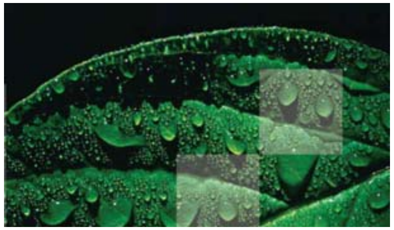
2008 Investor Day

Steve Snyder
President and CEO



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.

TransAlta value proposition

VALUE PROPOSITION
Consistent Returns

Financial Strength

Strong balance sheet

Investment grade ratios

Contracted cash flows

Low to Moderate Risk Business Model

Diversified fleet

Mix of contracts

Environmental leadership

Operational excellence

Disciplined Capital Allocation

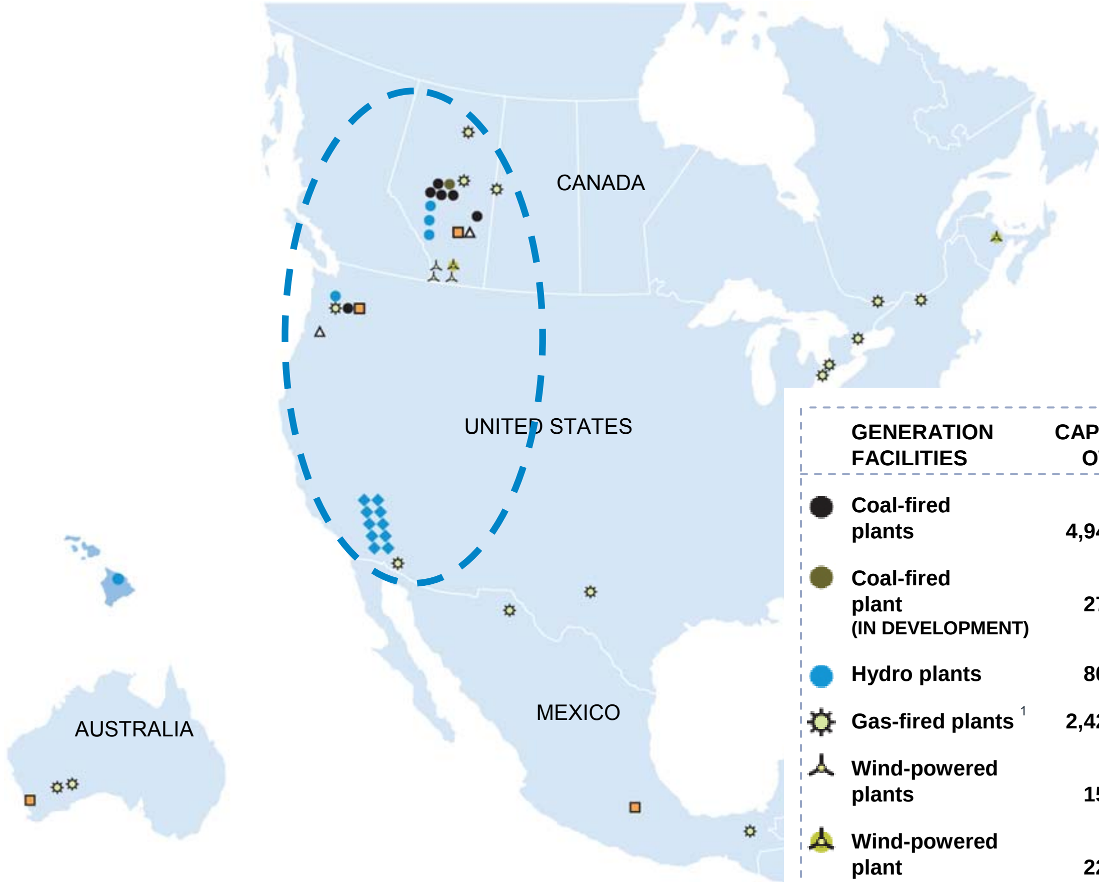
Committed to a dividend

Balancing investments in growth with returning capital

Yield & Growth

Exposure to growing power markets supports low double digit EPS growth

Dividend payout of 60 -70%



GENERATION FACILITIES	CAPACITY OWNED
Coal-fired plants	4,942 MW
Coal-fired plant (IN DEVELOPMENT)	278 MW
Hydro plants	807 MW
Gas-fired plants [1]	2,423 MW
Wind-powered plants	154 MW
Wind-powered plant (IN DEVELOPMENT)	228 MW
Geothermal plants	164 MW
Corporate offices	
Energy Marketing offices	

1. On February 20, 2008, TransAlta announced the sale of its Mexican business (511 MW). The sale is subject to regulatory approval and is expected to close by the end of the fourth quarter.

TransAlta

Strategic position: Delivering shareowner value by energizing the west

FOCUS

Drive top decile operations

- Achieve 92% fleet availability

Short-term: 2008 - 2012

- Renewable growth in the west
  - Wind
  - Geothermal
- Co-generation in Alberta
- Thermal uprates
- CCS Pilot
- CO_2 offsets

Medium-term: 2013 - 2015

- Co-generation in Alberta
- Alberta thermal life cycle investment
- Small hydro storage optimization
- CO_2 offsets

Longer-term: 2016+

- Coal with CCS
- Partner in large hydro
- Equity share in nuclear

Achieve financial targets

- IRR > 10%
- ROCE > 10%
- TSR > 10%

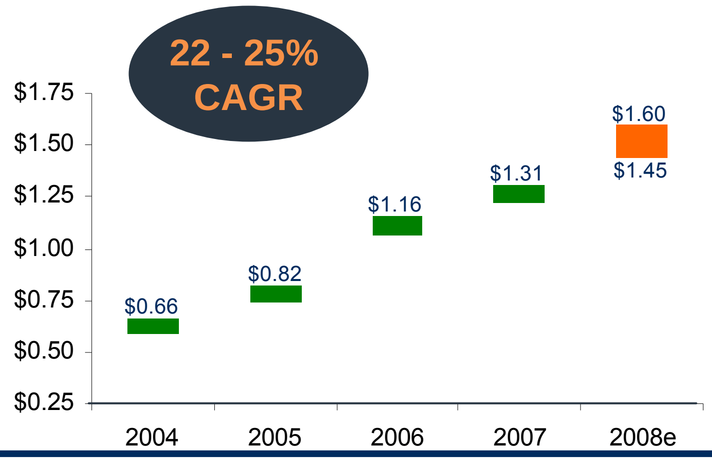
Long- term EPS growth driven by western portfolio expansion

Geographic focus, contract and asset mix, and fuel selection dominate strategic choices

On February 20, 2008, TransAlta announced the sale of its Mexican business (511 MW). The sale is subject to regulatory approval and is expected to close by the end of the fourth quarter.

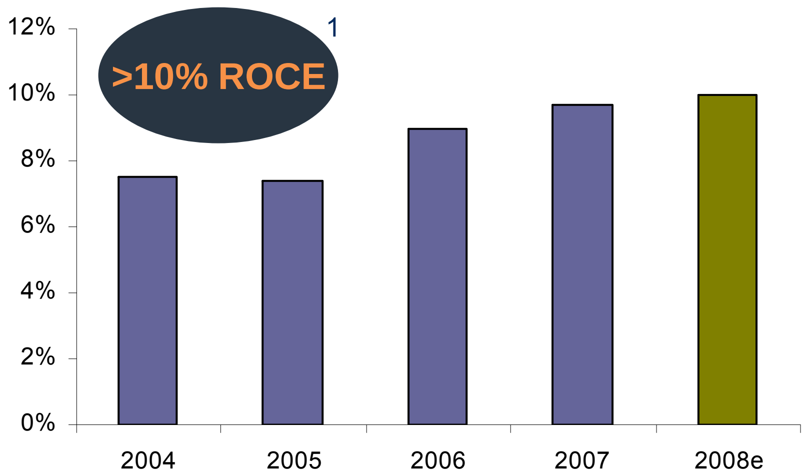
Solid track record of results

EARNINGS PER SHARE

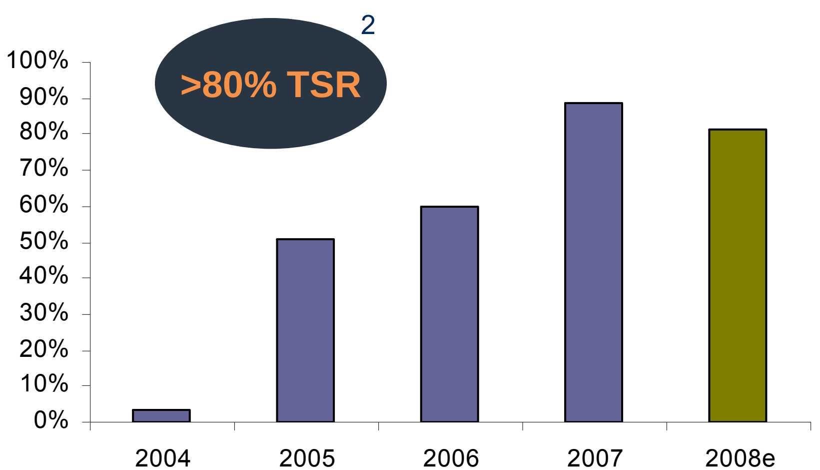


CASH FLOW FROM OPERATIONS

COMPARABLE RETURN ON CAPITAL EMPLOYED



5 YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN



1. As of Oct. 1, 2008

2. As of Oct. 1, 2008

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Strong EPS growth 2008 - 2012 fueled by higher electricity prices and recontracting

Higher commodity prices in Alberta and the PacNW drive EPS growth; scenarios assume no change in availability or contracting strategies

	AB Prices $/MWh	PNW Prices $/MWh	EPS Estimates	
			2008	2012
Low Case	$60 - $70	$50 - $55	$1.45	$2.00
Medium Case	$80 - $90	$65 - $75	$1.55	$3.00
High Case	$100 - $110	$80 - $90	$1.60	$4.00

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Well positioned to take advantage of opportunities and deal with challenges

Diversified, low-cost business model + operating excellence + financial strength = short and long-term success

CHALLENGES

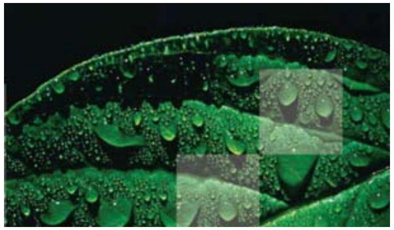
- Environmental uncertainties
- Inflation
- Demand risk
- Credit market upheaval

POSITIVES

- Environmental leadership
- Rising prices
- Recontracting of open length
- Excellent growth opportunities
- Financial strength / investment grade
- PPA benefits

Alberta is in need of additional supply
North America needs renewables

2008 Investor Day



Dawn Farrell
Executive Vice President
Commercial Operations and Development

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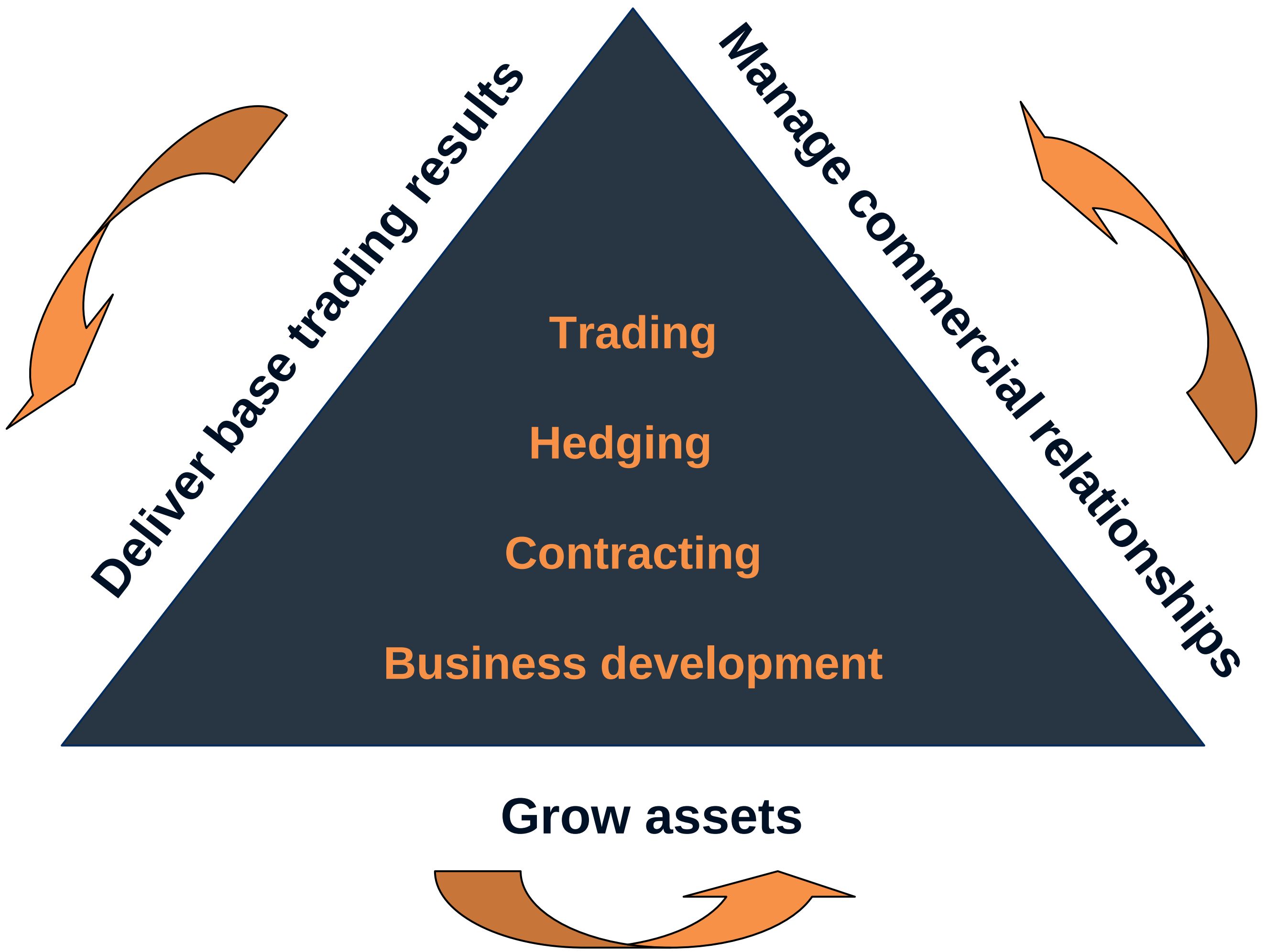
Commercial Operations and Development mandate



