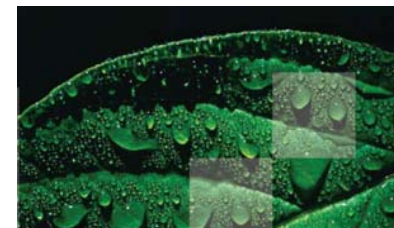




Third Quarter 2008 Results

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, unanticipated accounting or audit issues with respect to our financial statements or our internal control over financial reporting, plant availability, 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 2007 Annual Report to shareholders and other disclosure documents filed with securities regulators.

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

Outline

- Third Quarter 2008 Results
- Performance Against Key Measures
- 2008 Outlook

Q3 2008 - Highlights

Results	Q3'08	Q3'07	YTD Q3'08	YTD Q3'07
Revenue (MM)	\$ 791	\$ 711	\$ 2,302	\$ 1,992
Gross margin (MM)	\$ 398	\$ 375	\$ 1,207	\$ 1,109
Operating Income (MM)	\$ 124	\$ 128	\$ 406	\$ 357
Comparable Earnings (MM)	\$ 62	\$ 64	\$ 210	\$ 162
Comparable earnings per share	\$ 0.32	\$ 0.32	\$ 1.06	\$ 0.80
Net Earnings (MM)	\$ 61	\$ 66	\$ 141	\$ 179
Basic and diluted earnings per share	\$ 0.31	\$ 0.33	\$ 0.71	\$ 0.88
Cash flow from operating activities (MM)	\$ 202	\$ 156	\$ 610	\$ 655
Cash dividends declared per share	\$ 0.27	\$ 0.25	\$ 0.81	\$ 0.75
Availability (%)	86.0	85.1	85.7	85.6
Production (GWh)	12,357	12,761	36,235	36,955

Q3 2008 - Highlights

- **Comparable earnings of \$0.32 per share / \$62 million**
 - Results same as Q3 2007
 - Gross margin increase of \$23 million
 - Generation gross margin increase of \$17 million driven by lower planned outages at Alberta Thermal, stronger contractual pricing and higher merchant volumes due to the Sundance 4 uprate, offset by unplanned outages at Alberta Thermal
 - Energy trading gross margin increase of \$6 million from the continued success of a disciplined trading strategy
 - Offset by OM&A increase of \$19 million
 - Higher OM&A costs driven by increased maintenance, repairs to Keephills ash lagoon, and increased compensation costs in Energy Trading due to performance year to date
- **Cash flow from operations and balance sheet strength**
 - Cash flow from operations of \$202 million; an increase of \$46 million over Q3 2007
 - Cash flow increase driven by higher cash earnings and an additional Alberta power purchase arrangement payment
 - Ample liquidity with \$2.2 billion in committed and uncommitted facilities; \$1.0 billion available as of Sept. 30, 2008.
 - Stable investment grade credit ratings maintained; Oct. 22 Standard & Poors affirmed BBB rating and stable outlook

Q3 2008 - Comparable earnings per share same as Q3 2007

	Q3'08	Q3'07	YTD Q3'08	YTD Q3'07
Earnings on a comparable basis	\$ 62	\$ 64	\$ 210	\$ 162
Sale of assets at Centralia, net of tax	-	2	4	10
Change in life of Centralia parts, net of tax	(1)	-	(8)	-
Investment writedown, net of tax	-	-	(65)	-
Tax rate change	-	7	-	7
Net earnings	\$ 61	\$ 66	\$ 141	\$ 179
Weighted average common shares outstanding in the period	198	203	199	203
Earnings on a comparable basis per share	\$ 0.32	\$ 0.32	\$ 1.06	\$ 0.80

Q3 2008 – Results from Generation and Energy Trading

Net Earnings

3 mo. Ended Sept. 30 9 mo. Ended Sept. 30

Net Earnings, 2007	\$ 66	\$ 179
(Decrease) / Increase in Generation gross margins	17	38
Mark-to-market movements - generation	-	21
Increase in COD gross margins	6	39
Increase in OM&A	(19)	(37)
Increase in depreciation expense	(8)	(13)
Gain on sale of mining equipment	(3)	(10)
(Increase) decrease in net interest expense	(5)	1
Decrease (Increase) in equity loss	3	(83)
Increase in non-controlling interest	(3)	(4)
Decrease in income tax expense	12	20
Other	(5)	(10)
Net Earnings, 2008	\$ 61	\$ 141

Subsequent events

- **Oct. 8, 2008 – Closure of sale of Mexican business**
 - Completed sale to InterGen; US\$303.5 million proceeds received
 - Original plan was to use up to CDN\$200 million of proceeds for share buy back under existing NCIB
 - Given financial market volatility, decision is to temporarily suspend share buy back in Q4 to maintain financial flexibility; will reassess market conditions in Jan. 2009
 - Share buy back remains part of balanced capital allocation plan
- **Oct. 10, 2008 – Genesse 3 plant unplanned outage**
 - Joint venture with EPCOR; 450 MW plant operated by EPCOR
 - Turbine blade failure; return to service expected by the end of November
 - TransAlta estimates Q4 2008 production will be reduced by 280 GWh and net income will be \$13 - \$16 million lower (\$0.07 - \$0.08 per share)

