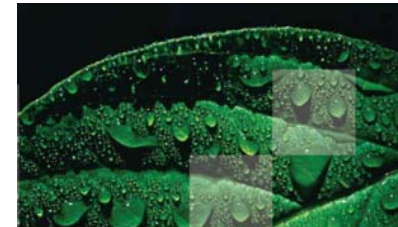




Investor Presentation March 2009



TransΔ**lta**[™]

 Dow Jones
Sustainability Indexes

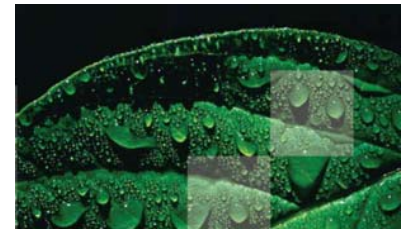
Forward looking statements

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.

Agenda

- Value Proposition
- Strategy
- Operational Excellence
- Environmental Leadership
- Markets & Outlook



TransAlta's value proposition

- **Yield plus steady and disciplined growth**
 - Providing a strong dividend payout ratio: target of 60 - 70%
 - Low double digit comparable earnings per share growth
- **Disciplined capital allocation**
 - Committed to paying a dividend
 - Growth balanced against dividends and share buy back
 - Portfolio optimization
 - After tax IRR > 10%; ROCE > 10%
- **Low to moderate risk profile**
 - Diversified contracting strategy, with diversified fuels
 - Focused on western markets with strong fundamentals
- **Financial strength**
 - Strong balance sheet and ample liquidity
 - Secured cash flows - Alberta PPA's & LTCs
 - Investment grade credit ratios

TransAlta's strategy

Wholesale generator & marketer in Western Canada and U.S.

- Strong long-term market fundamentals
- Knowledge base provides competitive advantage

Disciplined Growth

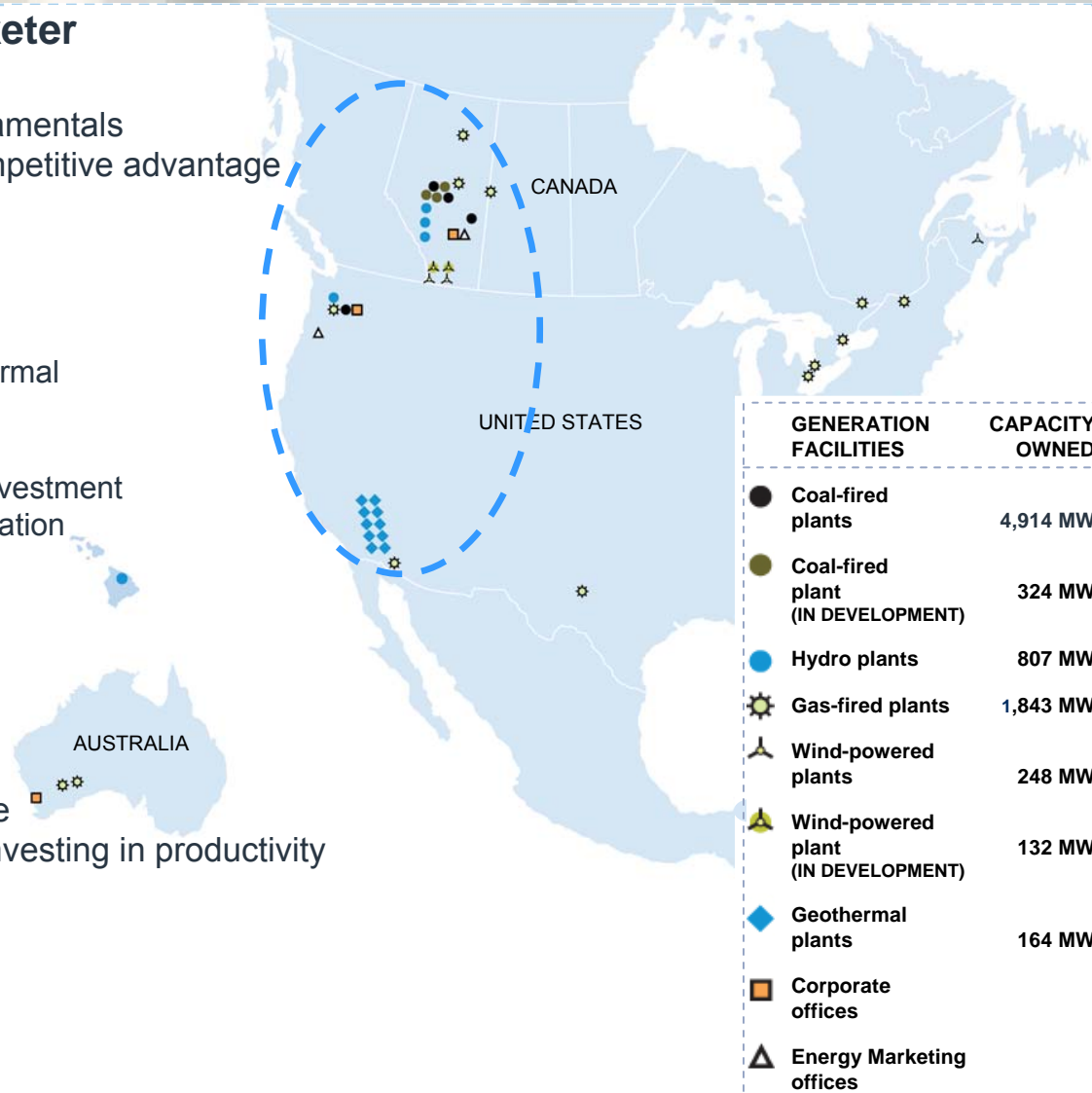
- Short Term: 2009 - 2012**
 - Thermal uprates
 - Renewables: wind & geothermal
- Medium-term: 2013 - 2015**
 - Co-generation in Alberta
 - Alberta Thermal life cycle investment
 - Small hydro storage optimization
- Longer-term: 2016+**
 - Green coal with CCS
 - Partner in large hydro
 - Equity share in nuclear