Executing on our strategy

In 2007 we said we would:	In 2008 we delivered:	
▪ Expand the current portfolio of assets	▪ Announced 3 growth projects in Alberta for an additional 185 MW ▪ Developed comprehensive organic growth plan	☑
▪ Add value to our base business	▪ Improved base operations ▪ Implemented 4 year ladder for asset hedging ▪ Secured PRB coal ▪ Improved performance in real time and cash trading	☑
▪ Sell assets when markets or projects fall short of expectations	▪ Divesting of Mexico business	☑
▪ Re-contract or reposition non-core and under-performing assets	▪ Assessing alternatives for adding value to Australia and Sarnia assets	Ongoing

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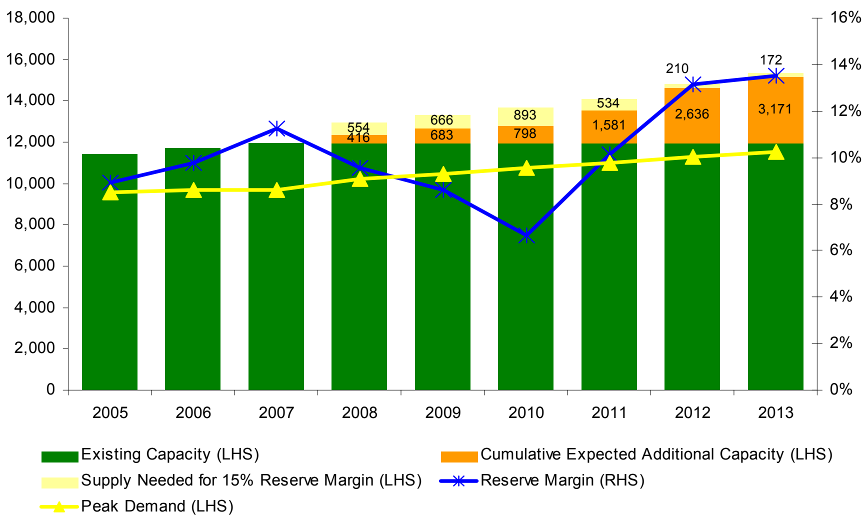
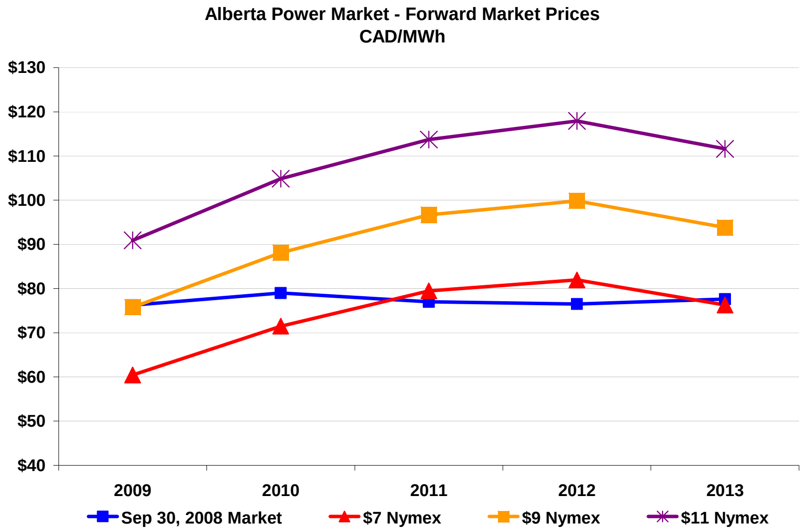
Alberta power prices expected to be strong

- Low reserve margins will persist
- Strong load growth dependent on oil sands expansion
- New wind supply will create volatility and raise average prices
- Transmission constraints limit significant new supply from traditional sources

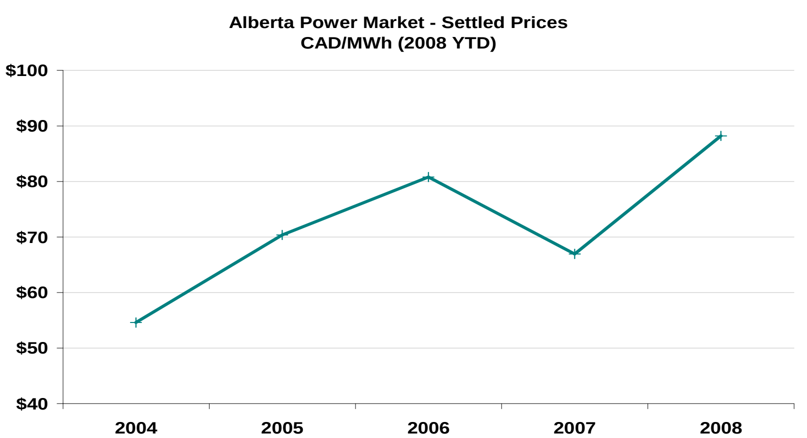
Reserve margins remain below 15%



Steady price growth in various gas scenarios



Since 2004, power prices have risen > 50%



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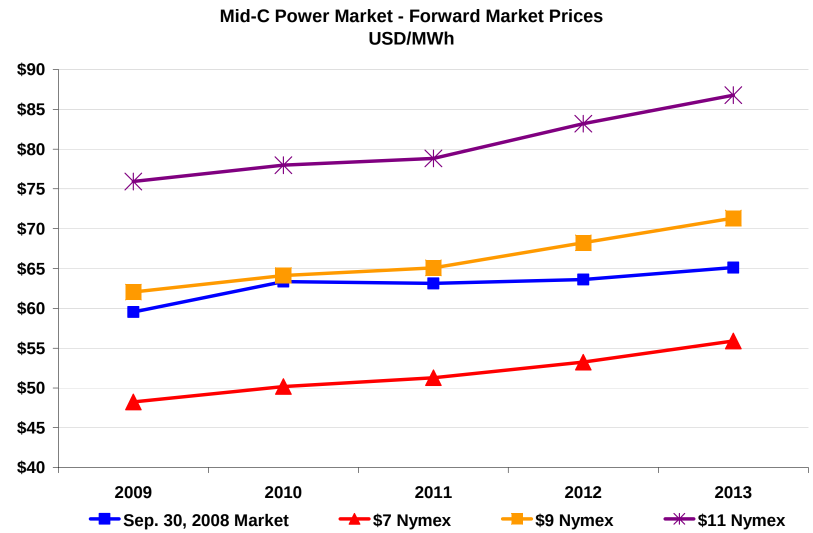
Figures as of Sept.30.08

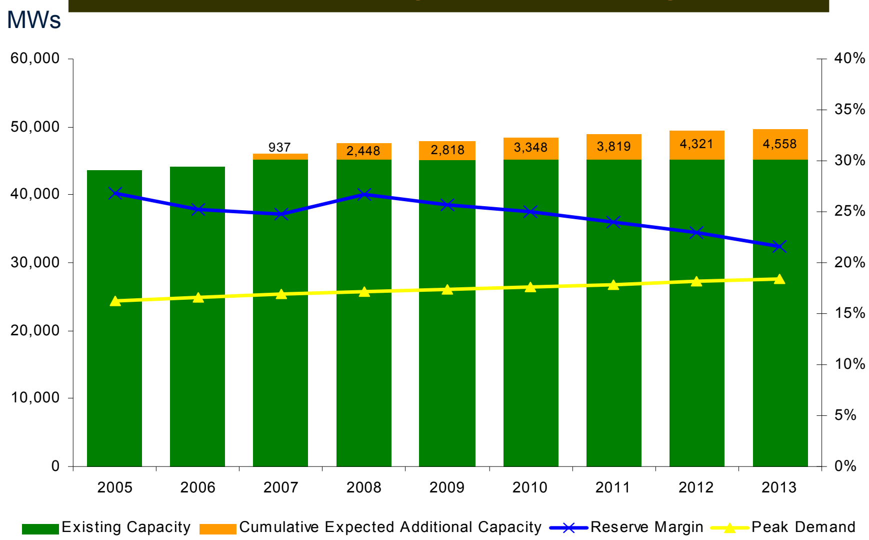
PacNW prices expected to strengthen as load growth outpaces hydro supply

- Load growth expected to exceed traditional hydro supply
- Market will see increased reliance on natural gas
- New supply is mostly wind
  - Intermittent nature will create volatility
  - Volatility will create higher average prices
  - Reserve margins will decline
  - Thermal units will become more valuable

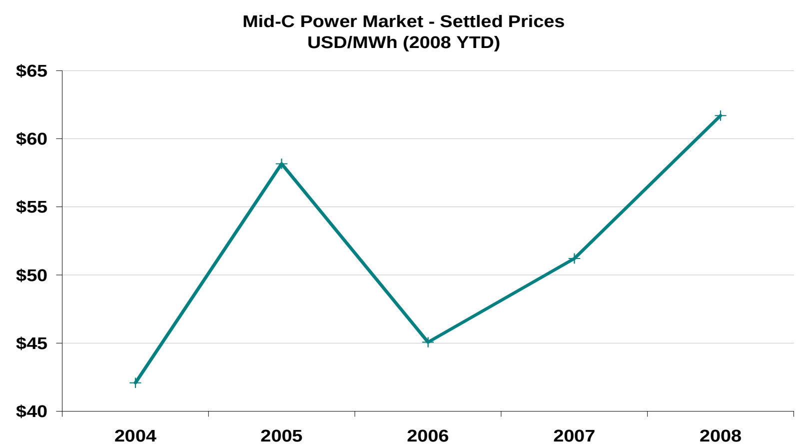
Steady price growth in various gas scenarios



Reserve margins are declining



Since 2004, power prices have risen almost 50%



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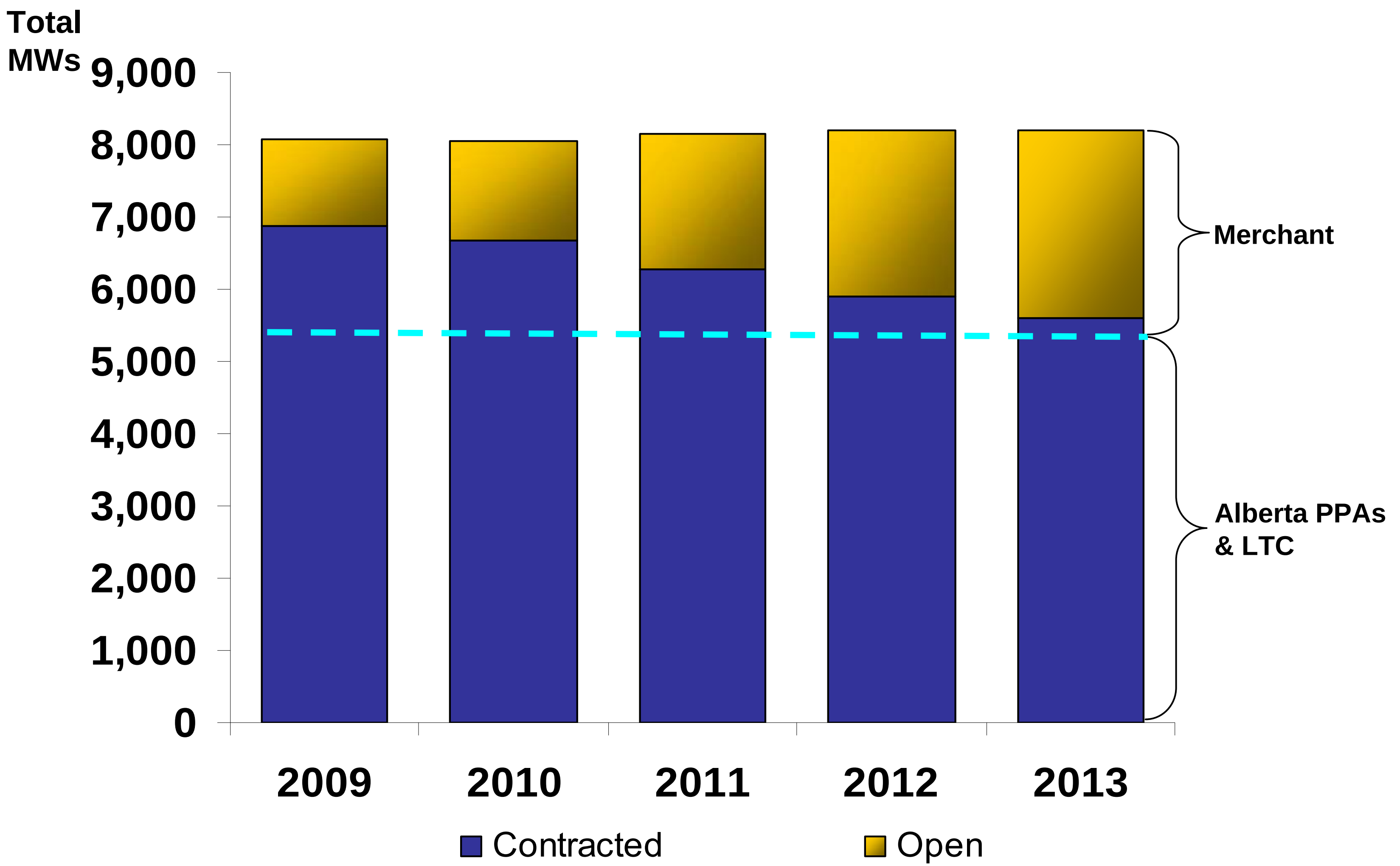
Figures as of Sept.30.08

