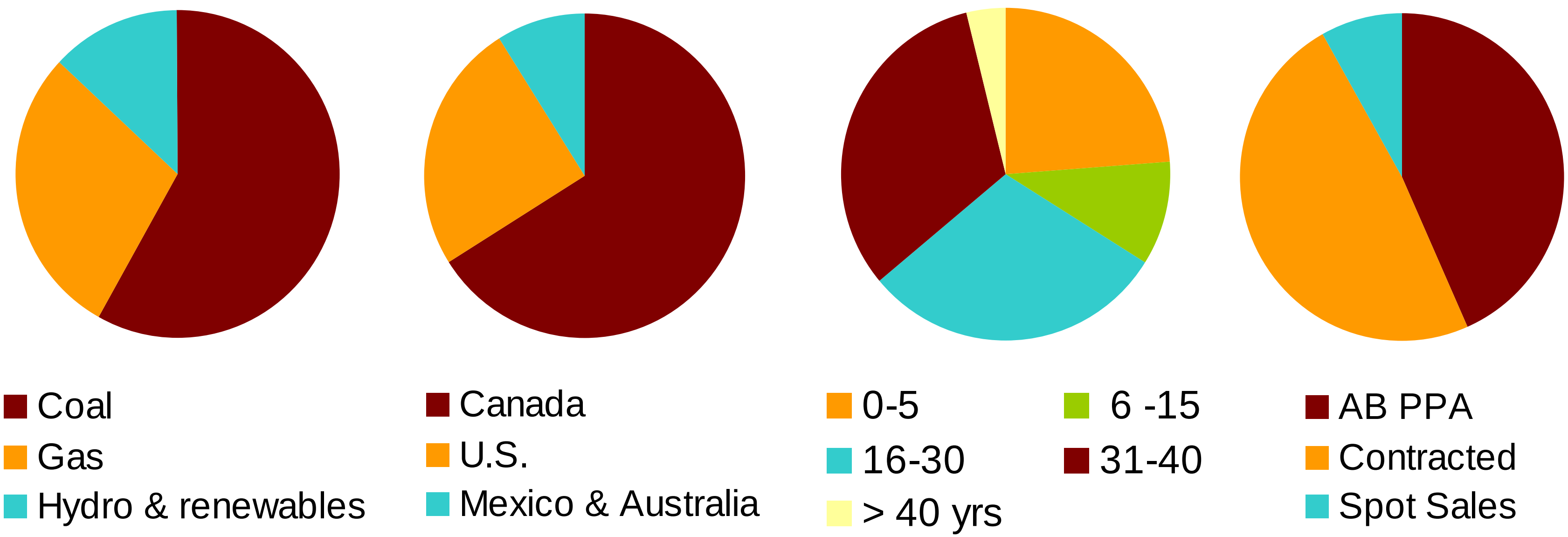
Diversified, highly contracted portfolio of assets

Fuel type diversification [1]

Geographic diversification [1]

Fleet age [2]

Contract cover [3]



1) Calculation based on MW ownership at Dec.31, 2006. Net capacity equals ~8,500 MW

2) Based on date of commissioning and percentage ownership at Dec.31, 2006

3) Based on % of MW capability contracted at Dec 31, 2006

PPA- A long term arrangement established by regulation for the sale of electricity energy from formerly regulated generating units to PPA buyers

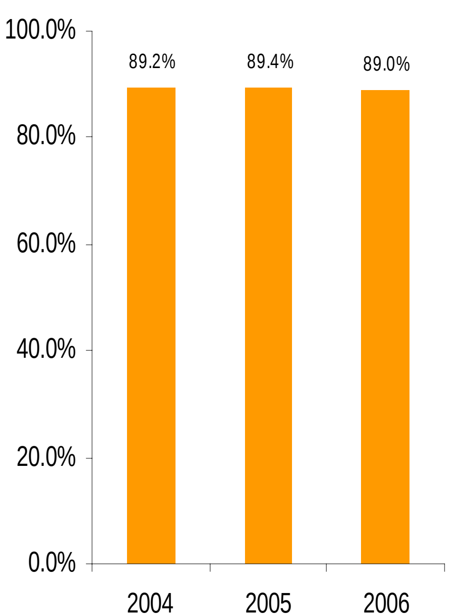
Contracted- Any forward sale transacted prior to entering the delivery month