Sustaining capex supports operational objectives

**Sustaining capital supports achievement of 92% fleet availability;
includes inflation on equipment and higher labour costs**

\$M	2008e	2009e	2010e
Sustaining	\$440 - 480	\$300 - 350	\$270 - 315
Major Maintenance	\$110 - 120	\$140 - 160	\$130 - 150
Mine	\$100 - 110	\$40 - 50	\$40 - 50
Routine	\$160 - 175	\$105 - 120	\$100 - 115
Centralia Fuel Blend	\$70 - 75	\$15 - 20	

Growth capex spend on track

**Projects continue to track to schedule and budget;
Kent Hills expected to come on line by the end of Q4**

\$M	2007	2008e	2009e	2010e	2011e
Growth	\$193	\$510 - 550	\$415 - 450	\$95 - 115	\$5 - 15
Keephills 3	\$160	\$320 - 330	\$205 - 215	\$90 - 100	\$5 - 15
Kent Hills	\$29	\$135 - 145			
Blue Trail		\$20 - 25	\$85 - 90		
Sun 5 Uprate	\$4	\$15 - 20	\$50 - 60		
Summerview II		\$20 - 30	\$75 - 85	\$5 - 15	

Performance Goals

Objectives	Measures	2008 Goals	YTD 2008	Q3 2008
Achieve top decile operations	Availability	90 -92%	85.7%	86.0%
Make sustaining capex predictable	3-yr Avg. Sustaining Capex	\$230 - \$260	\$294MM	\$97MM
Improve Safety ¹	Injury Frequency Rate	10%/yr	40%	40%
Enhance Productivity	OM&A/installed MWh	Offset Inflation	\$6.66/MWh	\$6.97/MWh
Grow Earnings and cash flow	Comparable EPS	>10%/yr	32%	flat
	Operating cash flow	\$800 - \$950 MM	\$610MM	\$202MM
Maintain investment grade ratings ¹	Cash flow to interest	Min. of 4X	6.4X	6.4X
	Cash flow to debt	Min. 25%	30.4%	30.4%
	Debt to total capital	Max. 55%	51.1%	51.1%
Deliver long-term shareowner value	IRR	>10%/yr	Annual Metrics	Annual Metrics
	ROCE	>10%/yr		
	TSR	>10%/yr		

¹ Annualized

Investment highlights

On-track to deliver annual EPS and cash flow objectives; long-term value proposition remains

- Strong balance sheet, solid financial outlook and low to moderate risk business model; on-track to deliver annual financial objectives in 2008
- Market fundamentals for Western Canada and Western U.S. remain strong
 - Alberta reserve margins below 10%; strong pricing and new build opportunity
 - Western U.S. renewable portfolio standards require new build
- Disciplined and balanced capital allocation plan: dividends, share buy back, and growth; driving 10%+ IRR, ROCE and TSR to create near and long-term shareowner value
- Progressing on 500 MW of new capacity already under construction; 96 MW Kent Hills wind facility set to come online in late Q4 2008
- Timing of incremental renewable growth within our control given resource position and supplier relationships
- A leader in addressing environmental challenges; Project Pioneer CCS project a potential game changer



Appendix

Income Statement

(millions)	Q3 '08	Q3 '07	YTD '08	YTD '07
Revenue	\$ 791	\$ 711	\$ 2,302	\$ 1,992
Fuel & purchased power	(393)	(336)	(1,095)	(883)
Gross margin	398	375	1,207	1,109
OM&A	161	142	474	437
Depreciation & amortization	108	100	312	299
Taxes, other than income taxes	5	5	15	16
Operating expenses	274	247	801	752
Operating Income	124	128	406	357
Foreign exchange (loss)/gain	(4)	1	(5)	6
Gain on sale of equipment	-	3	5	15
Net interest expense	(33)	(28)	(101)	(102)
Equity loss (income)	-	(3)	(97)	(14)
Non-controlling interests	15	12	38	34
EBIT	72	89	170	228
Income tax (recovery)/ expense	11	23	29	49
Net earnings	\$ 61	\$ 66	\$ 141	\$ 179
Net earnings per share	\$ 0.31	\$ 0.33	\$ 0.71	\$ 0.88

Cash Flow

(millions)

Operating Activities

Cash flow from operations
Change in non-cash working capital

Investing Activities

Additions to PP&E
Proceeds on sale of PP&E
Equity Investment
Restricted Cash
Income tax receivable
Realized gains on financial instruments
Loan to equity investment
Other

Financing activities

Decrease in short-term debt
Repayment of long-term debt
Dividends paid on common shares
Issuance of long-term debt
Redemption of preferred securities
Funds paid to repurchase common shares under NCIB
Net proceeds on issuance of common shares
Decrease in advances to TransAlta Power
Realized gains (losses) on financial instruments
Distributions to subsidiaries' non-controlling interests
Other