Operational Excellence

- Achieving optimal performance
- Culture of cost containment; investing in productivity

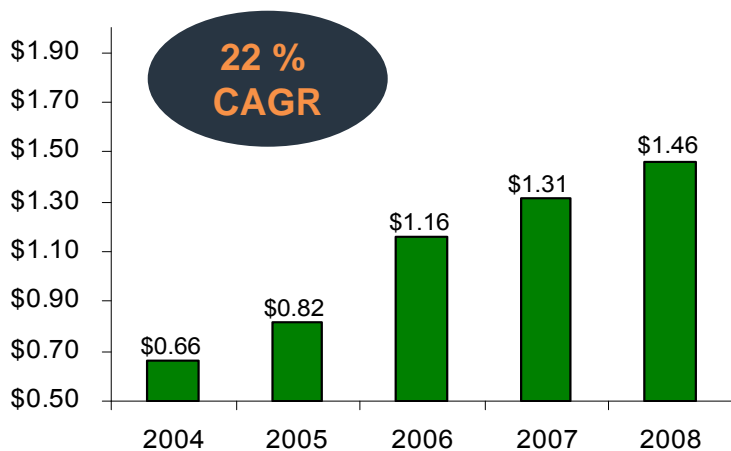
Environmental Leadership

- Offsets
- Trading
- Carbon Capture & Storage



Solid track record of results

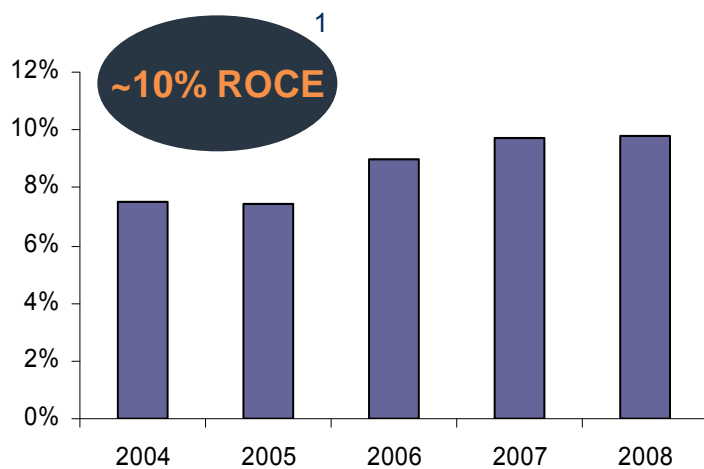
COMPARABLE EARNINGS PER SHARE



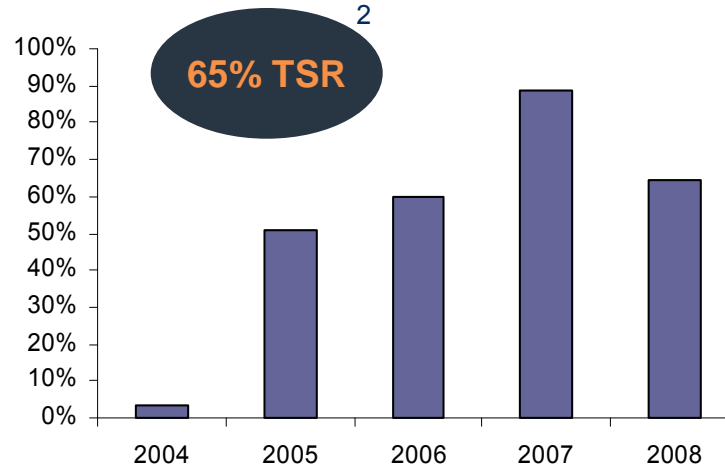
CASH FLOW FROM OPERATIONS



COMPARABLE RETURN ON CAPITAL EMPLOYED



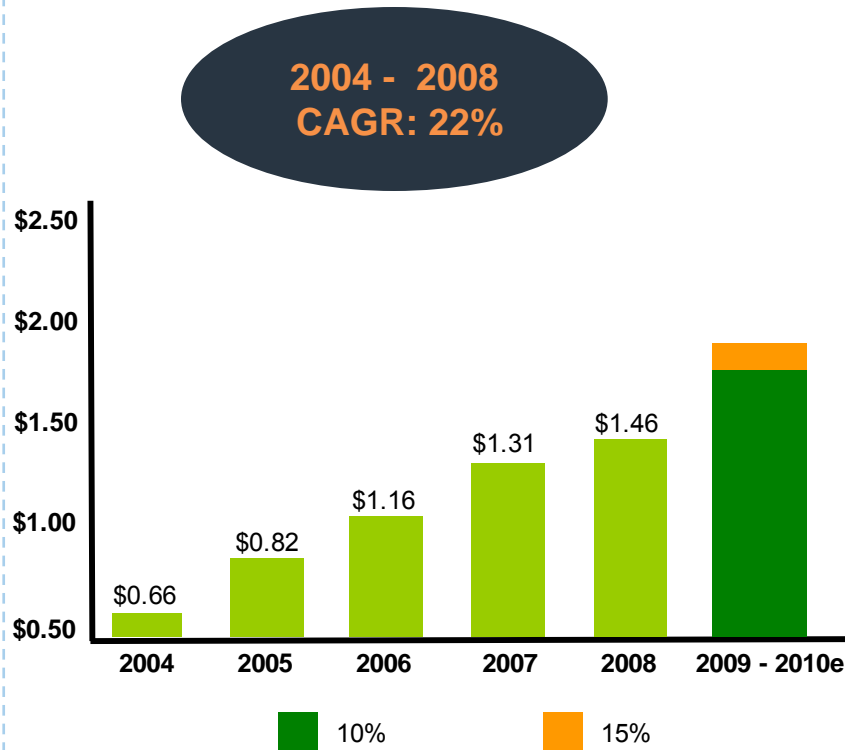
5 YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN



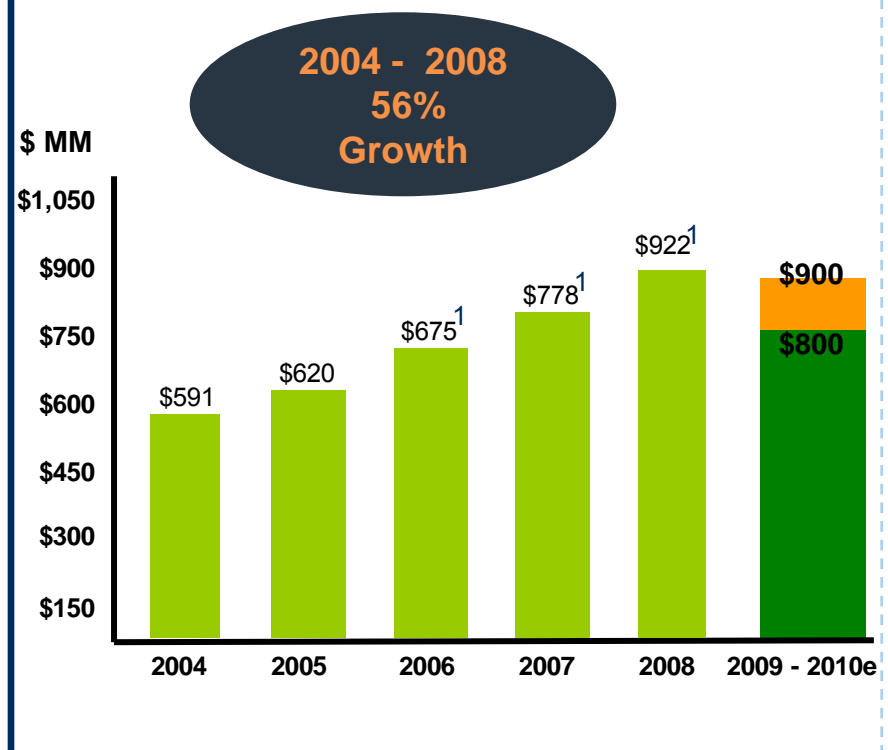
1. As of Dec. 31, 2008

2. As of Dec. 31, 2008

Base operations expected to provide low double digit EPS growth and strong cash flow in 2009 & 2010