Spot- Un-contracted at this point in time

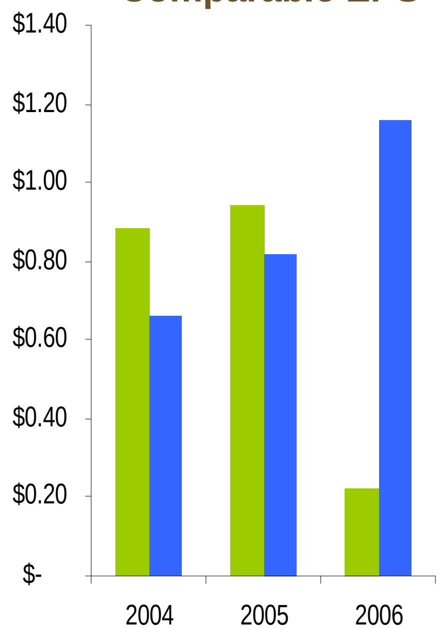
2006 highlights: Strong operations, increased energy trading margins and OM&A savings

2004 - 2006, strong operations, comparable earnings growth and increased cash flow have resulted in investment grade ratings, share price appreciation and free cash flow alternatives

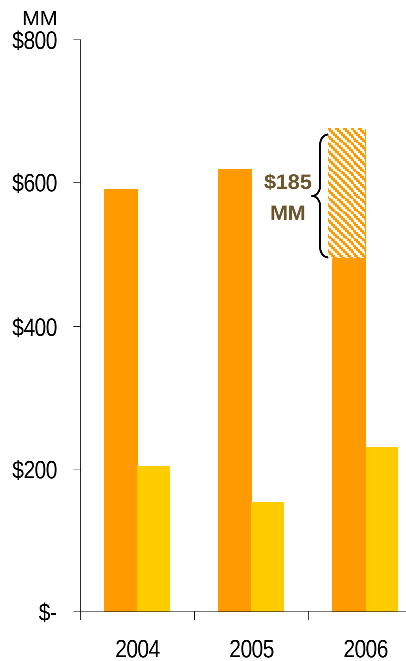
Availability



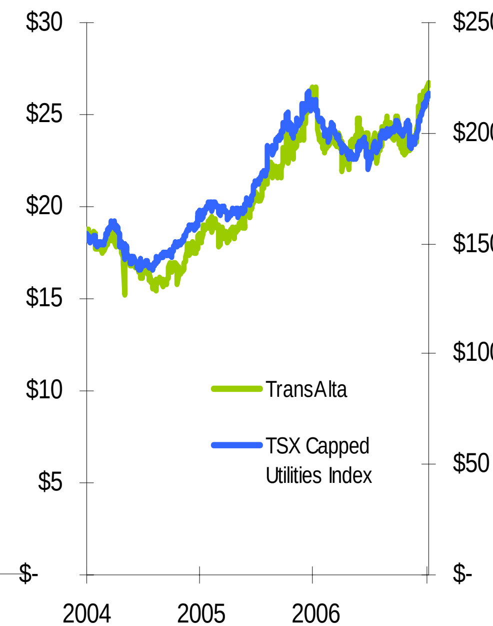
Net EPS[1,2] & Comparable EPS



Cash flow & Free cash[3]



Share price



[1] 2006 net earnings includes $153.6 million after tax charge related to Centralia Mine closure, $84.4 million impairment of Centralia Gas facility, $6.2 million Q1 after tax writedown of a turbine in inventory, and $53.3 million benefit from Q2 tax rate changes [2] 2005 net earnings includes $12 million after tax gain on discontinued operations, and $13 million from tax settlement on a deferred receivable [3] Free cash flow after dividend payment, debt repayment and sustaining capex. 2006 CF includes $185 million receivable received Jan. 2, 2007 due to timing of collection of November sales

Strong credit ratios, focus on ROCE improvement

Financial ratios	Target	2006	2005	2004
Cash flow to interest (x)	**4.2**	**5.5**	4.8	4.3
Cash flow to total debt (%)	**28**	**26.1**	23.5	19.1
Debt to total capital (%)	**48**	**40.9**	43.6	46.4
Return on capital employed (%)[1]	**10**	**8.3**[2]	7.1	7.5

1. Return on capital employed (ROCE) = earnings before non-controlling interests, income taxes and net interest expense/average annual invested capital
2. On a net basis, including one-time events, Return on capital employed would be 2.5%

TransAlta

Financial objectives and measures

Objectives	Measures	2007 Goals	2006	2005
Deliver long-term shareholder return	TSR ROCE	10% 10%	9% 8.3%[1]	48% 7.1%
Increase comparable earnings per share	Comparable EPS	6 - 10%	$1.16	$0.82
Increase operating cash flow	Operating cash flow	$650 - $750 MM	$675 MM[2]	$620 MM
Maintain strong financial ratios	Credit ratios	Investment grade	Investment grade	Investment grade
Improve productivity	OM&A/installed MWh	Offset inflation/ reduce with growth	$7.93	$8.13
Grow capacity profitably	Installed capacity	Increase ~5%/yr	Flat	+225 MW (G3 online)

TransAlta

1. On a comparable basis, Return on capital employed would be 2.5%
2. Includes $185 MM receivable received Jan. 2, 2007 due to timing of collection of November sales.