Alberta PPAs and long-term contracts provide the base of our contracted position

Hedge strategy targets an average of 90% contracted capacity



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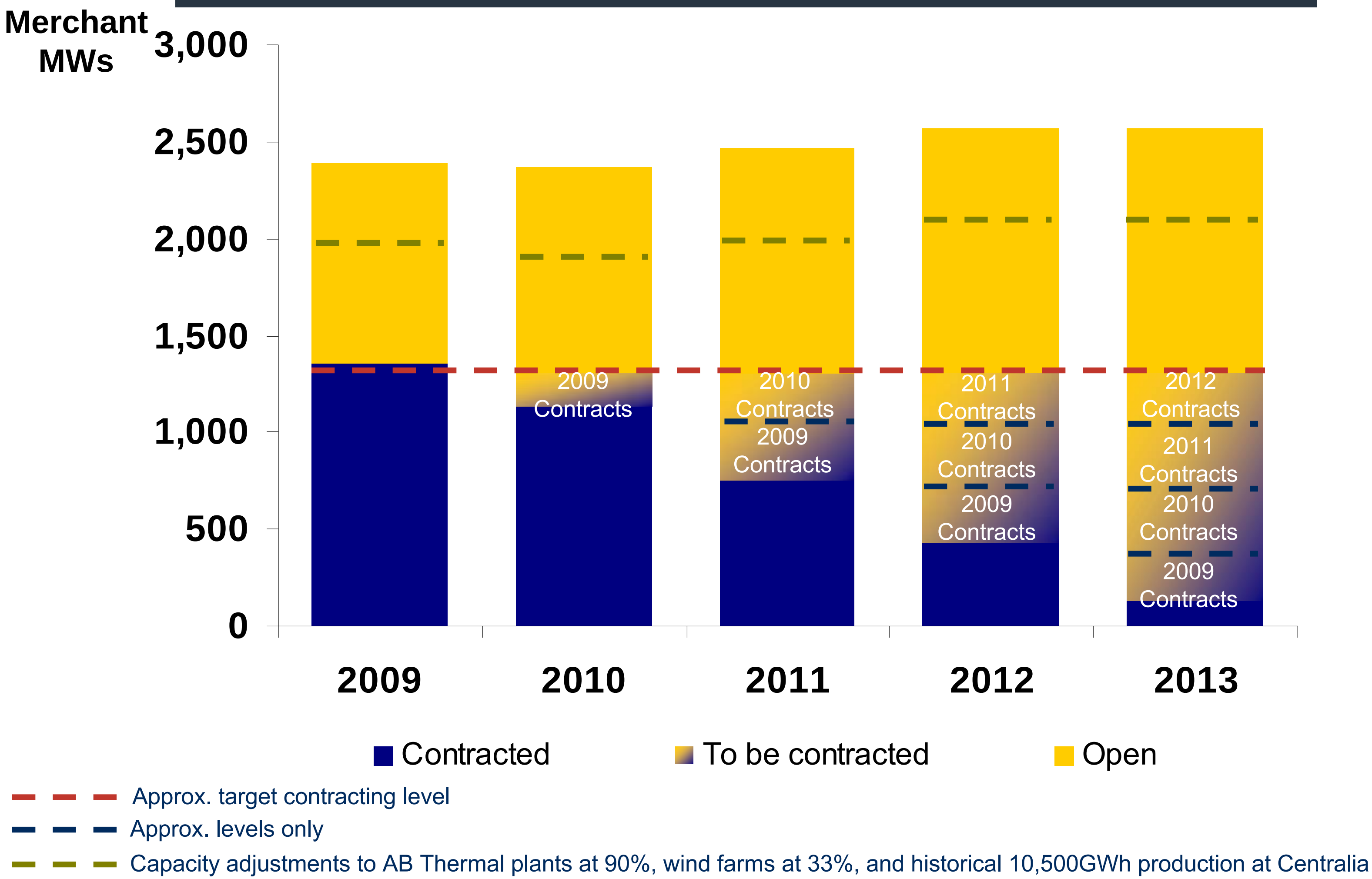
Alberta & PACNW open merchant positions provide opportunity to capture upside of higher prices

Disciplined hedging strategy provides for more secure earnings and cash profile in a volatile and cyclical commodity market



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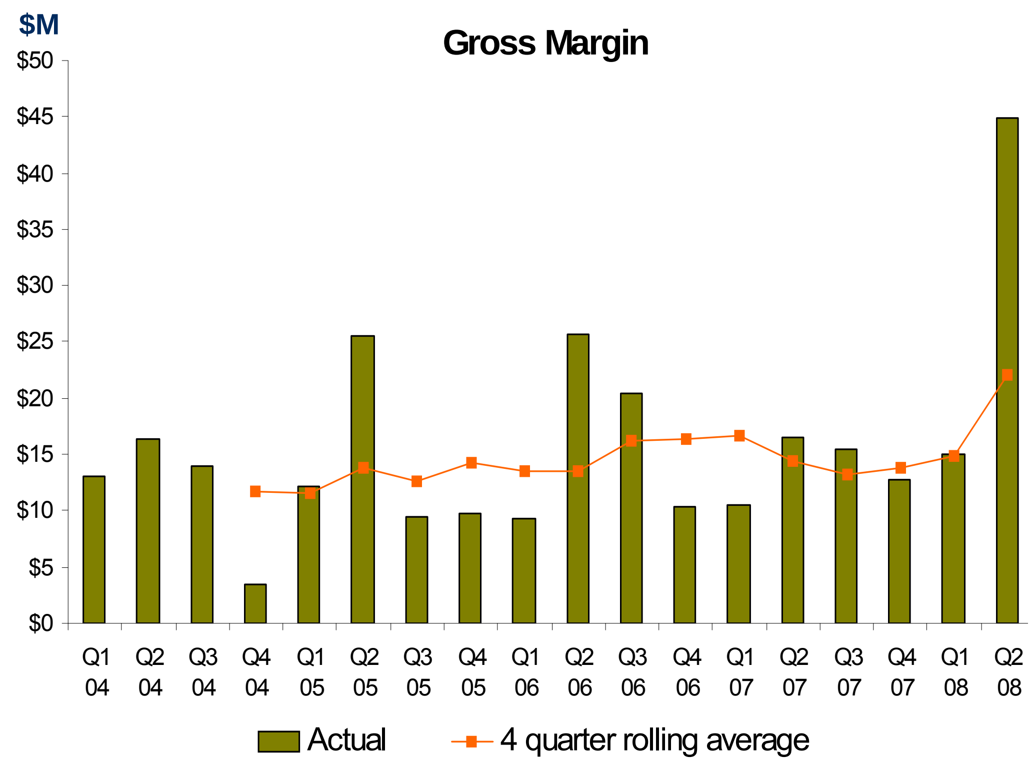
Trading provides market knowledge needed to optimize hedging strategy while also adding consistent revenue

Consistent gross margin returns year-over-year, quarter-over-quarter

Trading principles:

- Majority of trades settle in less than 5 months
- Focus on liquid markets
- Strict controls and approval process
- Strict reporting methodology
- Low average VaR utilization rate



Western-focused growth plans fuel earnings expansion beyond 2012

FOCUS

Short-term: 2008 - 2012

- Renewable growth in the west
  - Wind
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- Co-generation in Alberta
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Medium-term: 2013 - 2015

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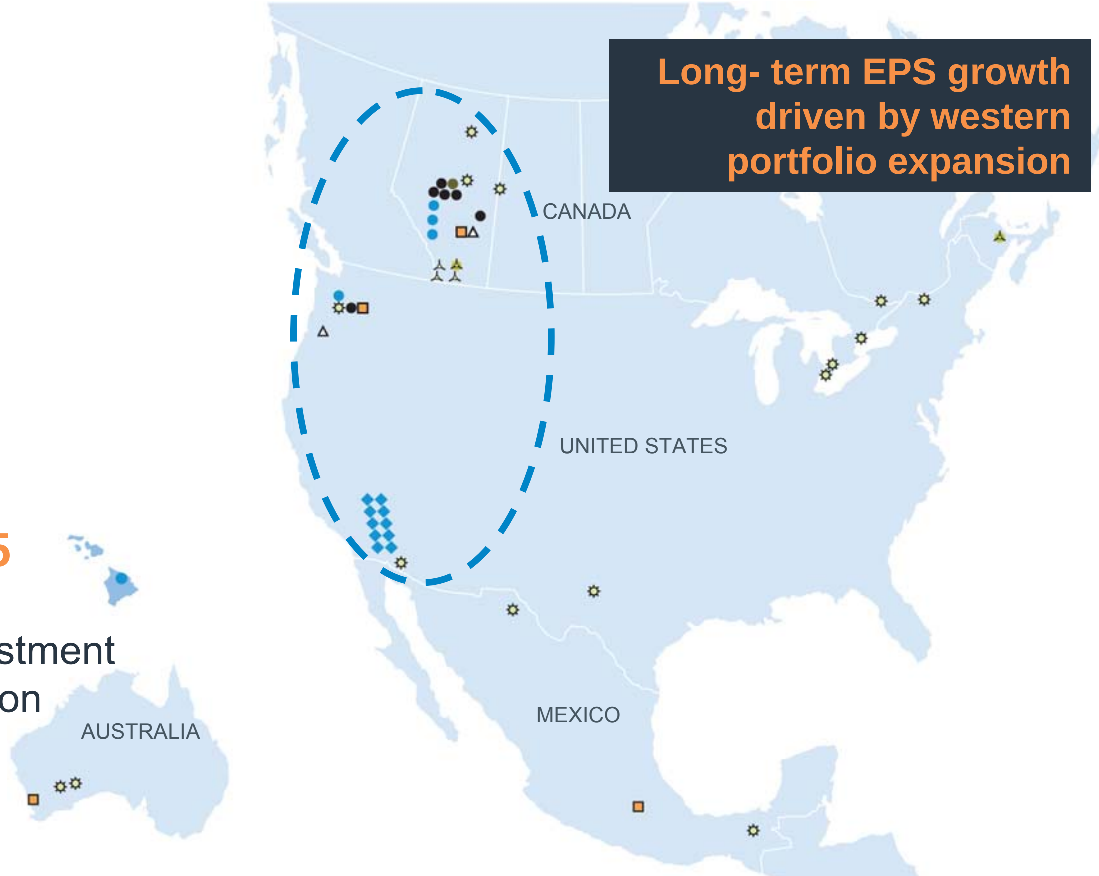
Long- term EPS growth driven by western portfolio expansion



Geographic focus, contract and asset mix, and fuel selection dominate strategic choices

On February 20, 2008, TransAlta announced the sale of its Mexican business (511 MW). The sale is subject to regulatory approval and is expected to close by the end of the fourth quarter.

Development pipeline leverages expertise and focuses on renewables and cogeneration

	WIND	CO-GEN	HYDRO	GEOTHL	THERMAL	TOTAL Oct, 2008
						
AB	**844 MW**	**665 MW**	Storage rights optimization		**99 MW**	**1,608 MW**
NB	**83 MW**					**83 MW**
SASK	**99 MW**					**99 MW**
CA				**87 MW**		**87 MW**
Total MW:	**1,026 MW**	**665 MW**		**87 MW**	**99 MW**	**1,877 MW**
Total Est:						**$3.5 - $4.5B**

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2008 - 2013 Development plan

Projects Announced

LOCATION	PROJECT	CAPACITY MW	FUEL TYPE	RESOURCE & SITE CONTROL	ENVIRONMENTAL PERMITS Applied	ENVIRONMENTAL PERMITS Secured	TURBINE SECURED	TOTAL PROJECT COST	PPA / LTC	TARGET COMMERCIAL OPERATION DATE
New Brunswick	Kent Hills	96	Wind	✓		✓	✓	$170	PPA/LTC	2008
Alberta	Blue Trail	66	Wind	✓		✓	✓	$115		2009
Alberta	Sundance 5	53	Coal	✓		✓	✓	$75		2009
Alberta	Summerview II	66	Wind	✓		✓	✓	$123		2010
Alberta	Keephills 3	225	Coal	✓		✓	✓	$815		2011
	TOTAL MW:	506					TOTAL COST:	$1.3B		

Projects in Advanced Development

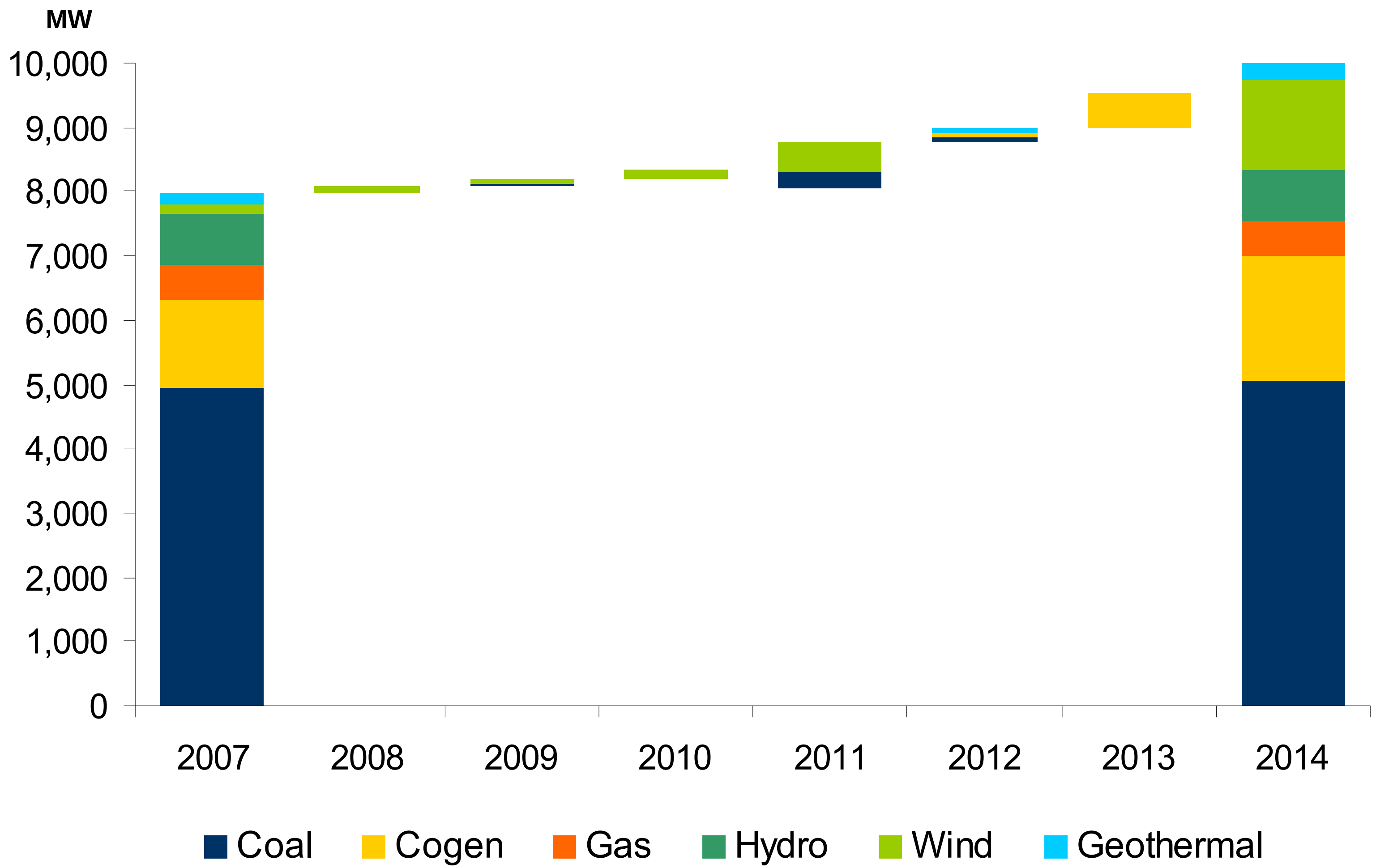
LOCATION	PROJECT	CAPACITY MW	FUEL TYPE	RESOURCE & SITE CONTROL	ENVIRONMENTAL PERMITS Applied	ENVIRONMENTAL PERMITS Secured	TURBINE SECURED	CAPEX RANGE $/KW	PPA / LTC	TARGET COMMERCIAL OPERATION DATE
Alberta	Sundance 3	53	Coal	✓	✓			$1,250 - $1,700		2012
Alberta	Keephills uprate	23	Coal	✓	✓			$1,250 - $1,700		2011
Alberta	Keephills uprate	23	Coal	✓	✓			$1,250 - $1,700		2012
Alberta	AB - 1	69	Wind	✓	✓		In Progress	$1,900 - $2,100		2011
Alberta	AB - 2	300	Wind	✓	✓		In Progress	$1,900 - $2,100		2011
Alberta	Cogen - 1	535	Cogen	In Progress				$1,500 - $2,000	Partial	2013
Alberta	Cogen - 2	55*	Cogen	In Progress				$1,500 - $2,000	PPA/LTC	2012
Saskatchewan	ANEDC	99	Wind	✓	✓		In Progress	$1,800 - $2,100	PPA/LTC	2011
New Brunswick	NB - 1	27*	Wind	✓	✓		In Progress	$2,300 - $2,600	PPA/LTC	2010
New Brunswick	NB - 2	29*	Wind	✓	✓		In Progress	$2,300 - $2,600	PPA/LTC	2010
New Brunswick	NB - 3	27*	Wind	✓	✓		In Progress	$2,300 - $2,600	PPA/LTC	2010
California	Black Rock 1*	87*	Geothermal	✓		✓		$4,000 - $5,000	PPA/LTC	2012
50/50 with partners	TOTAL MW :	1,327					TOTAL COST:	$2.5 B - $3.0B		