Comparable Earnings per share

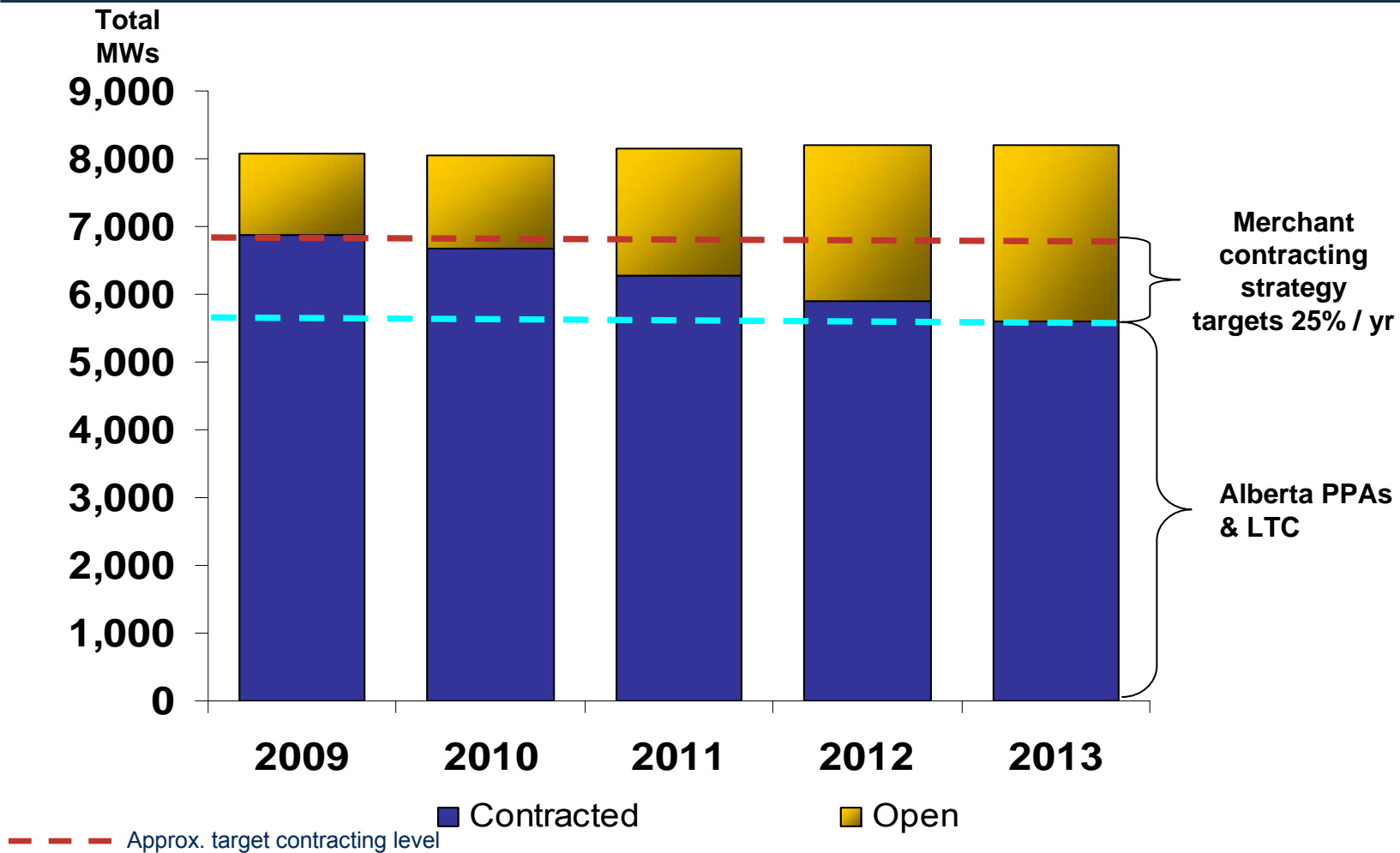


Cash Flow from Operations

1. Adjusted for timing of PPA revenues

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

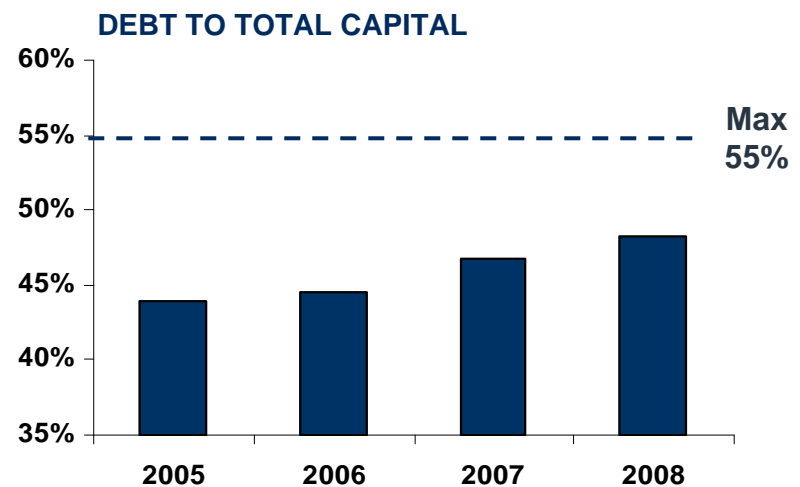
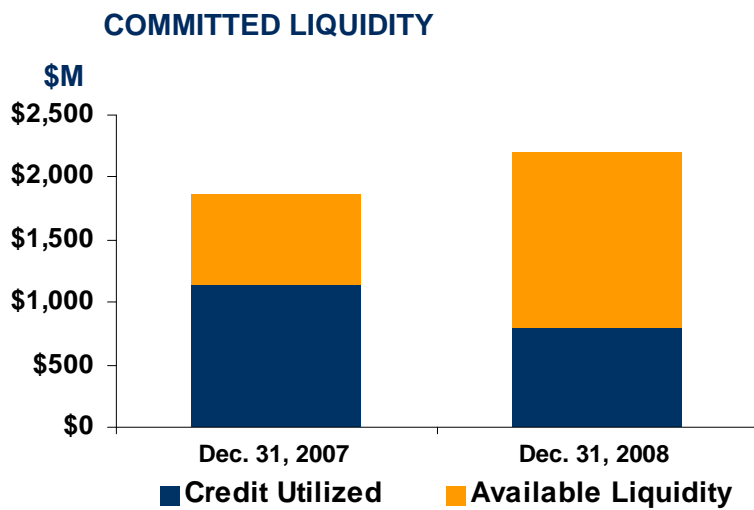
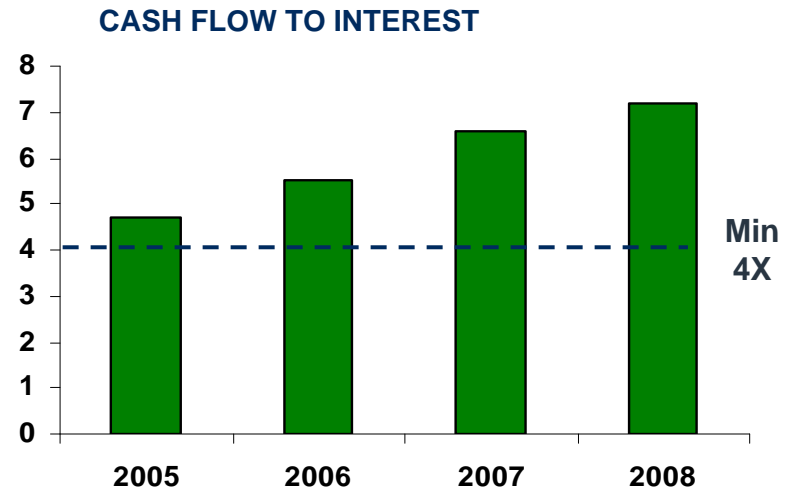
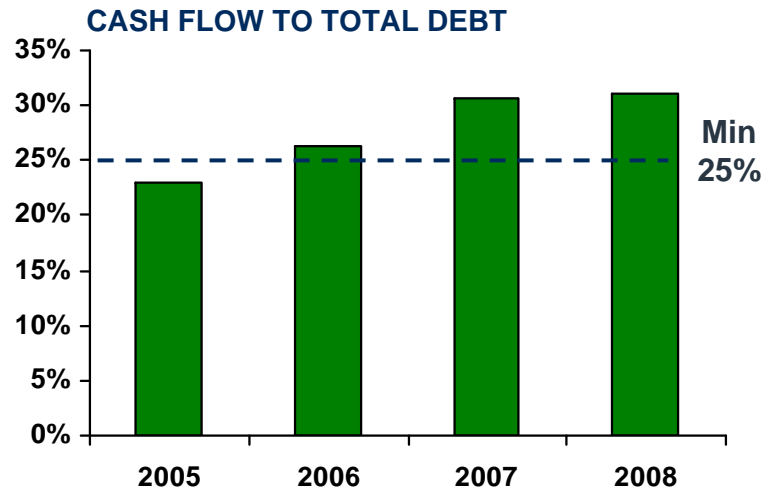
Hedge strategy is to contract an average of 90% of adjusted capacity for TransAlta's fleet