Operating objectives and measures

Objectives	Measures	2007 Goals	2006	2005
Maintain targeted availability	Fleet availability	90%	89%[1]	88.6%
Contract plant output	Contracted output	>75% [2]	87%	83%
Increase gross margin	Margin	Increase	$1.5 B	$1.4 B
Make sustaining capex predictable	Sustaining capex budget	$320 - $345 MM	$233 MM	$153 MM
Reduce environmental footprint	Emissions reductions	< emissions intensity	Compliance in all markets	Compliance in all markets

1. Includes impact of the August 6, 2006 Centralia blade failure. Excluding the blade failure, availability was 89.6%
2. At December 31, 2006, 93% of plant capability is contracted for 2007.

Short term increase in sustaining capex

Increase in sustaining capital supports Alberta mine activities and Centralia fuel blend modifications. Growth capex includes Sun 4 uprate and New Brunswick wind projects.

$MM	2006	2007
Sustaining	$214	$320 - $345
Routine capital	$100	$100 - $105
Mine capital	$27	$80 - $85
Centralia Fuel Blend	-	$55 - $60
Major maintenance	$87	$85 - $95
Growth	$10	$55 - $65
Mexico	$10	$3 - $5
Total	$234	$378 - $415

TransAlta

As of Jan. 26, 2007

Centralia coal transition plan

- **Nov. 27, 2006 announced decision to stop mining immediately – existing operations no longer economic**
  - 600 employees laid off
  - $154MM ($0.76 per share) after tax charge to Q4’06 earnings
- **Sourcing 100% Powder River Basin coal**
  - Long-term transportation contract w/ BNSF Railway
  - Coal contracts w/ Rio Tinto Energy America and Peabody Energy
- **2007/2008 - Centralia coal-fired plant transition**
  - $50 - $60 MM planned investment in rail uploading facilities – increase to 10 trains/wk
  - $50 - $60 MM in plant modifications to burn PRB at 100% sustainably
  - Plant derated to 1,000 MW/year 2007-2008

Balanced, steady growth

Growth in the markets and technologies we know -- targeting avg. of 5% capacity growth per year over the next 5 years

2006 Portfolio	→	2011 Target
8,500MW		10,500MW

We are in good geographies with tightening reserve margins and requirements for cleaner energy alternatives

- Western Canada - economic growth driving demand increase
- Eastern Canada - new supply and cleaner energy alternatives
- Western US - large market, consolidations and renewable opportunities
- Australia - global demand for minerals driving customer demand
- Mexico - CFE committed to IPP program and providing long-term contracts

Disciplined capital allocation process

1. Strategic fit

- Commercial and operational criteria
- Merchant vs. contracted
- Brownfield, acquisition and greenfield

2. Internal rate of return

- Project specific hurdle rates
- Unlevered IRR must be greater than WACC
- Assumes 50:50 capital structure

3. Net present value

- Allocate capital to projects yielding greatest cash flow

4. Earnings per share

- Should be accretive in each year[1]

5. Credit quality

- Supports investment grade credit rating

- Decisions benchmarked vs. 10% TSR and 10% ROCE goals
- Balance between brownfield expansion, acquisition and greenfield development manages cash resources and supports credit ratios

TransAlta

[1] Excludes construction period for greenfield and brownfield development

Projects announced

Sundance 4, Alberta

- Brownfield expansion
- 50 MW uprate
- Est. $50 - $55 MM capital investment
- Construction start: Q4 2006
- Commercial start: Q4 2007
- Merchant capacity

Kent Hills Wind Facility, New Brunswick

- Greenfield development
- Announced Jan. 19, 2007
- Awarded 25-year PPA to provide 75 MW of wind power to New Brunswick Power
- TA will construct, own and operate new facility
- Est. $130 MM capital investment
- Construction start: Q1 2008
- Commercial start: Q4 2008

TransAlta

Projects under development

Keephills, Alberta

- 450 MW Brownfield expansion on TA site
- 50:50 JV with EPCOR
- Supercritical facility utilizing the same technology currently in operation at the Genesee 3 facility – only second plant in Canada
- TransAlta and EPCOR will independently dispatch and market their own share of electrical output
- AEUB approval Feb. 13, 2007
- Merchant capacity
- Replaces TransAlta's WAB 4 facility (279 MW), scheduled to retire 2010