Projects in Earlier Development

LOCATION	PROJECT	CAPACITY MW	FUEL TYPE	RESOURCE & SITE CONTROL	ENVIRONMENTAL PERMITS Applied	ENVIRONMENTAL PERMITS Secured	TURBINE SECURED	CAPEX RANGE $/KW	PPA / LTC	TARGET COMMERCIAL OPERATION DATE
Alberta	AB - 3	25	Wind	✓	✓		In Progress	$1,900 - $2,100		2012
Alberta	AB - 4	250	Wind	✓	✓		In Progress	$1,900 - $2,100		2014
Alberta	AB - 5	200	Wind	✓	✓		In Progress	$1,900 - $2,100		2014
Alberta	Cogen - 3	75*	Cogen	In Progress				$1,500 - $2,000	Partial	2011
50/50 with partners	TOTAL MW :	550					TOTAL COST:	$1.0 B - $1.5B		

Execution of current plans would result in renewables, natural gas and cogen being nearly half of our capacity

Based on projects under construction and in advanced development; almost 50% of growth to come from renewables



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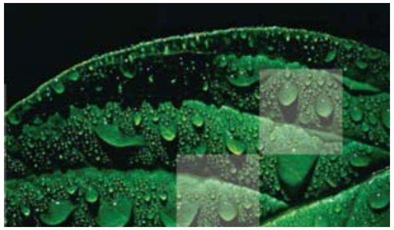
Competitive advantages

Unique Model	+	Resource Combination	+	Proven Strengths
Commodity market intelligence via trading + Merchant asset contract diversity + Regulated security		▪ Brownfield sites ▪ Wind options ▪ Coal reserves ▪ Water storage ▪ Solid fuel storage ▪ Access to natural gas ▪ Transmission access		▪ Operational excellence ▪ Technical expertise ▪ Market intelligence ▪ Trading and hedging ▪ Environmental leadership ▪ Regulatory experience

Commercial Operations outlook

- Deliver on growth opportunities:
  - 800 MW of wind in construction in the 2008 - 2013 timeframe
  - 87 MW of geothermal in construction by 2012
  - Positioned for over 500 MW of cogeneration in Alberta by 2012
- Sustain $50 to $70 million of trading gross margin
- Reposition non-core assets for future opportunities

2008 Investor Day



Will Bridge
Executive Vice President
Generation Technology

TransAlta™

Generation Technology mandate

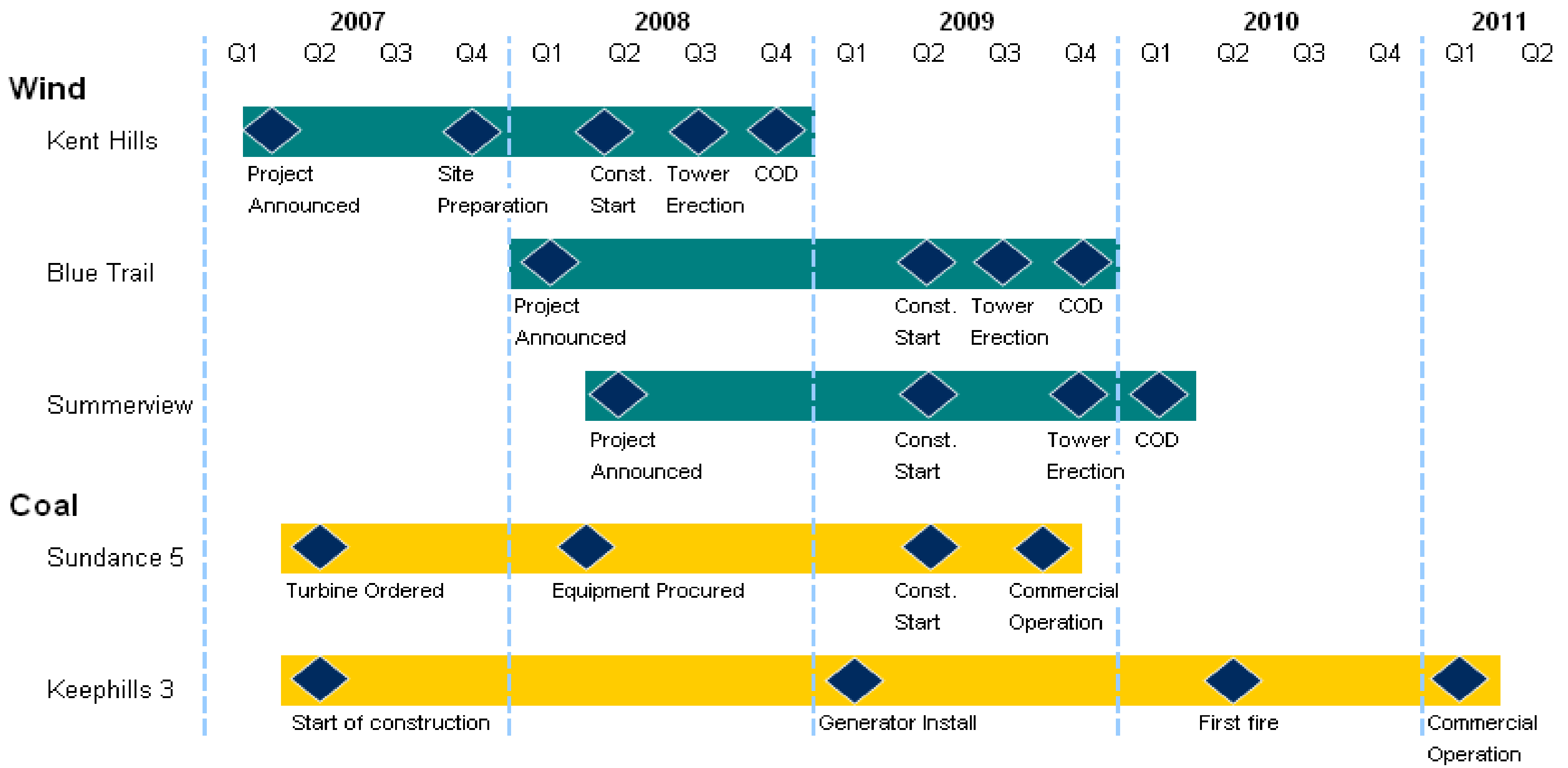
- Optimize major maintenance investment and plant availability to deliver 92% fleet availability
- Direct new build construction to deliver our schedule and cost targets
- Create significant shareowner value through supplier relationships
- Evaluate emerging technologies for CO_2 capture
- Implement life-cycle capital planning to economically prolong asset life

Executing on our mandate

- Projects under construction on time and on budget ☑
- Secured delivery of all equipment for growth, Centralia modifications and maintenance ☑
- Disappointed with the reliability challenges in 2008; corrective plans in place and being acted upon ☒
- CCS pilot project progressing; funding applied for and partnerships being established ☑
- Life cycle work advanced and validated by multiple external engineering firms ☑

Delivering on growth: Tracking progress and staying on schedule

All of the growth projects in execution are on track for both cost and schedule



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Delivering on growth: Managing ongoing capital costs

Projects continue to be on budget and are being managed diligently to deal with construction pressures in the Alberta market

Growth Projects	2007	2008e	2009e	2010e	2011e	Total	Status
Kent Hills	$29M	$135 - 145M				$170M	90% complete
Blue Trail		$20 - 25M	$85 - 90M			$115M	85% of costs fixed
Summerview II		$20 - 30M	$75 - 85M	$5 - 15M		$123M	75% of costs fixed
Sundance 5 Uprate	$4M	$15 - 20M	$50 - 60M			$75M	75% of costs fixed; scheduled during 2009 planned outage
Keephills 3	$160M	$320 - 330M	$205 - 215M	$90 - 100M	$5 - 15M	$815M [1]	Managing pressures related to Alberta labour market; minimal exposure to rising steel prices
Total Capital Cost	$193M	$510 - 550M	$415 - 450M	$95 - 115M	$5 - 15M		

(1) **Includes dragline and IDC**

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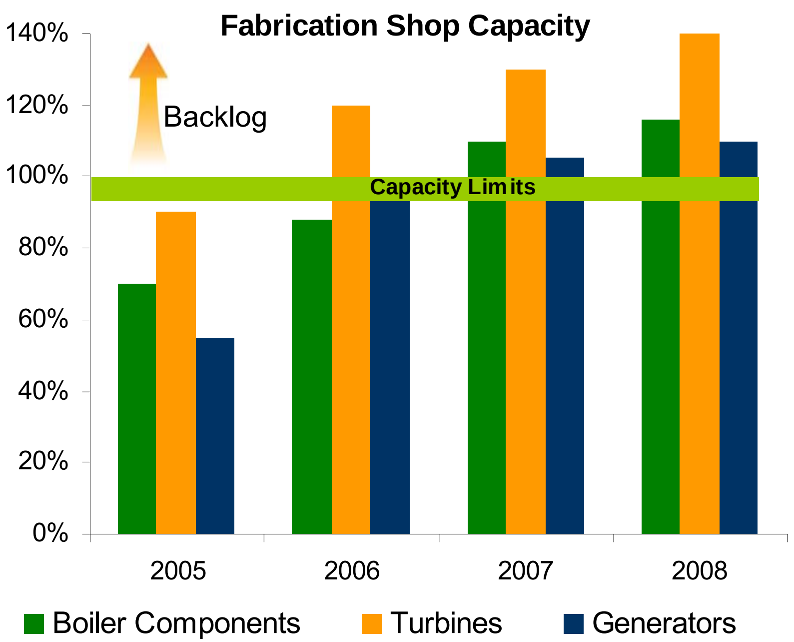
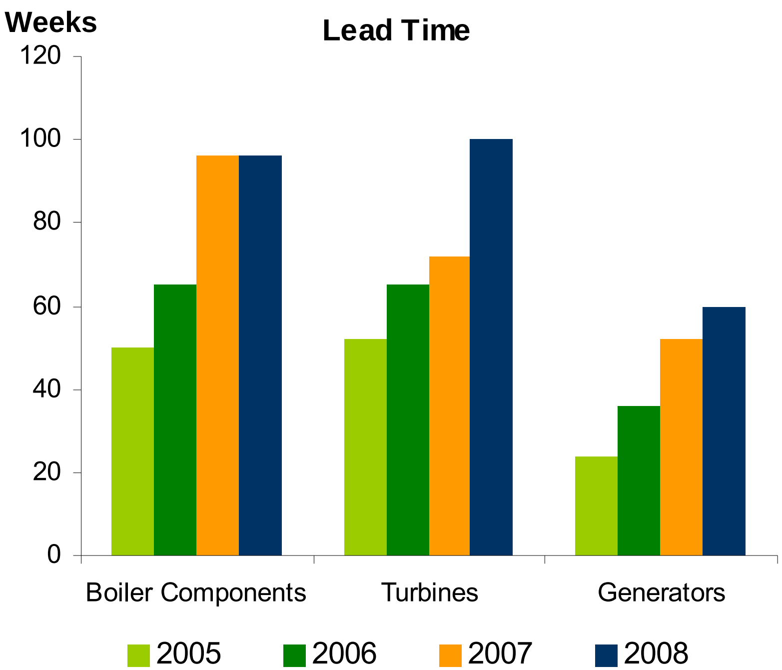
Market supply trends increase pressures on generators

Constrained capacity has built over three years affecting lead times





- Global supply chain pressures are increasing lead times
- A disciplined culture of planning is critical to manage supply issues

Strategic relationships ease pressures on base business and growth

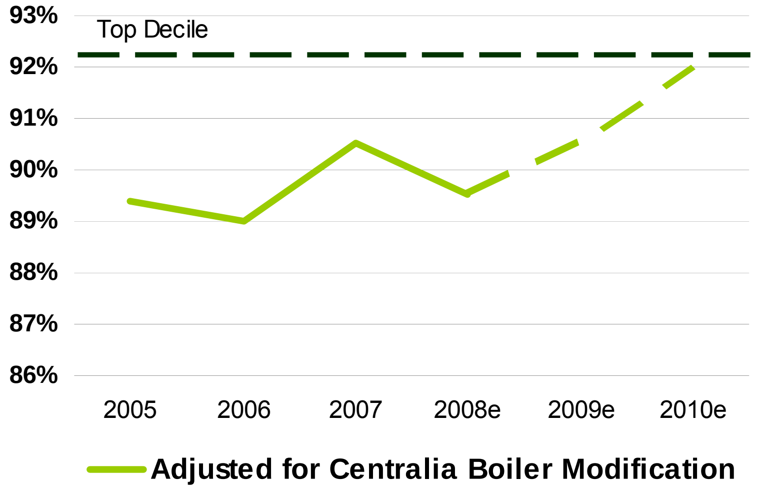
Advanced forecasting and planning is reducing costs and mitigating equipment availability risks