Cash flow from operating, investing, and financing

Effect of translation on foreign currency cash

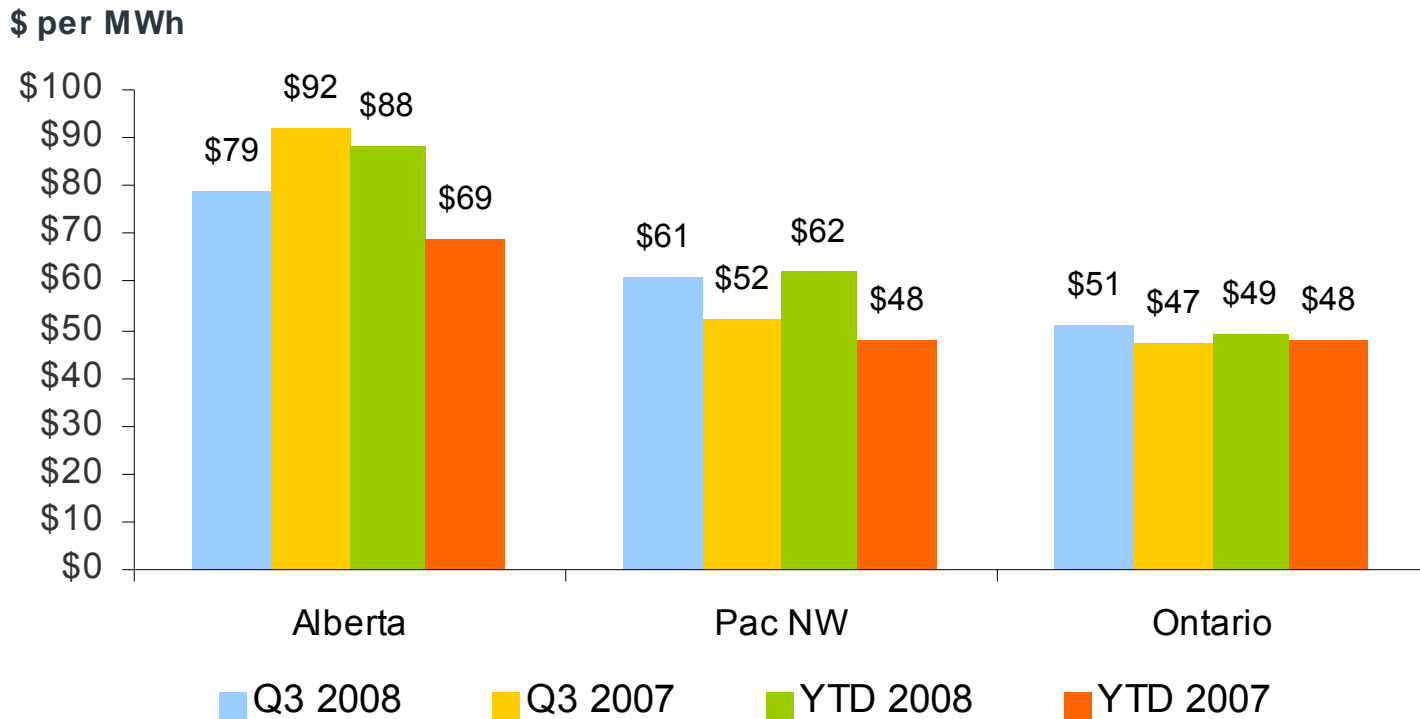
Increase (decrease) in cash and cash equivalents

	Q3 '08	Q3 '07	YTD '08	YTD '07
	\$ 175	\$ 162	\$ 579	\$ 532
	27	(6)	31	123
	202	156	610	655
	(306)	(189)	(695)	(383)
	5	16	26	39
	-	(1)	-	(20)
	2	7	247	44
	(8)	-	(8)	-
	14	-	37	-
	-	-	(245)	-
	1	1	12	-
	(292)	(166)	(626)	(320)
	308	92	107	60
	(110)	(12)	(240)	(35)
	(58)	(49)	(163)	(154)
	-	30	502	30
	-	-	-	(175)
	(4)	(27)	(130)	(27)
	-	4	14	14
	-	2	-	4
	(1)	-	12	-
	(25)	(22)	(69)	(63)
	(1)	(3)	(2)	(3)
	109	15	31	(349)
	19	5	15	(14)
	(3)	2	-	8
	16	7	15	(6)

Free cash flow

	Q3 '08	Q3 '07	YTD Q3 '08	YTD Q3 '07
Cash flow from operating activities	\$ 202	\$ 156	\$ 610	\$ 655
Add/(Deduct):				
Sustaining capital expenditures	(97)	(117)	(294)	(238)
Dividends on common shares	(58)	(49)	(163)	(154)
Distribution to subsidiaries' non-controlling interest	(25)	(22)	(69)	(63)
Non-recourse debt repayments	(1)	(11)	(3)	(32)
Timing of contractually scheduled payments	-	87	(116)	-
Centralia closure costs	-	-	-	24
Cash flows from equity investments	(1)	2	2	10
Free cash flow	\$20	\$46	\$(33)	\$202

Average spot electricity prices



Average spark spreads