Balanced and disciplined capital allocation supports value creation through market cycles

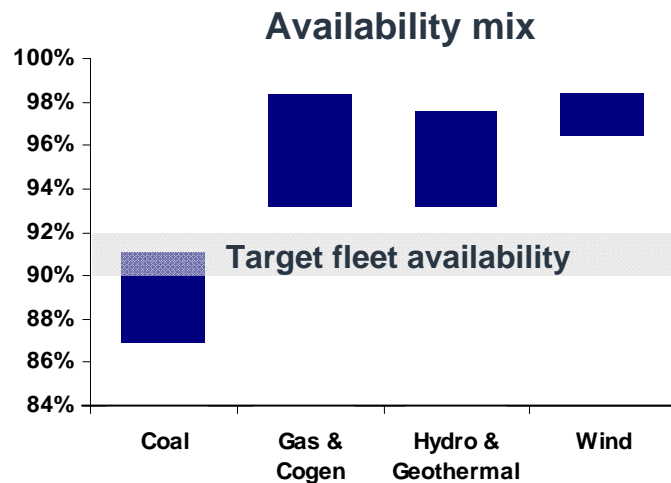
PRIORITY	DIRECTION	ACTION
Dividend	Provide shareowners sustainable dividend growth	<ul style="list-style-type: none"> Board policy is to target a payout ratio of 60 - 70% of comparable EPS 2008 annual dividend increased 8% to \$1.08 2009 annual dividend increased 7% to \$1.16
Share Buyback	Provide shareowners incremental return of capital in absence of value-creating investment opportunities	<ul style="list-style-type: none"> Under the NCIB program, 4 million shares cancelled in 2008 Currently suspended; cash conservation and balance sheet strength are priorities given current markets
Growth Investment	Projects must deliver unlevered, free cash, after tax IRR >10%:	<ul style="list-style-type: none"> 456 MW currently under construction for a total cost of ~\$1.3 billion Timing of organic growth within our control Economics of asset acquisition increasingly attractive
Portfolio Optimization	Divest or improve non-core and under-performing assets	<ul style="list-style-type: none"> Mexico - Sold for USD \$303.5M Sarnia - received directive to negotiate a new long-term contract in 2009 \$50 million to be invested in productivity in 2009

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

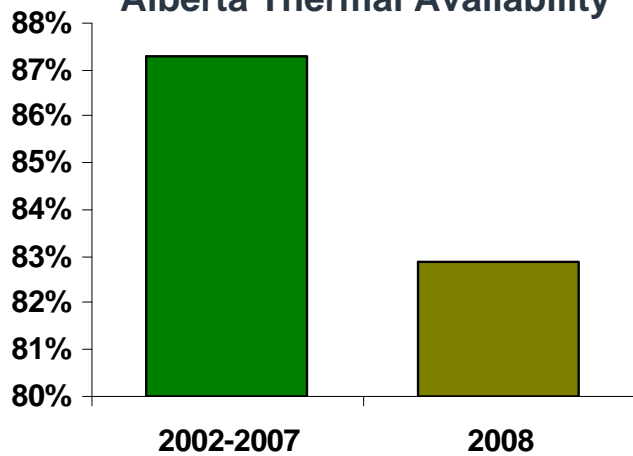


Operational excellence = optimal performance

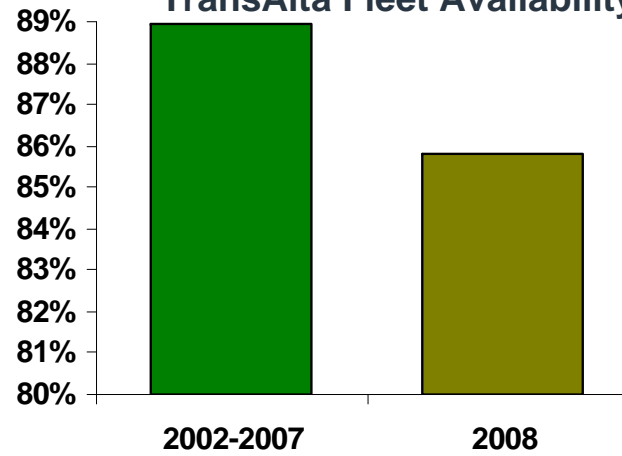
AB Thermal historical availability within optimum range of 87 - 90%