Base Business	Growth Program
Planning Approach: ▪ Five year maintenance planning ▪ Continuous life cycle development ☑	**Planning Approach:** ▪ Five year growth plan ▪ Program approach to development of multiple wind, geothermal and coal uprate opportunities ☑
Strategic Relationships: ▪ Alstom – boiler maintenance ▪ Siemens – instrumentation and controls ▪ RWE – life cycle planning ☑	**Strategic Relationships:** ▪ Wind turbines – Vestas ▪ Wind construction – key contractors in place ▪ Coal uprate – Alstom, Hitachi ▪ California geothermal – **under development** ▪ Cogeneration EPC – **under development** ☑
Results: ▪ Managed lead time ▪ Secured material and services ▪ Commodity management ☑	**Results:** ▪ Wind turbines secured ▪ Competitive construction costs for wind ▪ Secured parts for uprate program ☑

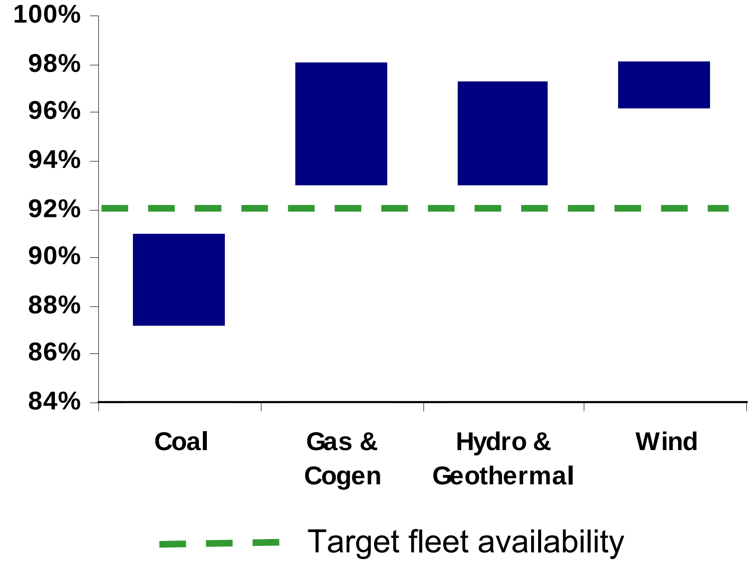
Major maintenance scorecard

We are on track to deliver top decile performance from our fleet by 2010

TransAlta fleet availability



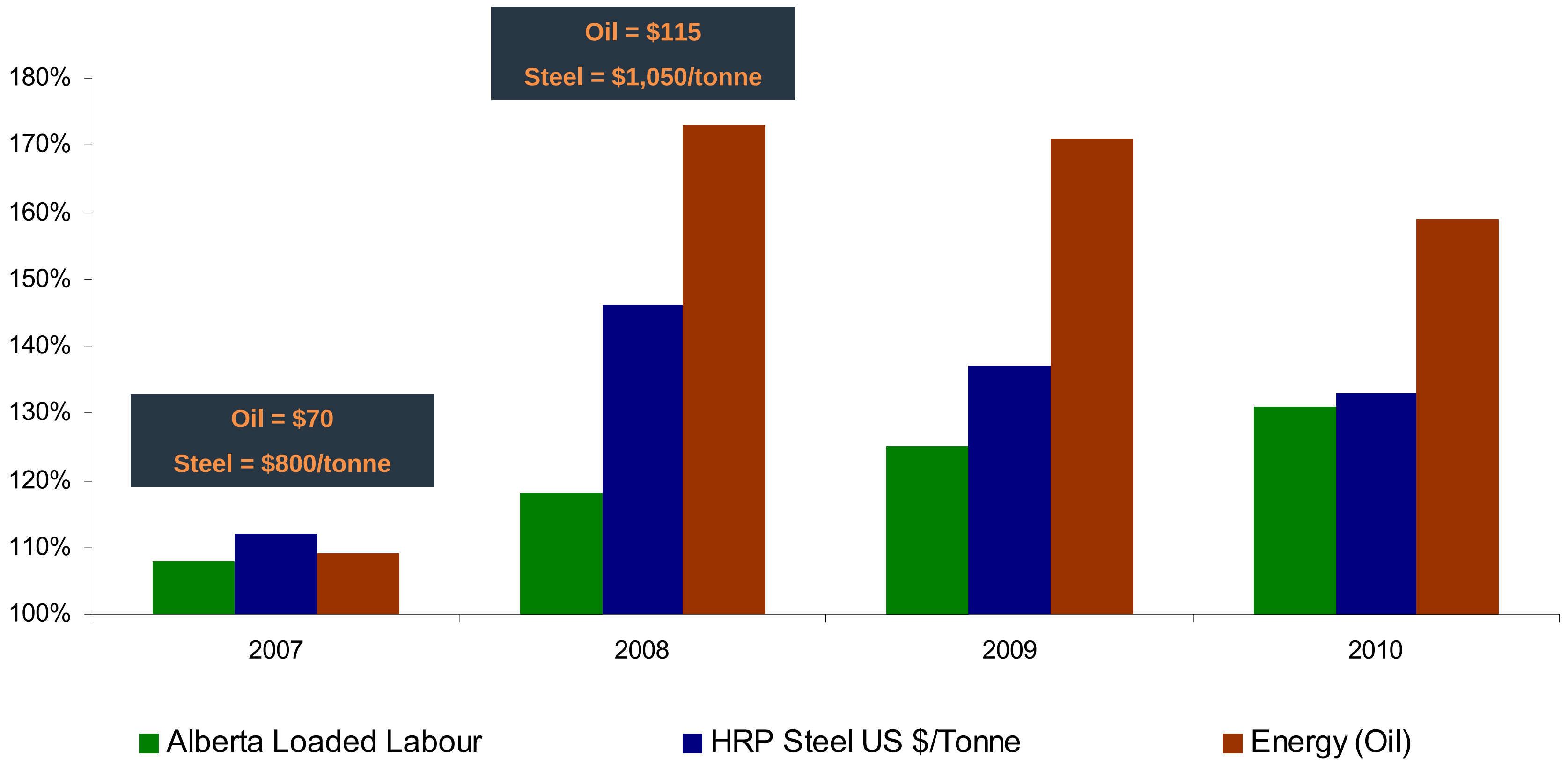
Availability mix



- We have confidence our plan will deliver 92% fleet availability by 2010

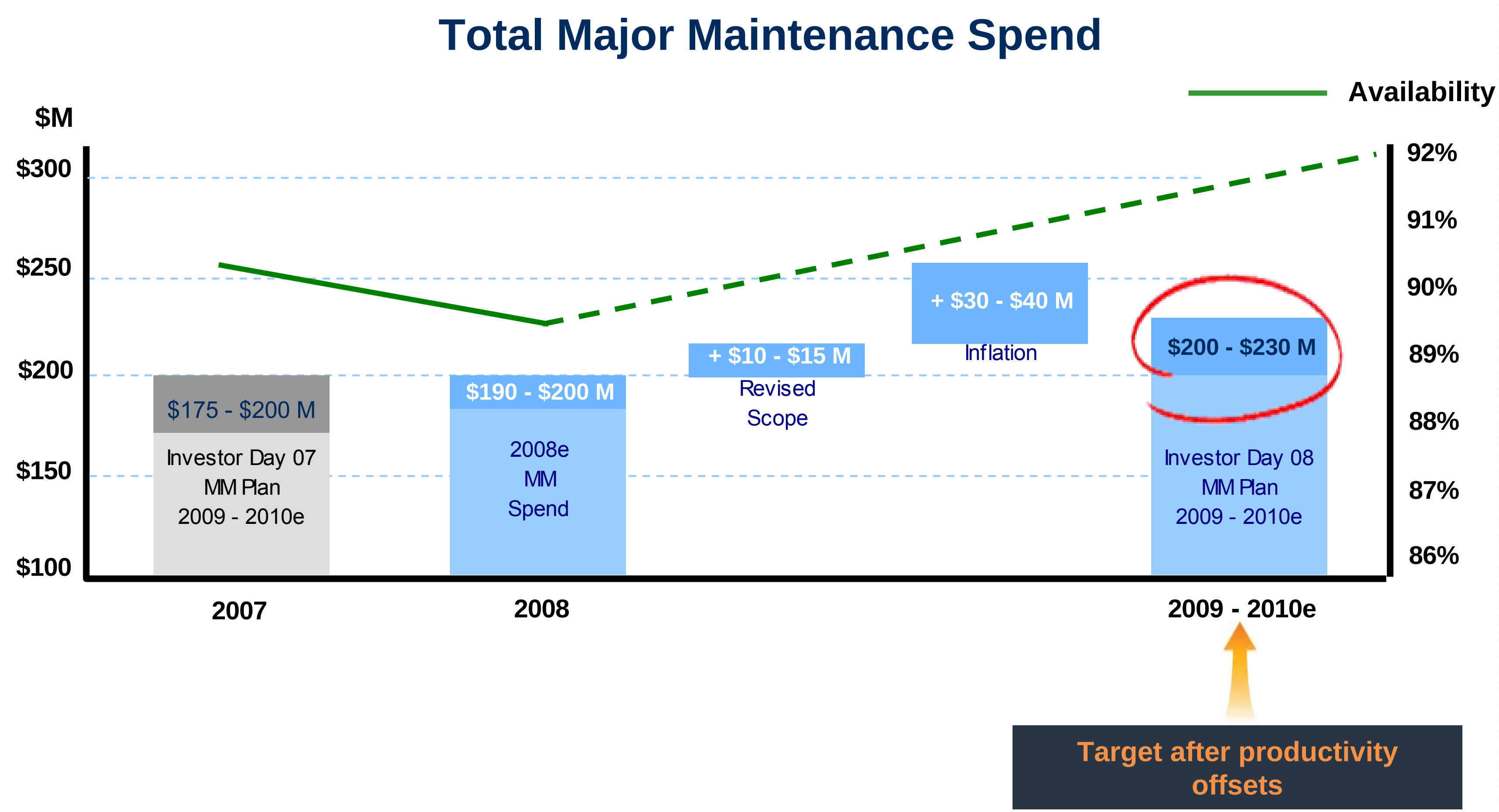
Inflationary pressure is increasing

Commodity and labour inflation affect our target major maintenance spend



Major maintenance outlook

We will continue to fight inflation while delivering on our production targets



CCS Pilot: Project Pioneer

We are advancing Canada's first large-scale project to retrofit a power plant to capture and store 1M tonnes of CO_2 by 2012

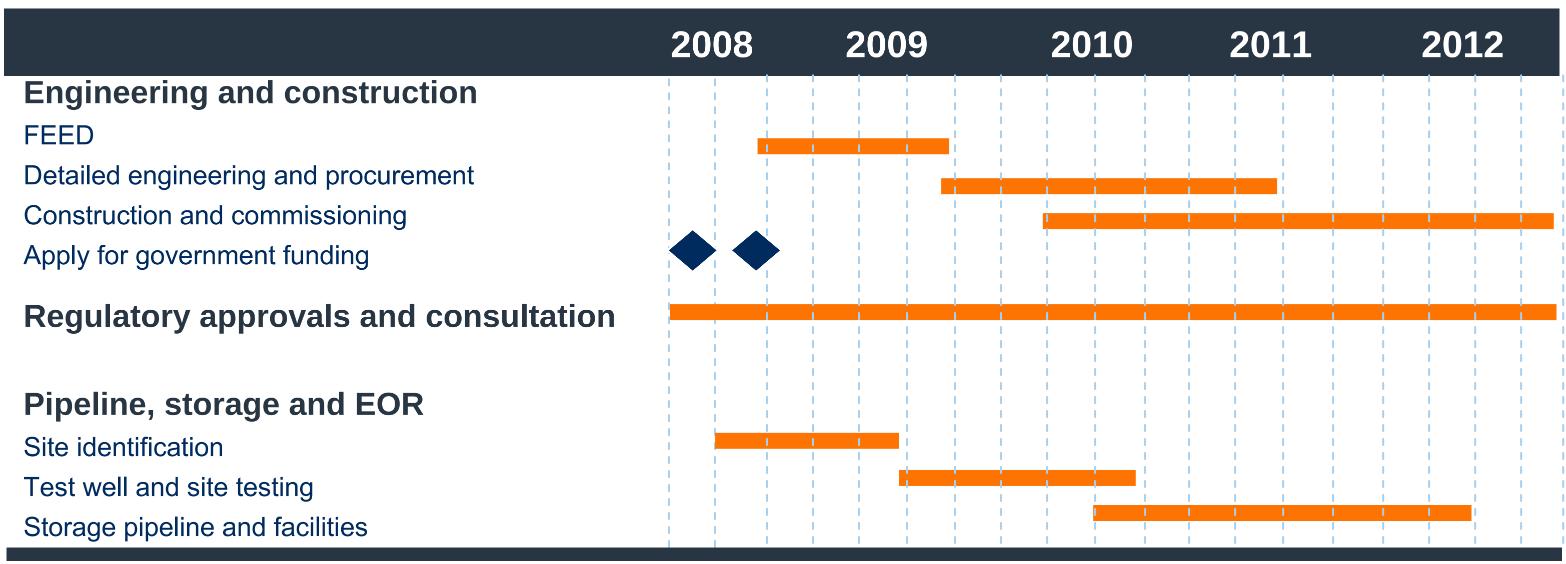
Project Pioneer

- Largest commercial scale pilot in North America
- First project in the world to have an integrated underground storage system
- Potential to remove 90% of CO_2 from emission stream

Dow Jones Sustainability Indexes
Member 2008/09

Key milestones ahead

- Government funding is critical Q1/09
- Additional industry partners will be brought into the project Q1/09
- Need to complete the engineering to finalize costs Q3/09