TransAlta

Canadian Clean Air Act

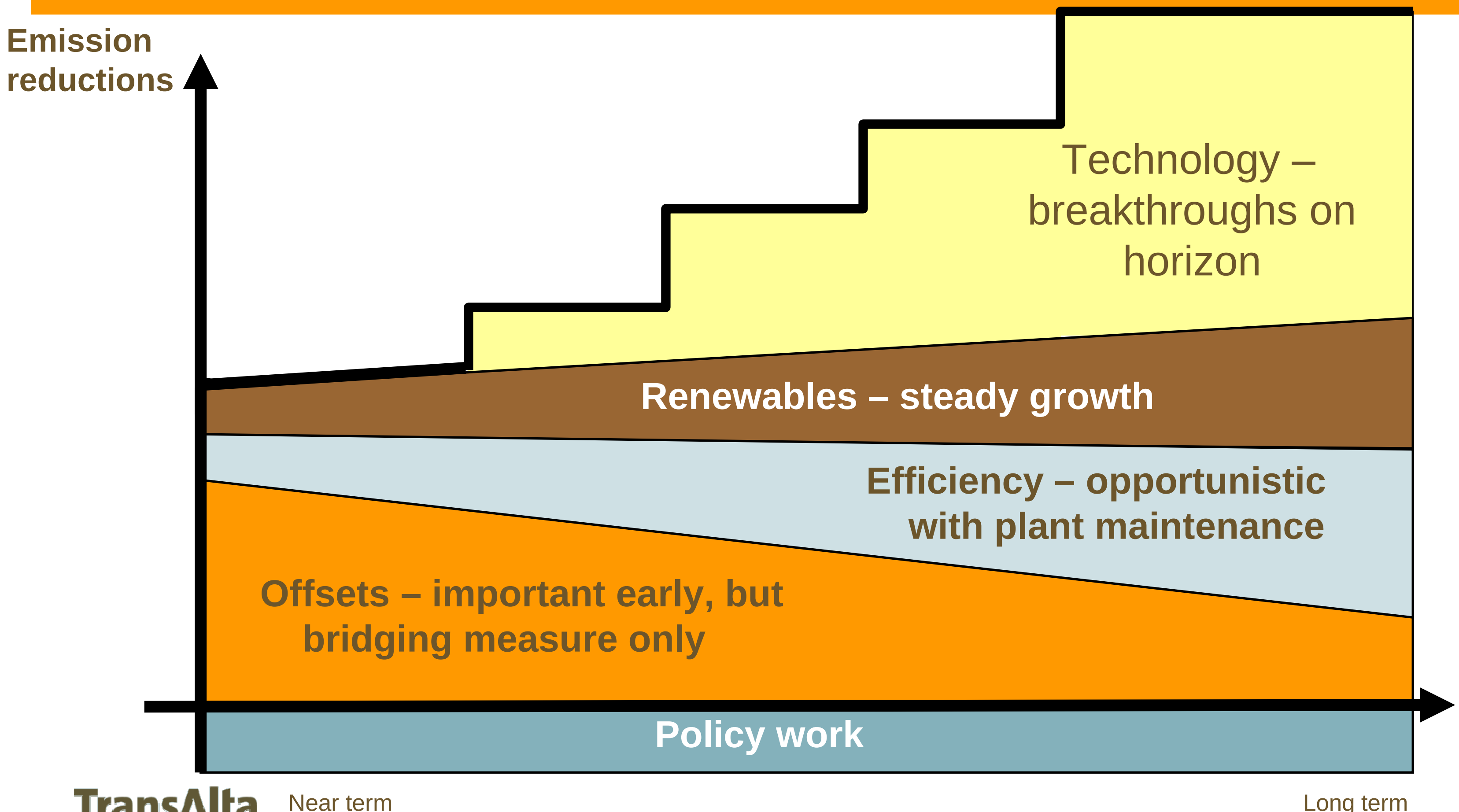
Government Direction	We're Ready
Intensity targets	Allows for growth
Regulatory framework proposed	Supports change-in-law provisions in PPA's
Long-term plan (2010 – 2040)	Capital stock turnover will create opportunities
Technology Fund compliance option	Preserves capital for technical solutions
Domestic trading & offsets	Our portfolio & trading expertise valuable
Support for new technologies	RD&D for clean coal, carbon capture
Coordination with Provinces	Provinces the appropriate regulator, well advanced on air pollutant controls

Environmental costs created by regulations are flowed through to PPA holders. Most co-gen plants share costs with hosts/partners

TransAlta

Pro-active emissions management strategy

Multi-pronged approach will deliver meaningful emissions reductions over time



TransAlta

We're building on strengths to achieve goals and objectives

- Wholesale power generator and marketer
- Diversified & highly contracted
- Strong cash generation
- Stable BBB credit rating
- Financial discipline
- Reliable operations
- Life-cycle management
- Portfolio management
- Long-term rail and coal assets
- Well positioned in growing markets
- Recognized leader in sustainable development

TransAlta

Appendix

Q4 and FY 2006 highlights

Q4 2006

- Continued strong availability across fleet (89.9% vs. 90.4% in Q4 ’05)
- Generation gross margins increased by $73 million before inventory write-down, includes gain on certain Centralia coal-fired asset contracts and CN Rail settlement
- Energy Trading margins comparable in the quarter
- Centralia mine closure impact $0.76 per share ($153.6 million after tax loss)
- Centralia gas-fired plant impairment impact $0.42 per share ($84.4 million after tax loss)