Alberta Thermal Availability

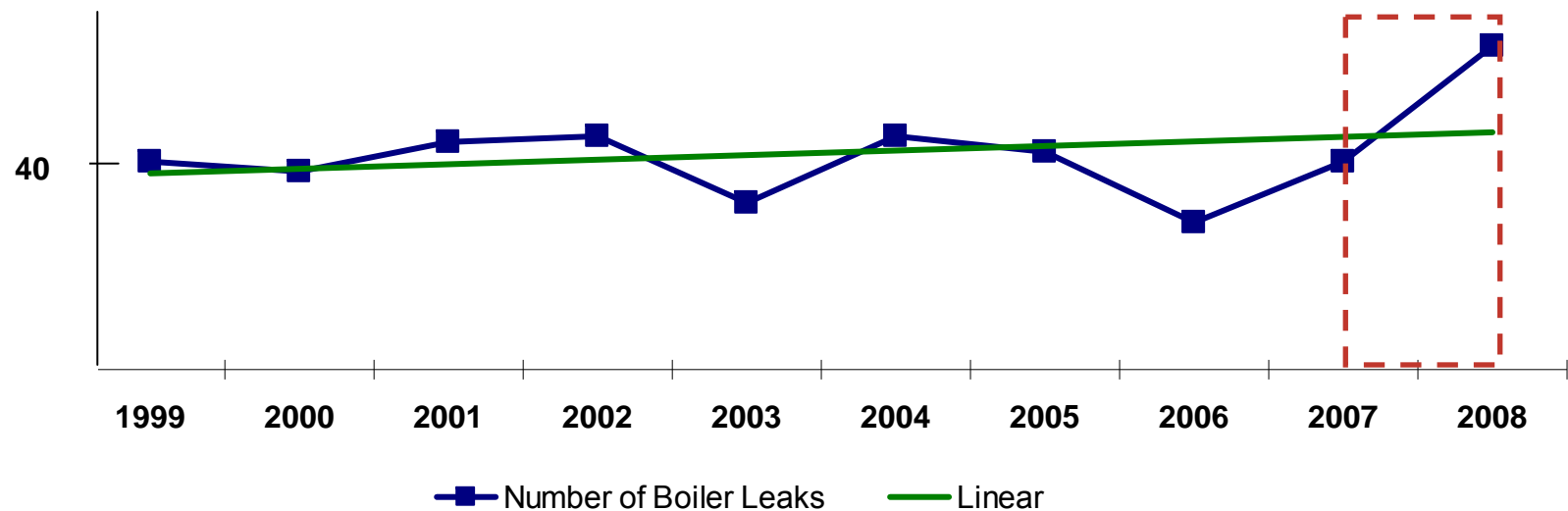


TransAlta Fleet Availability



Alberta Thermal boiler challenges

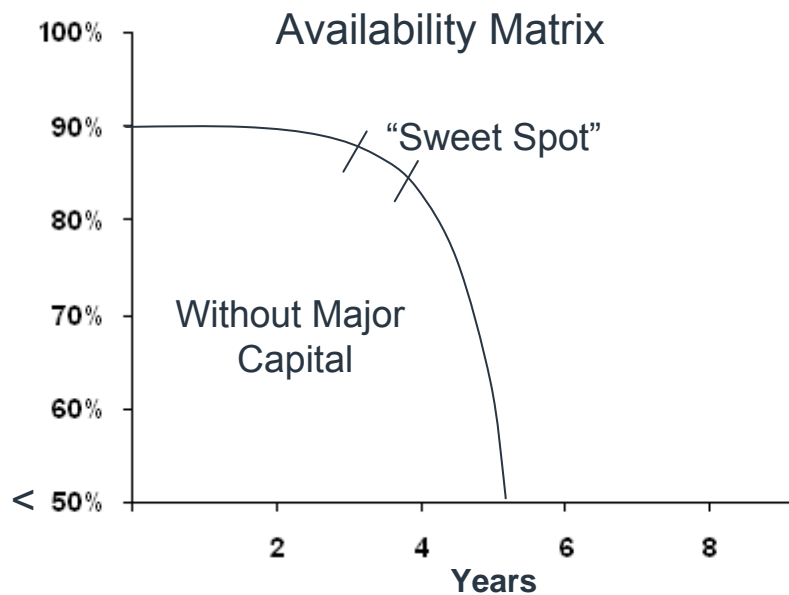
AB Thermal historical boiler leaks average 40 per year;
2008 an anomaly



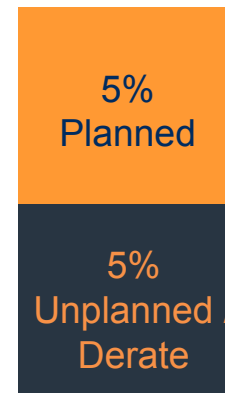
- Average number of boiler leaks in a year (1999 - 2007) = 40
- Increased boiler leaks in 2008 driven by:
 - Testing of optimal capital spend efficiency
 - Quality of work – contractor labour challenges
 - Quality of fuel - ash content increasing

Achieving the right balance between spend and availability

Typical Coal Asset



Sources of Outages



- Lost production days are costly
- Easy to over capitalize
 - Very costly over time
- Unplanned outage days are more costly
 - Potentially 2 - 5 times equivalent planned repair costs

Alberta Thermal: Plans expected to deliver higher availability by mid-2009

Majority of Alberta Thermal maintenance work is planned for the first half of 2009; remain focused on optimizing capital spend

2008

- Maintenance in 2nd half 2008 improved performance of four units
- Operations Diagnostic Centre opened Q4; improved trend analysis to allow for more predictive maintenance