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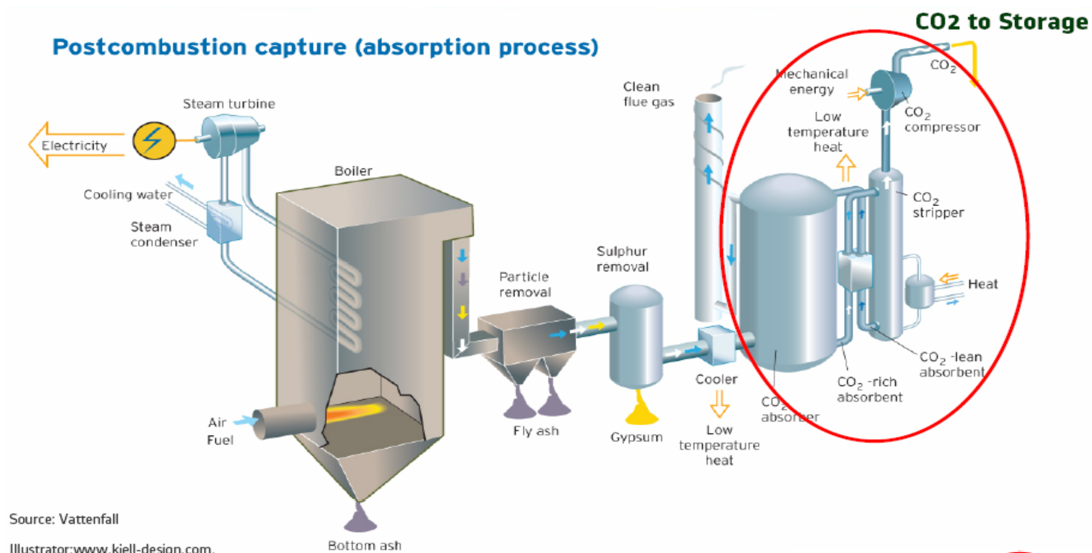
Carbon capture and storage: The benefits of chilled ammonia technology

The winning technology will likely be the one with the lowest operating costs

Chilled Ammonia – CO_2 Energy required to break bond	Amine – CO_2 Energy required to break bond
262 BTU/LB	703 BTU/LB

Source: U.S. Dept. of Energy National Energy Laboratory

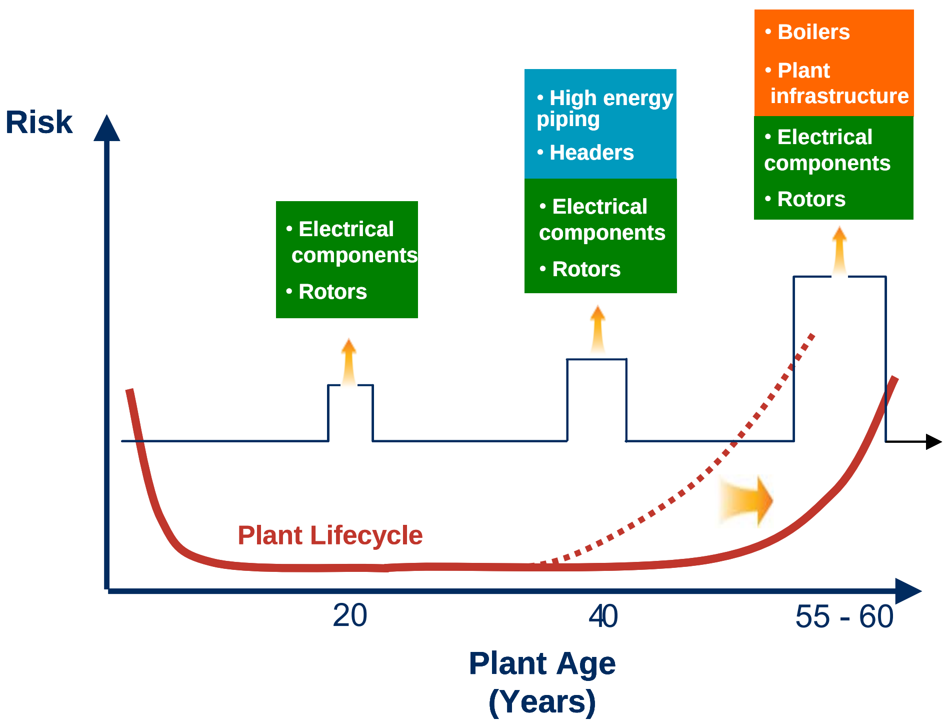
Chilled Ammonia has a capture rate of 90%



ALSTOM

Life cycle development

Development of the life cycle plans for the Alberta coal fleet have advanced over the last year



- Return on investment is still expected to be >20%
- Retained external engineering consultants: RWE Power International, Colt Worley Parsons and Alstom, directly supporting and validating our approach to dealing with plant risks
- Advanced the plan flexibility to potentially span 3 maintenance cycles (or 9 years) in and around the 40-year mark

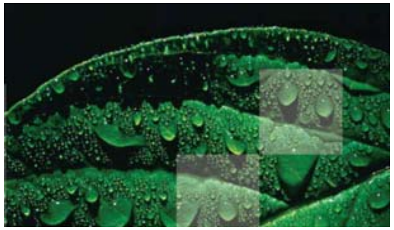
A carbon solution is still the critical issue before investment decisions can be made

TransAlta

Generation Technology outlook

- Drive to top decile fleet availability
- Successfully construct, commission and integrate our Kent Hills, Blue Trail, Sundance 5 Uprate, and Keephills 3 projects
- Secure new strategic supply relationships to support growth plan
- Finalize engineering, funding and partnerships for Project Pioneer
- Continue to advance work on life cycle engineering and management

2008 Investor Day

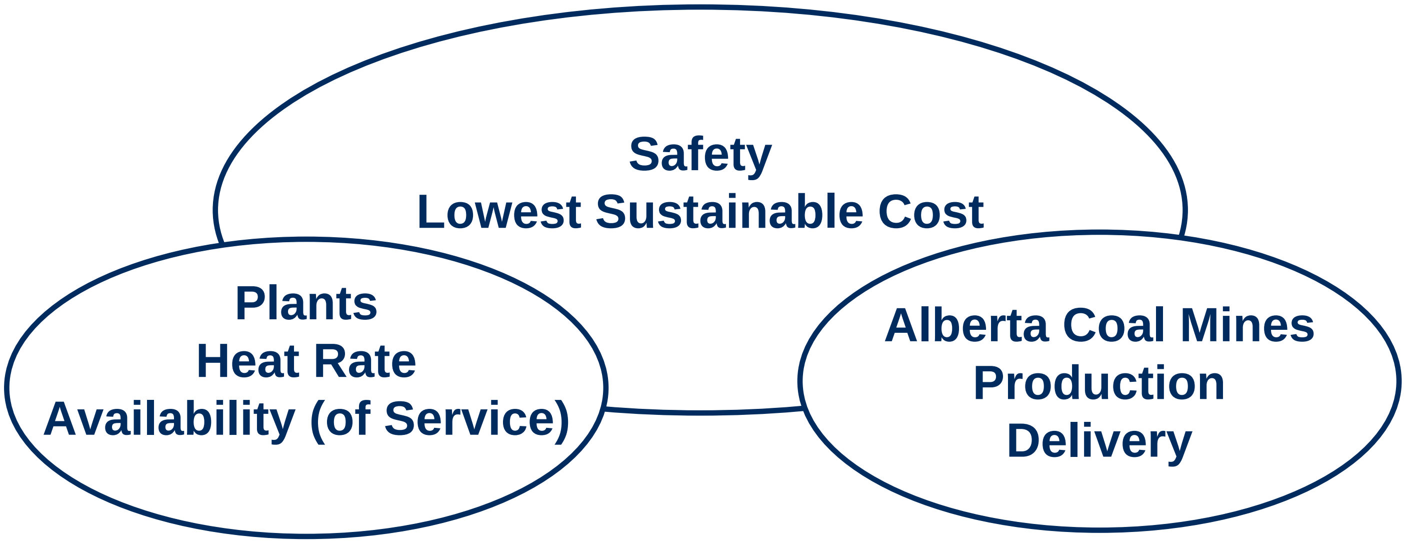


Richard Langhammer
Executive Vice President
Generation Operations

TransAlta™

Generation Operations mandate

Gen Ops safely operates and maintains the plants and Alberta coal mines, providing shareowner value by sustaining and improving availability at optimal cost



Focus, discipline and delivery

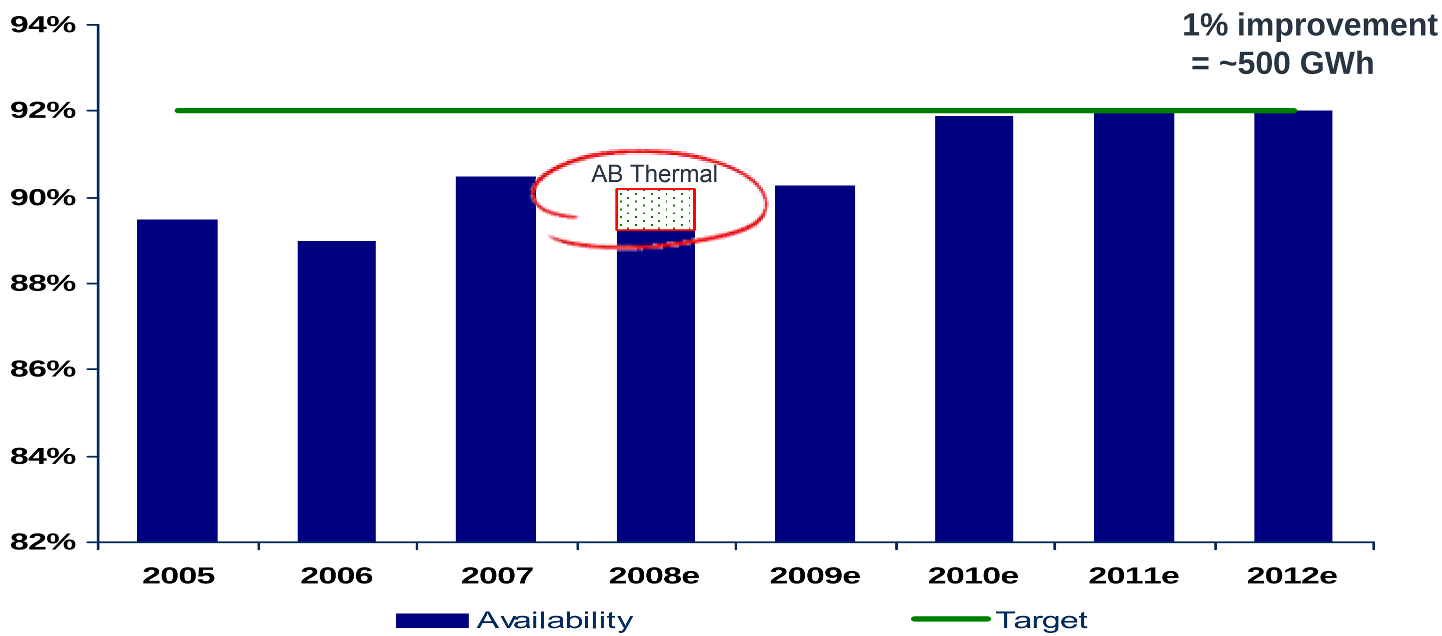
Executing on our mandate

- Improve safety: Annual 10% reduction in our injury frequency rate ☑
  - 2008 target: 1.58, forecast: 1.25
- Availability YTD:
  - Alberta Thermal: 84.7% ☒
  - Balance of fleet: 90.0% ☑

    (adjusted for 88 day Centralia planned outage)
  - Improved performance monitoring: Operations Diagnostic Centre project in service in Q4 2008 ☑
  - Integrate routine and turnaround maintenance execution ☑
- Lowest sustainable cost:
  - Offsetting inflation ☑
  - Investing in productivity ☑

Cost-benefit analysis indicates delivering 92% fleet availability has significant value

Addressing 2008 Alberta Thermal challenges; remain on track to achieve 92% fleet availability by 2010



Improving performance while managing aging equipment requires:

- Restoring Alberta Thermal reliability by executing the plan
- Increasing investment in planned maintenance
- Improved performance monitoring and proactive management of plant processes and equipment
- Effective planning and disciplined execution

Investing in productivity will pay for itself

Productivity investments are key to fighting inflation

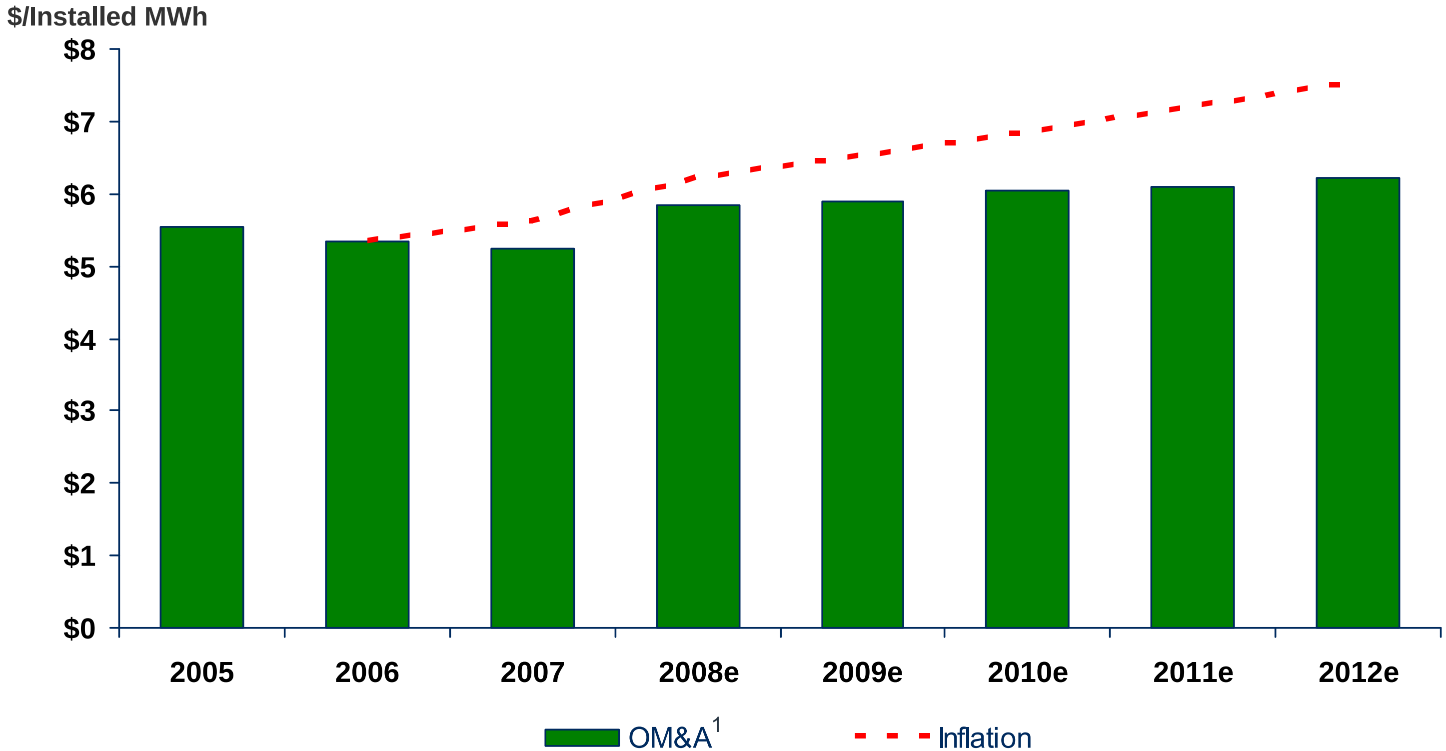
	Investment				Initiation of Payback				
	2007	2008	2009	2010+	2008	Q1-09	Q2-09	Q3-09	Q4-09
Australia Spare Generator	$3M				✓				
Operations Diagnostic Center		$10M	$5M		✓				
AB Thermal Pulverizers	$2M	$4M				✓			
Other Projects		$6M					✓		
Future Projects			$5M	$10M					
Total Investment	$5M	$20M	$10M	$10M					
Cumulative Benefits		$6M	$17 - 22M	$20 - 40M					