FY 2006, also included:

- Strong fleet availability – despite Centralia coal-fired unplanned outages and derates (89.0% vs. 89.4% in 2005)
- Generation gross margins increased $85 million before inventory write-down
- Energy Trading gross margins up $8.8 million to $65.7 million
- Decreased income tax expense due to federal and provincial rate changes $165.4 million
- OM&A savings of $16.7 million YOY
- Lower interest expense of $20 million due to lower debt and favorable settlement of investment hedges

Strong gross margins, lower OM&A and income tax expense offset by Centralia one-time events

Net Earnings	3 mo. Ended December 31	12 mo. Ended December 31
Net Earnings, 2005 (as restated)[1]	$ 59.9	$ 186.3
Increased Generation gross margins before write down of coal inventory	72.9	85.0
Higher Energy Trading margins	0.6	8.8
Decrease in operations, maintenance and administration costs	6.4	14.7
Increase in depreciation expense	(3.1)	(42.4)
Coal inventory write-down to lower of cost and market	(44.4)	(44.4)
Centralia mine closure costs	(191.9)	(191.9)
Increase asset impairment charges	(93.8)	(93.8)
Increase (decrease) in net interest expense	(2.0)	20.1
Increase in equity loss	(15.6)	(16.1)
Increase in non-controlling interest	(34.1)	(33.0)
Decreased income tax expense	112.7	165.4
Tax recovery on discontinued operations (2005)	(12.0)	(12.0)
Other	(1.6)	(1.8)
Net Earnings, 2006	**$ (146.0)**	**$ 44.9**

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

[2] $130 million for Centralia Gas less $36.2 million Ottawa impairment in 2005

Centralia decisions impact on 2006

Event (values are approximate)	EBT (MM)	EPS	Cash flow (MM)
Inventory write down	$44.4	$0.14	$ -
Mine equipment and infrastructure write down [2]	$72.1	$0.23	$ -
Asset retirement obligation	$81.3	$0.26	$ -
Severance and other [1]	$38.5	$0.13	$7
Total impact of mine closure	**$236.3**	**$0.76**	**$7**
Centralia Gas write down	$130.0	$0.42	$ -
Total 2006 impact of Centralia decisions	**$366.3**	**$1.18**	**$7**

[1] 2007 cash impact includes est. $22 million in severance and other related costs

[2] Mine equipment sales forecast to be in excess of book value of $100 MM; 70% of which is forecast to be received in 2007 and the balance in 2008