2009

- Turnarounds and pitstops on four major units to be completed in 1st half '09

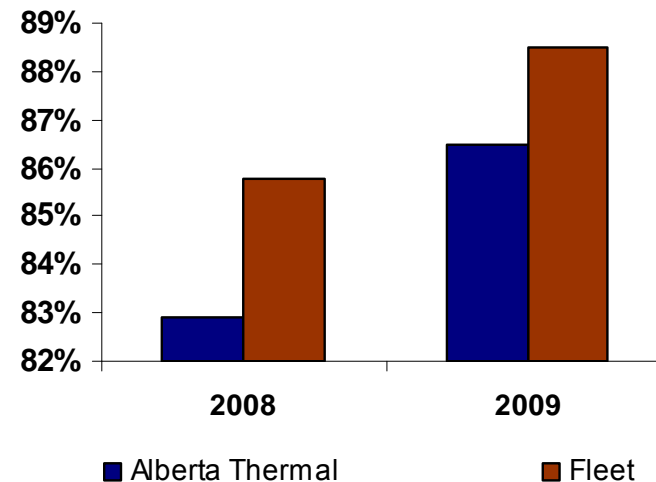
2010

- Turnarounds and pitstops scheduled for 5 units

	Q1_08	Q1_09
AB Planned Outages ¹ (Lost GWh)	20	>700
Sundance 4 ID Fan (Lost GWh)	0	~325
Availability	91.2%	80 - 82% ²

Sources: AESO, TransAlta

Availability

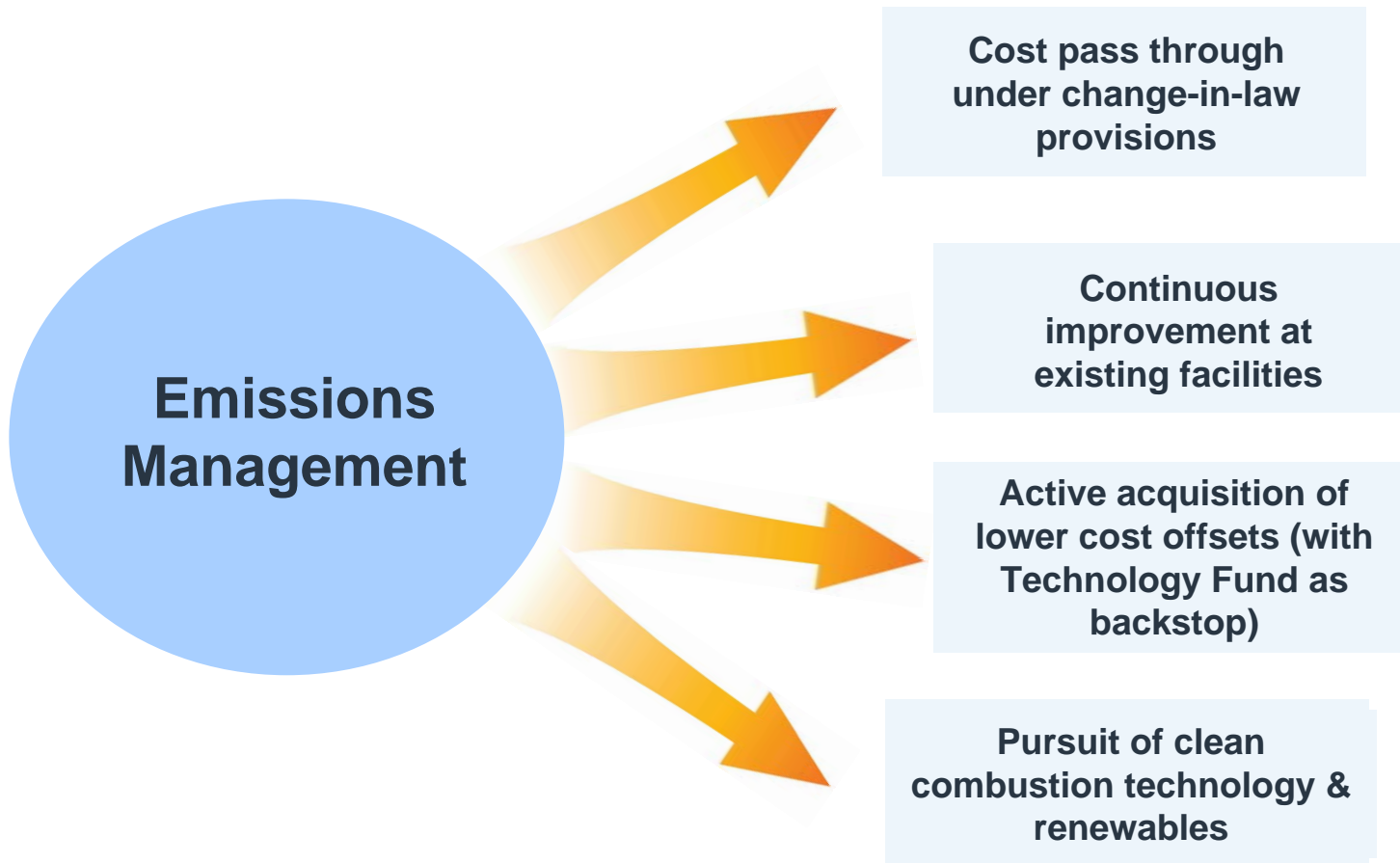


1. Includes Sheerness

2. AB Thermal annual availability:
Est. 80 - 82%; 1st half
Est. 88 - 90%; 2nd half

Environmental leadership

TransAlta is competitively positioned to mitigate emissions costs through early engagement, a portfolio of initiatives and pass through contracts