Productivity investments compete with growth:

- 2 year EBITDA payback or >15% unlevered IRR
- Projects can reduce costs or increase margin through automation, innovation and improved practices

Managing our OM&A to maintain the lowest sustainable cost

Focus on offsetting inflation



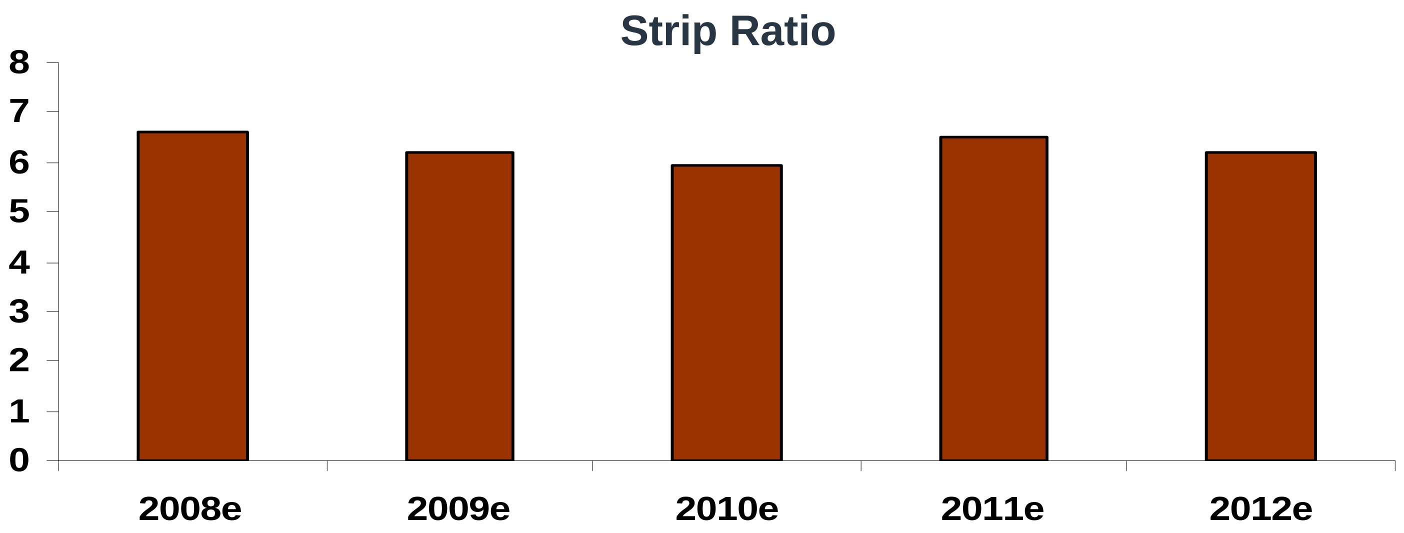
Optimizing costs and keeping our gains requires:

- Effective planning and disciplined execution
- Delivering on productivity investments

[1] OM&A costs have been adjusted for corporate allocations, CE Gen and Poplar Creek Base Plant, and normlalized to remove Mexico and Binghamton

Alberta mines provide long-term strategic advantage

Low cost, mine mouth prairies operation; predictable movements in strip ratio



- **Long-term, relatively low cost resource; rights to 80 years of coal supply**
- **Managing mine cost pressures and inflation**
  - Long-term mine plans
  - Investment in new equipment to improve productivity and removal of overburden
  - 2008 coal cost 6% higher per tonne due to escalating diesel vs. 2007
  - 2009 coal cost increase to be similar to 2008
- **Expanding mine to support Keephills 3 and uprates**

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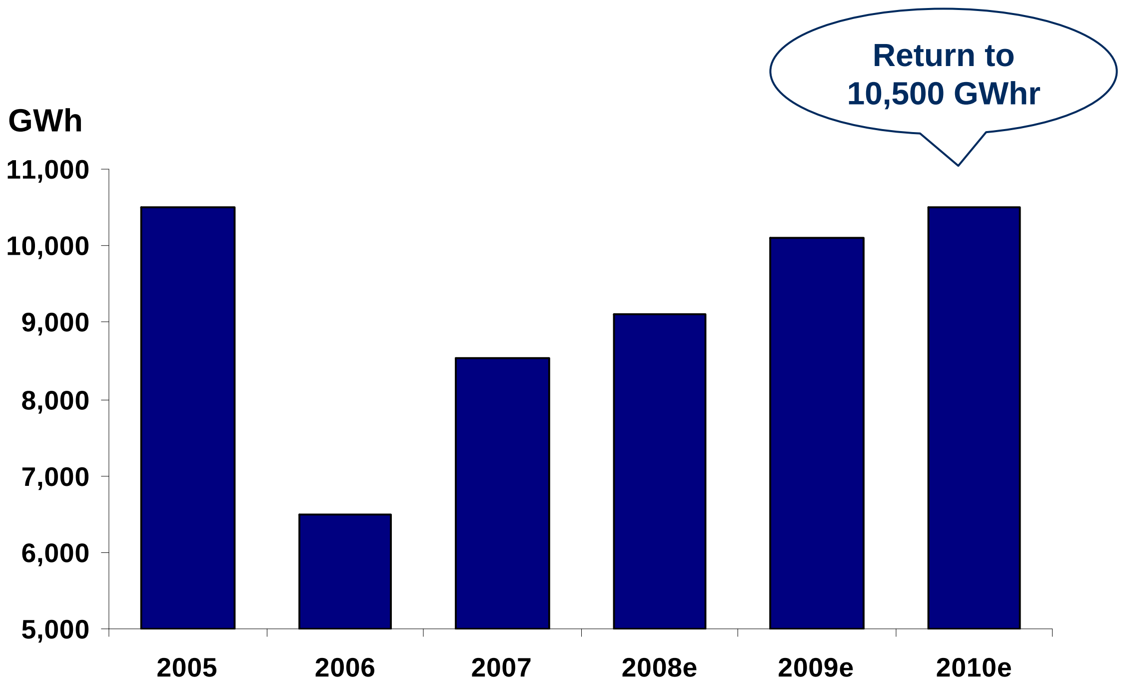
Centralia: On track to deliver improved predictability and long-term flexibility

Return to historic production levels 2010+



Total capital spend $180 - $195 million

2006 – 2007
- Stopped mining
- Long-term rail and coal resources secured
- Safety & production modifications
- Expanded rail & coal unloading facilities

2008
- Unit 2 boiler modifications completed
- 8,800 - 9,100 GWh

2009
- Scope reduction Unit 1
- 9,800 - 10,200 GWh

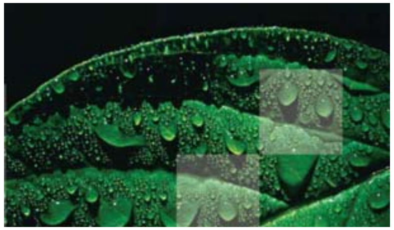
2010
- Return to historic production
- Approximately 10,500 GWh

Generation Operations outlook

Safely deliver 92% fleet availability at the lowest sustainable cost

- Invest in planned maintenance and improved performance monitoring to reduce unplanned losses
- Use productivity investments to offset inflationary pressures and improve performance
- Deliver through effective planning and disciplined execution
- Safety always

2008 Investor Day



Brian Burden
Executive Vice President &
Chief Financial Officer

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Investment highlights

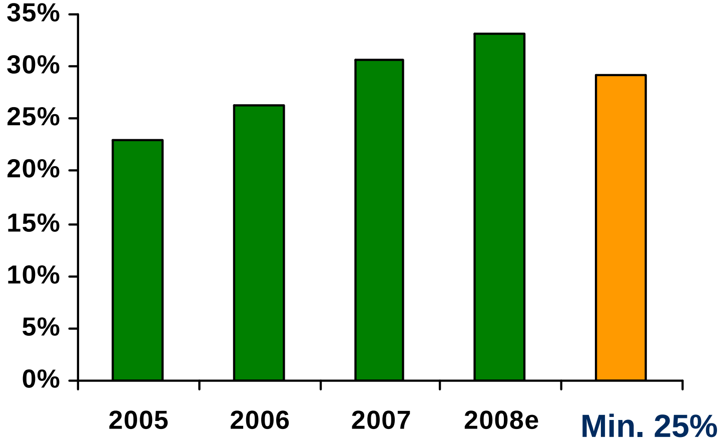
- Financial strength and solid investment grade ratios ☑
- Low double digit EPS growth ☑
- Strong cash flow ☑
- Efficient and disciplined capital allocation ☑
- Driving near and long-term shareowner value ☑

Financial strategy creates near and long-term shareowner value

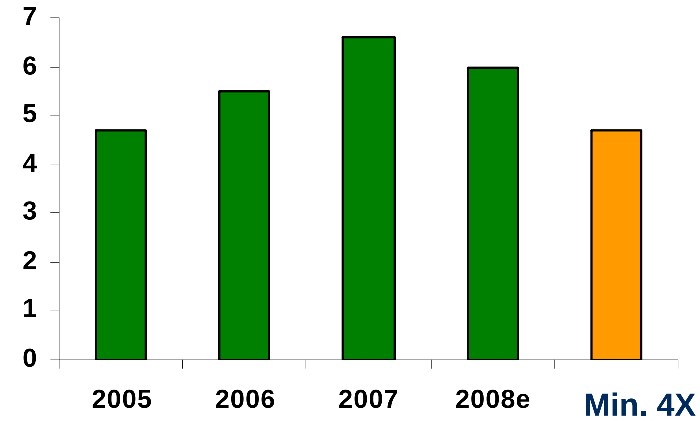
- **Maintain financial strength and flexibility** ☑
  - Balance sheet remains strong
  - $2.2B in credit facilities provides ample liquidity; $900M available
  - $300M U.S. EDC committed facility and $500M U.S. bond issue added in 2008
  - Stable BBB credit rating maintained in volatile market
- **Maintain capital discipline** ☑
  - On track to deliver $850 - $950M cash flow from operations
  - Balanced capital allocation
    - 8% dividend increase; Board adopted 60 - 70% payout policy
    - 3 growth investments announced
    - 4 million shares bought back and cancelled through NCIB
  - Divesting of Mexico business; plans to redeploy proceeds
- **Maintain focus on IRR, ROCE and TSR objectives** ☑
  - IRR on all growth projects meets or exceeds10%
  - ROCE expected to exceed 10% in 2008
  - TSR has been greater than 80% over the last 5 years

Strong balance sheet + stable credit ratios + solid liquidity = long-term financial stability