TransAlta

2006 comparable earnings

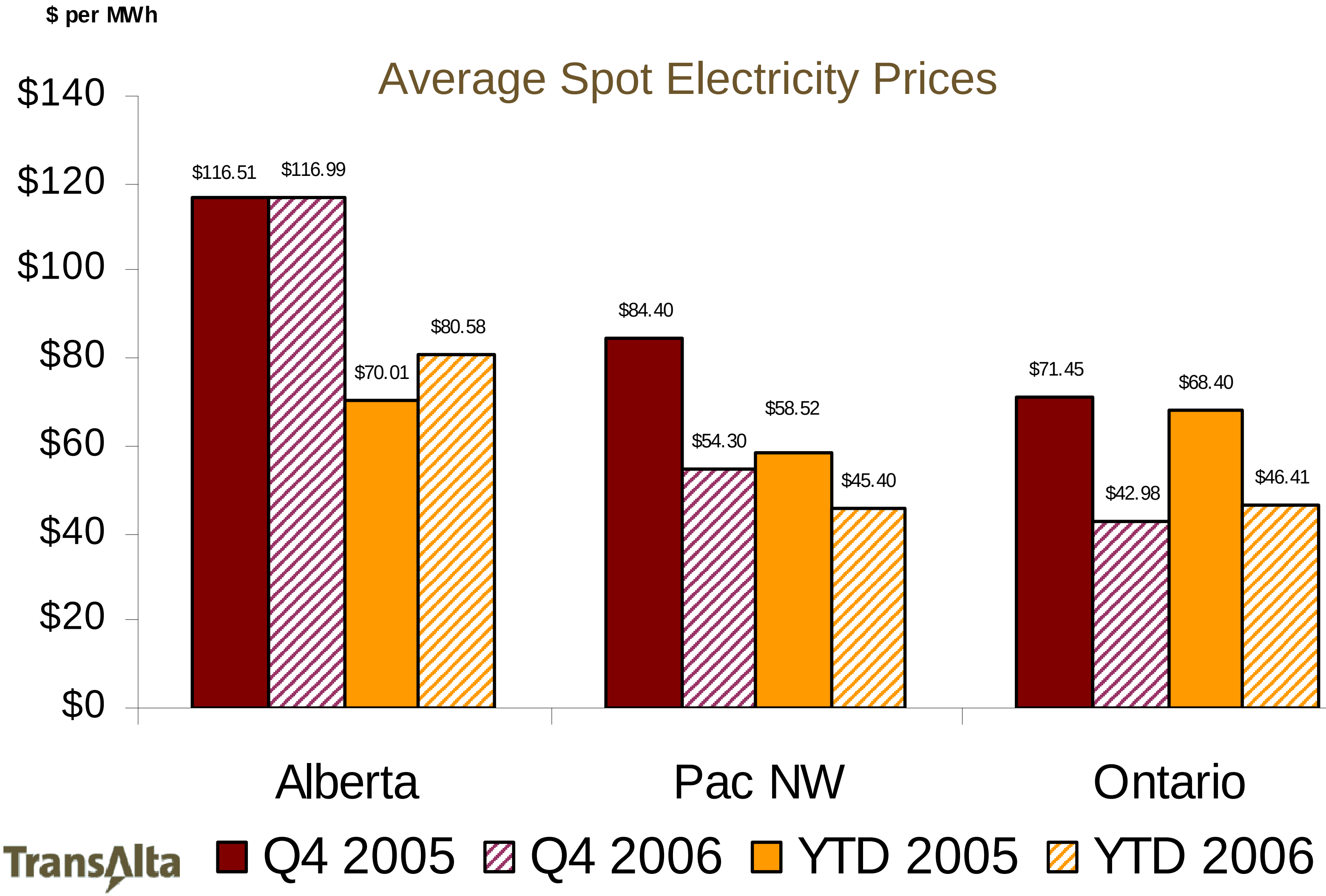
	3 mo. Ended Dec. 31 2006	3 mo. Ended Dec. 31 2005	12 mo. Ended Dec. 31, 2006	12 mo. Ended Dec. 31, 2005
Earnings on a comparable basis	$ 92.0	$47.9	$ 233.8	$161.3
Turbine impairment, net of tax	-	-	(6.2)	-
Change in tax related to prior periods	-	-	55.3	-
Centralia Gas impairment, net of tax	(84.4)	-	(84.4)	-
Centralia Coal writedown, net of tax	(153.6)	-	(153.6)	-
Gain from discontinued operations, net of tax		12.0	-	12.0
Tax settlement on deferred receivable			-	13.0
Net (loss) earnings	**(146.0)**	**59.9**	**49.9**	**186.3**
Weighted average common shares outstanding in the period	**202.0**	**198.0**	**200.8**	**196.8**
Earnings on a comparable basis per share	**$ 0.46**	**$0.24**	**$ 1.16**	**0.82**