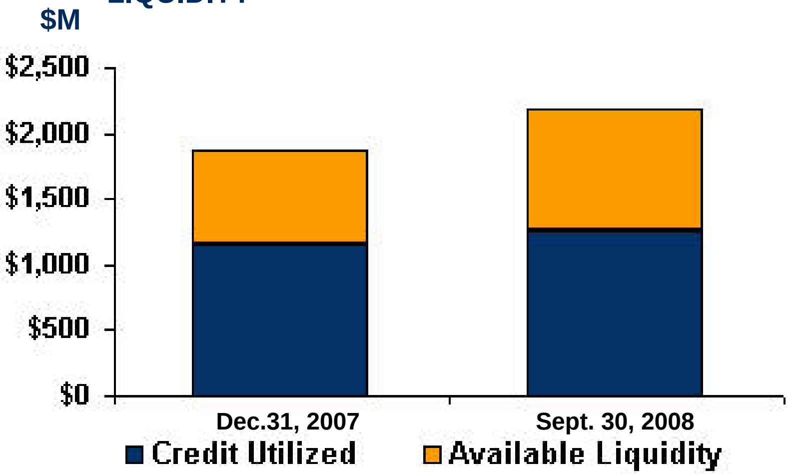
CASH FLOW TO TOTAL DEBT



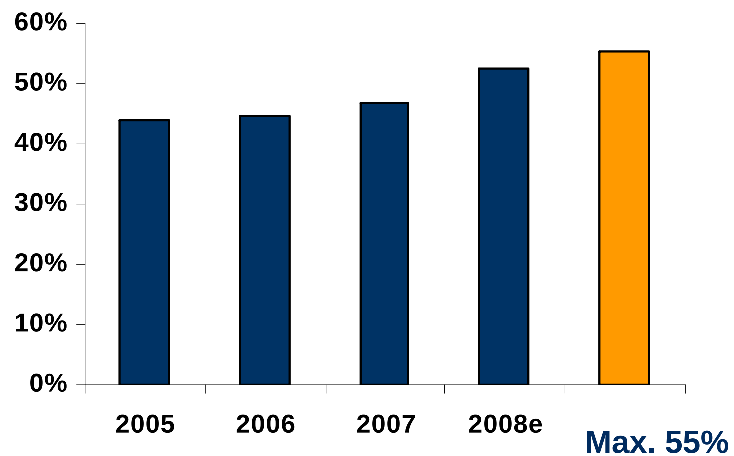
CASH FLOW TO INTEREST



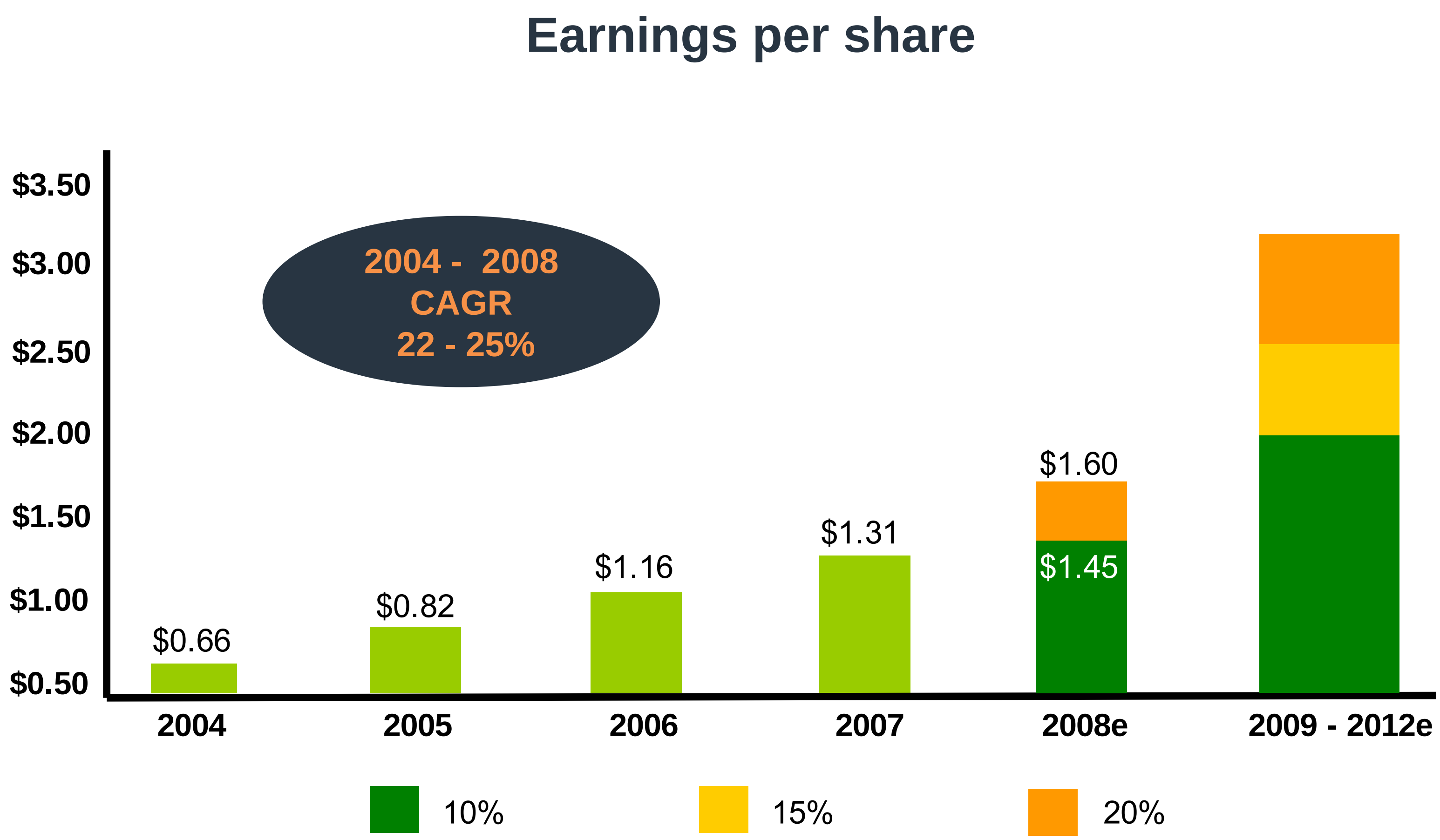
LIQUIDITY



DEBT TO TOTAL CAPITAL



Base business expected to deliver low double digit earnings growth



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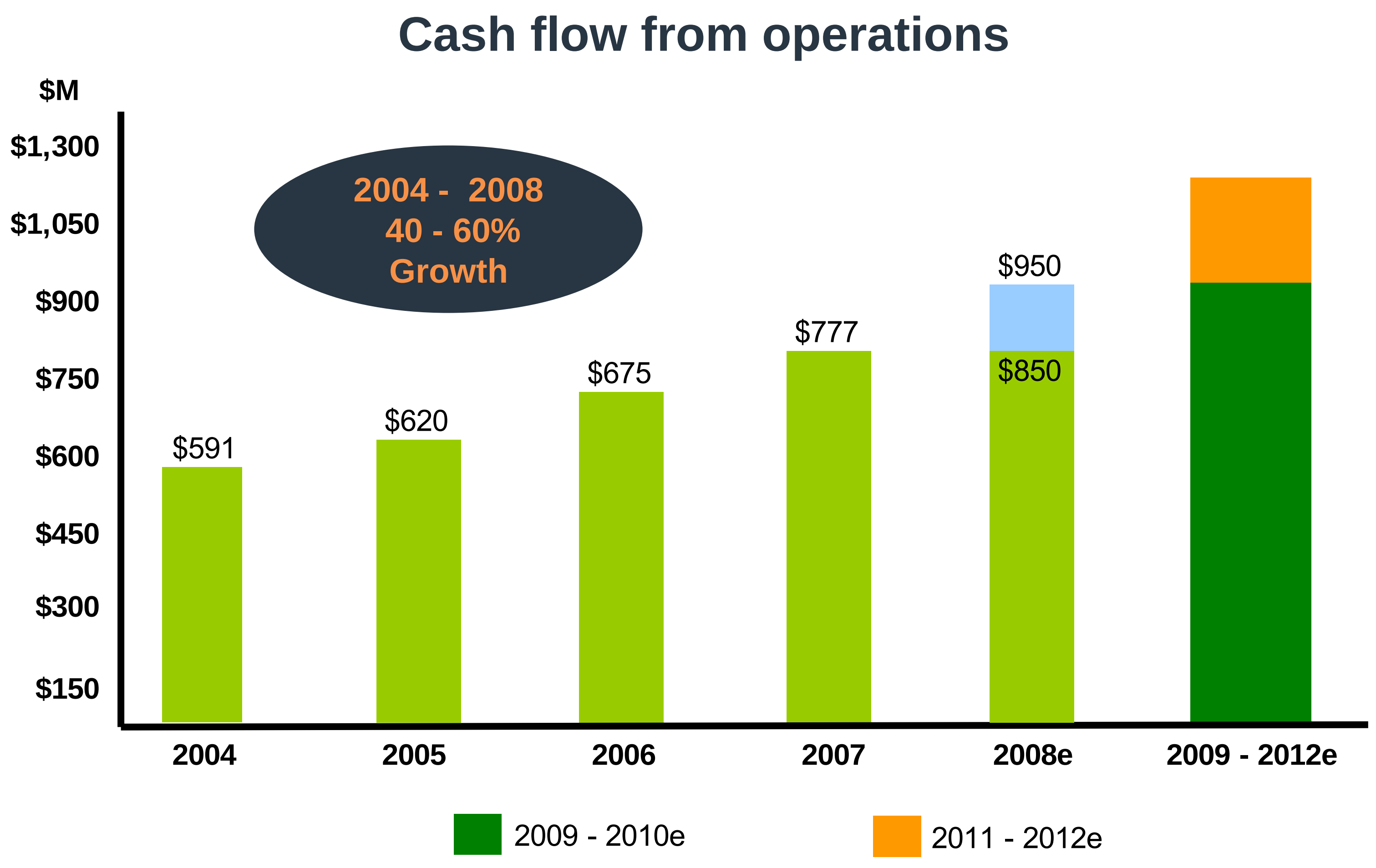
Cash flow growth amplified with recontracting and COD of new projects starting 2011



Balanced capital allocation expected to create consistent growth in shareowner value

Increasing capital efficiency is the focus of management and the Board

PRIORITY	DIRECTION	ACTION
Portfolio Optimization	Divest or improve non-core and under-performing assets	Mexico - PSA signed for USD $303.5M Sarnia - pursuing improved long-term contract Australia - potential for contract enhancements
Dividend	Provide shareowners sustainable dividend growth	▪ 2008 annual dividend increased 8% to $1.08 ▪ Board policy is to target a payout ratio of 60 - 70% of comparable EPS
Growth Investment	Projects must deliver unlevered, free cash, after tax IRR >10%:	▪ 506 MW currently under construction for a total cost of ~$1.3 billion ▪ Current growth plan provides opportunity to invest additional $2.5 - $3.0 billion
Share Buyback	Provide shareowners incremental return of capital in absence of value-creating investment opportunities	▪ Under the NCIB program, 4 million shares cancelled year-to-date ▪ Future share buyback to be balanced against growth opportunities, liquidity requirements and base business investment

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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 increased with new projects

Projects continue to track to schedule and budget

$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	

Cash flow from operations exceeds sustaining capex and announced growth projects

SOURCES OF CASH FLOW
2008 - 2012
$5.3 Billion

USES OF CASH FLOW
2008 - 2012
$5.3 Billion

Asset divestitures supplement cash available

Financial plan supports capital allocation priorities

Free Cash
$950M

Dividend Growth

Share Buyback

1. Asset divestitures
2. Partnerships

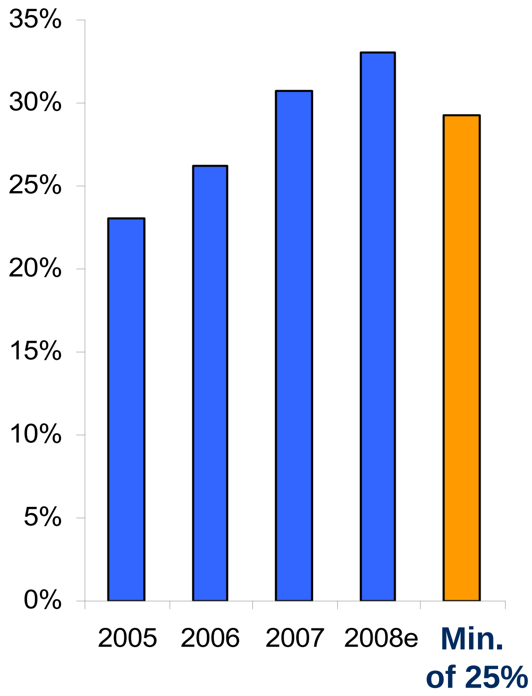
3. Project financing
4. Equity post 2010
(If required)

Balance Sheet Capacity
$1.5 - $2.0B

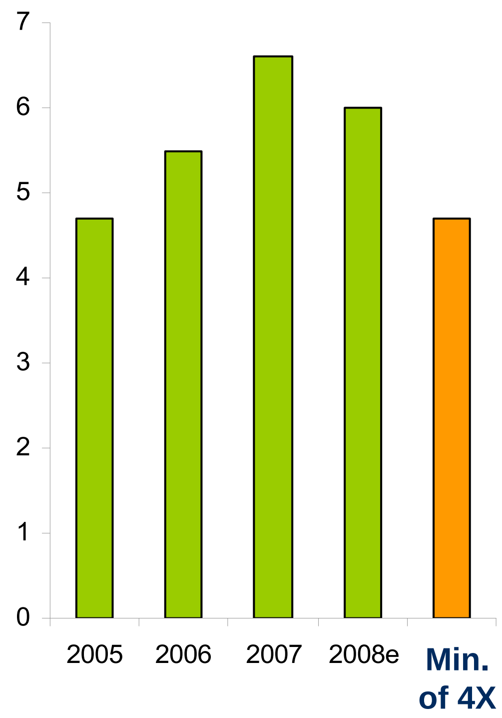
We can execute on our plan while maintaining investment grade ratios

Given current balance sheet strength and market outlook, we have ample room to fund capital priorities and maintain key ratios

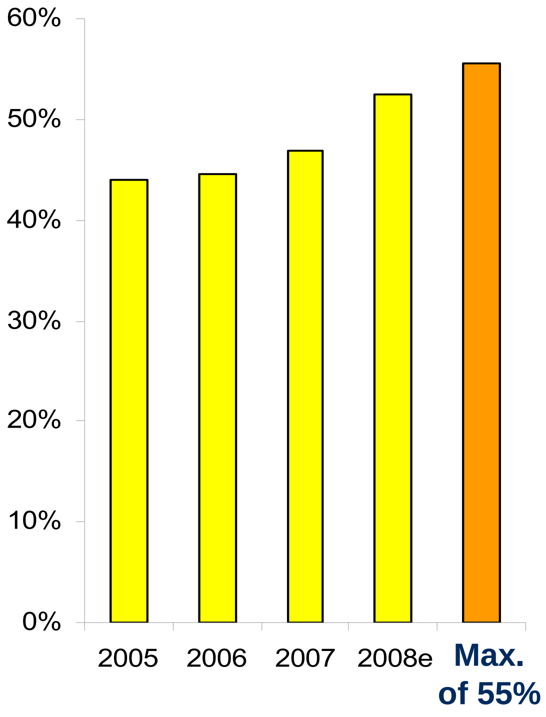
CASH FLOW TO DEBT (%)



CASH FLOW TO INTEREST (X)



DEBT TO CAPITAL (%)



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Financial outlook remains strong

Shareowners benefit from a financial strategy that provides strength and flexibility through commodity and credit cycles

- Strong earnings and cash flow growth 2008 - 2012
- Financial strength maintained throughout commodity and credit cycles
- Investment grade ratings support contracting and trading activities
- Efficient capital allocation
- Multi-source funding for growth
- Focused on driving 10%+ IRR, ROCE, and TSR

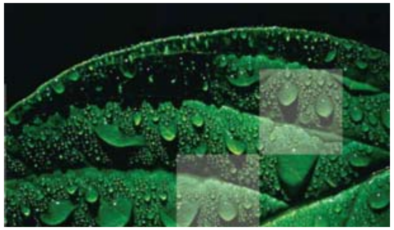
Appendix

Minimal debt refinancing

$M	2008	2009	2010	2011	2012	Thereafter	Total
TAU							
Secured Debentures	215					50	265
TAC							
CDN MTN's		205		225		251	68
USD MTN's					315	840	1,155
Other	40	33	25	26	26	214	363
Total	**255**	**238**	**25**	**251**	**341**	**1,355**	**2,464**

2008 Investor Day

Steve Snyder
President and CEO



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Investment highlights

- Strong balance sheet, solid financial outlook and low-moderate risk business model
- Exposure to growing power markets and increasing prices with earnings upside from recontracting in the near- and long-term
- A strong pipeline of growth opportunities in renewables and natural gas co-generation, and the financial strength and expertise to capitalize
- A leader in addressing environmental challenges; Project Pioneer CCS project a potential game changer
- Disciplined and balanced capital allocation plan; driving 10%+ IRR, ROCE, and TSR to create near and long-term shareowner value