TransAlta

Comparable free cash flow

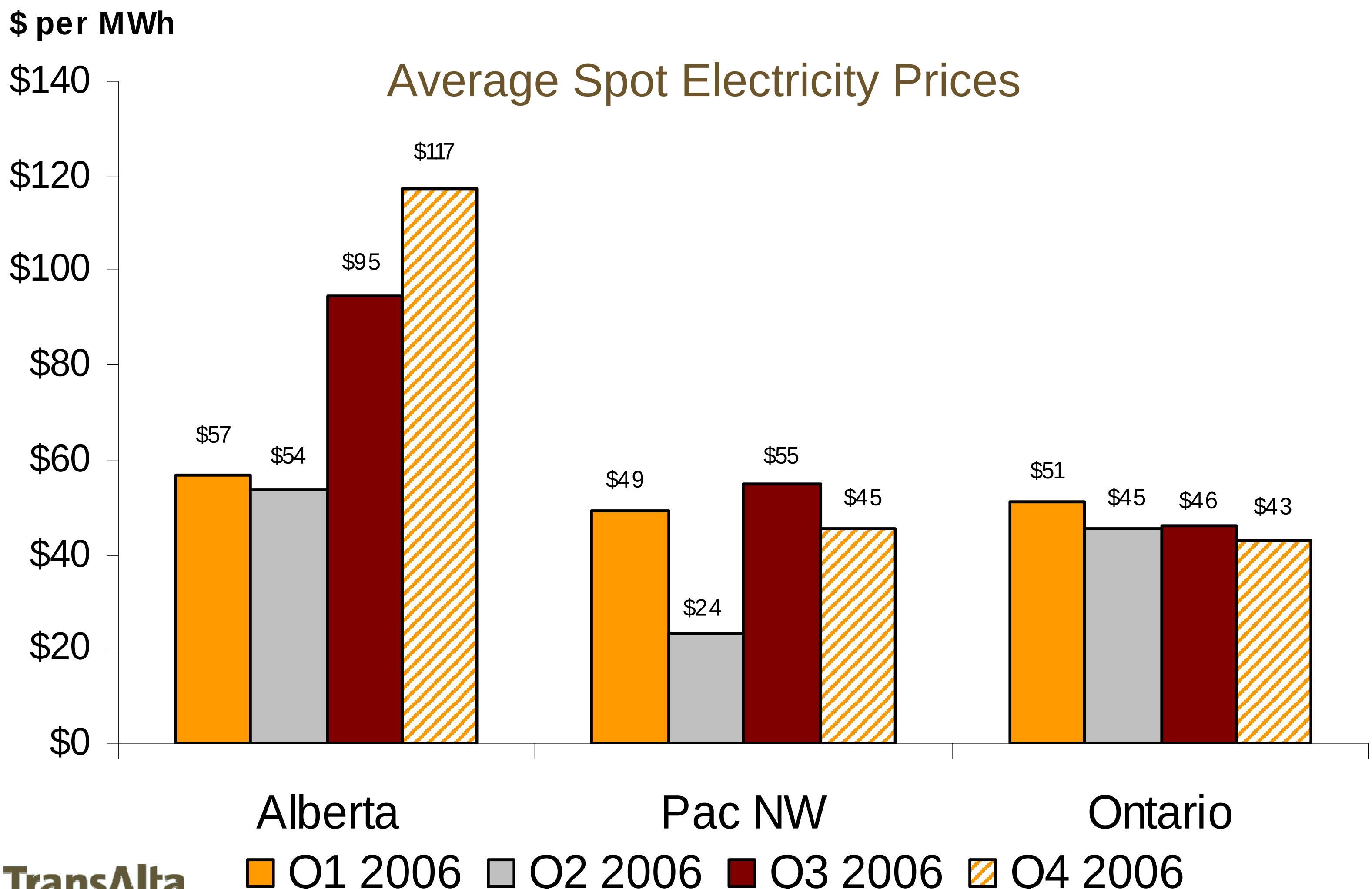
	Q4'06	Q4'05	2006	2005
Cash flow from operating activities	77.7	211.9	489.6	619.8
Less:				
Sustaining capital expenses	52.4	101.8	200.7	286.5
Dividends on common shares	33.8	2.4	133.9	99.2
Distribution to subsidiaries' non-controlling interest	22.3	24.1	74.4	77.5
Non-recourse debt repayments	17.6	10.1	51.3	36.1
Add:				
Timing of contractually scheduled payments	185.0	-	185.0	-
Equity income and equity investment	5.5	7.0	28.6	33.7
Free cash flow	**142.1**	**80.5**	**229.9**	**154.2**

Q4 & full-year comparison



TransAlta

2006 market conditions



TransAlta

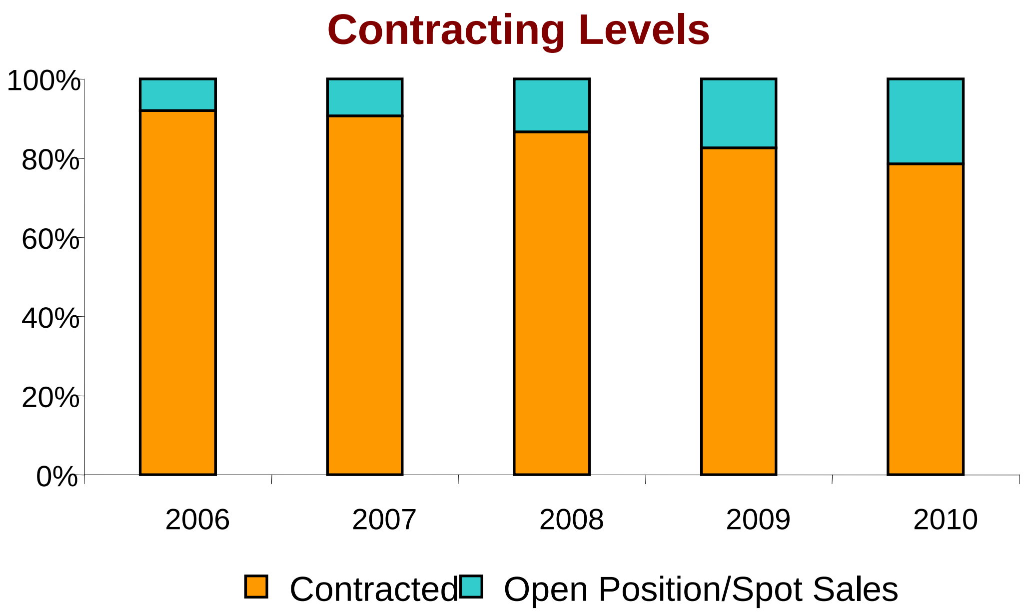
2007 Outlook – what investors can expect

Dedication to results, focus on costs, financial discipline…..

- Lower electricity prices and spark spreads due to weaker natural gas prices and strong hydro
- Exposure to price volatility substantially mitigated -- approximately 93 per cent of plant capability contracted
- Target fleet availability is 90 per cent, excluding Centralia coal-fired facility
- Centralia coal-fired plant's estimated avg. annual production is 1,000 MW due to planned derates
- Coal costs at Centralia lower due to increased PRB coal blend; Alberta coal costs estimated to be $30 million higher due to higher overburden and capex timing
- OM&A objective is to offset inflation through general cost savings and longer-term productivity improvements
- Energy Trading expected to earn $50 - $70 million gross margin
- Lower interest costs due to lower debt ($140 - $160 million)

TransAlta

Contracts enhance cash flow stability



- Objective: >75% contracted greater than one year
- Current contracting levels:

  ~ 93% in 2007

  ~ 84% in 2008 - 2010

- Recontracting plans have specific regional and asset targets to achieve balance between cash flow stability and capture of near-term market opportunity

TransAlta

2007 major maintenance plan

$ millions	Coal	Gas and Hydro	Total
Capital expenditures	$70 - $75	$15 - $20	**$85 - $95**
Operating expenditures	$65 - $70	$0 - $5	**$65 - $75**
Total	**$135 - $145**	**$15 - $25**	**$150 - $170**
Lost GWhs	2,000 – 2,050	125 - 150	**2,125 – 2,200**

Planned Quarterly Spend

Q1	Q2	Q3	Q4
10%	45%	25%	20%

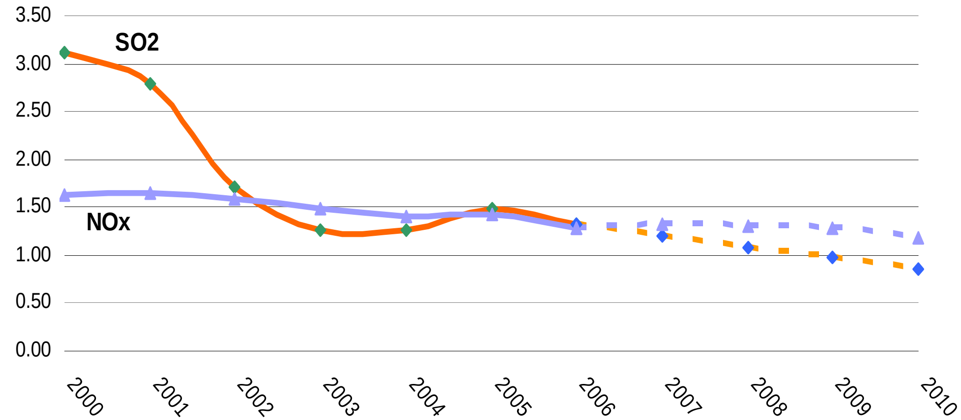
TransAlta

Pro-active emissions management

- **Policy engagement with government to encourage rational regulations.**
- **Capital planning for the use of technology to meet emission requirements on existing fleet and future fleet design.**
- **Leverage of renewable energy investments to reduce our emissions intensity per MWh.**
- **Applying our energy trading skills to emissions trading in GHG and $S0_2$.**
  - **Leader in carbon trading**
  - **Active in US and Ontario NOx/SO_2 market**

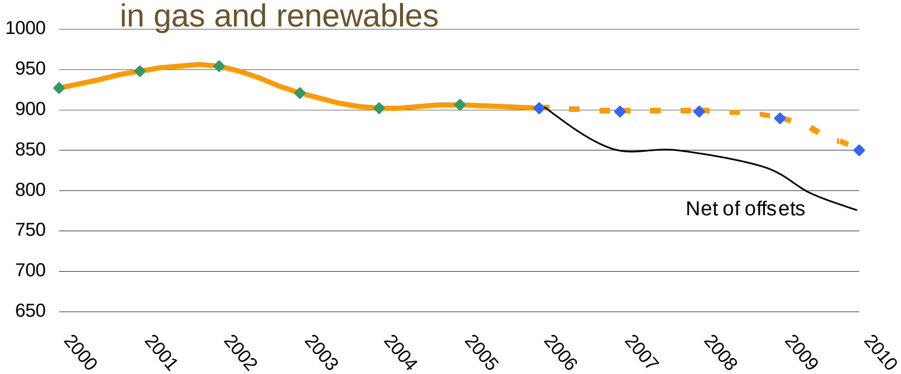
SO2 & NOx EMISSION INTENSITY (kgs/MWh)

- SO2 <42%, primarily from Centralia scrubber
- NOx <21% due to WAB retirement and G3



GHG EMISSION INTENSITY (kgs/MWh)

- < 11% since '90 by retiring WAB 1,2,3 & investment in gas and renewables



MERCURY EMISSION INTENSITY (g/MWh)

- Testing enhanced activated carbon injection, target to reduce 70% by 2010