CCS Pilot: Project Pioneer

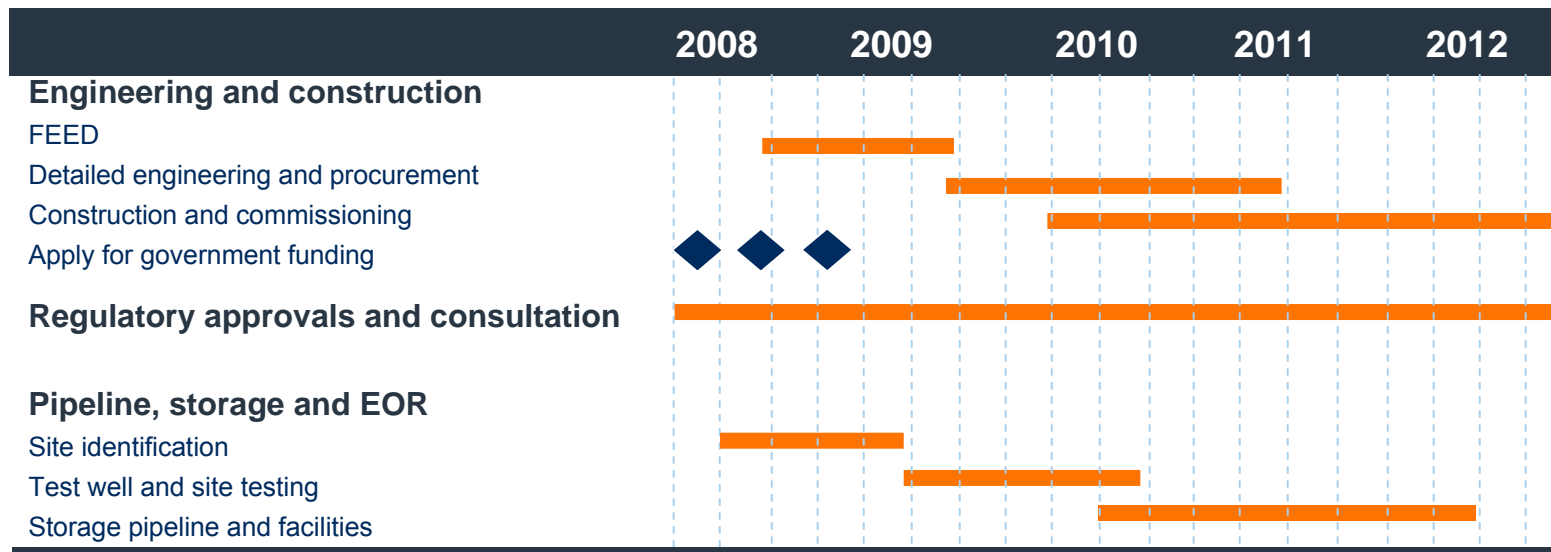
We are advancing Canada's first large-scale project to retrofit a power plant to capture and store 1M tonnes of CO₂ by 2012

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 CO₂ from emission stream

Key milestones ahead

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



2009 outlook

2009 objectives are to deliver low double digit EPS growth, cash flow of \$800 - \$900M and maintain balance sheet strength

POSITIVES

- Over 90% contracted for 2009; 85% for 2010; PPAs provide cash flow stability
- Energy Trading gross margins of \$65 - \$85 million
- Culture of cost containment; record of more than offsetting inflation
- Productivity initiatives to deliver > 20% after-tax returns
- Organic growth opportunities within our control; current economics make acquisitions attractive
- U.S. / Canada Stimulus

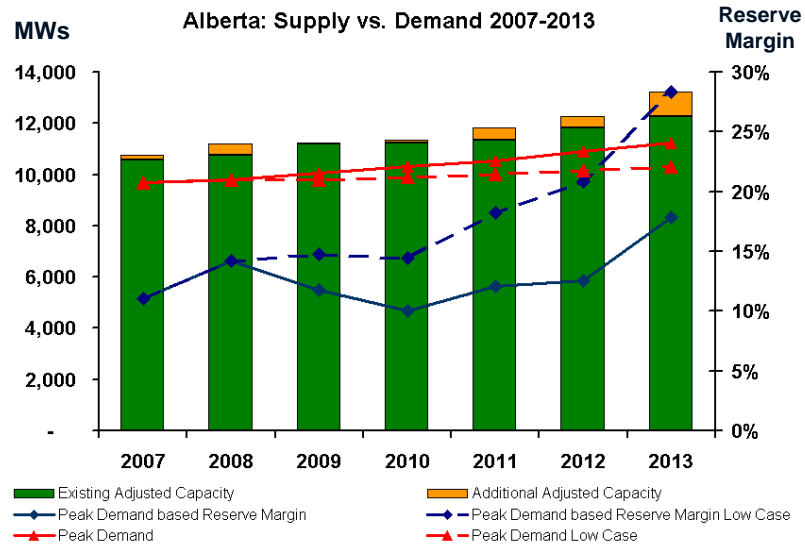
CHALLENGES

- Current market conditions put downward pressure on price and demand growth
 - Q1 YTD AB: \$70 vs. \$90 in 2008
 - Q1 YTD PACNW: \$38 vs. \$70 in 2008
- Availability risk from Alberta Thermal in first half of 2009
- Fuel cost increases:
 - Alberta +5% from capital spend
 - Centralia +10 - 15% from contract escalations and diesel hedges
- Environmental uncertainties

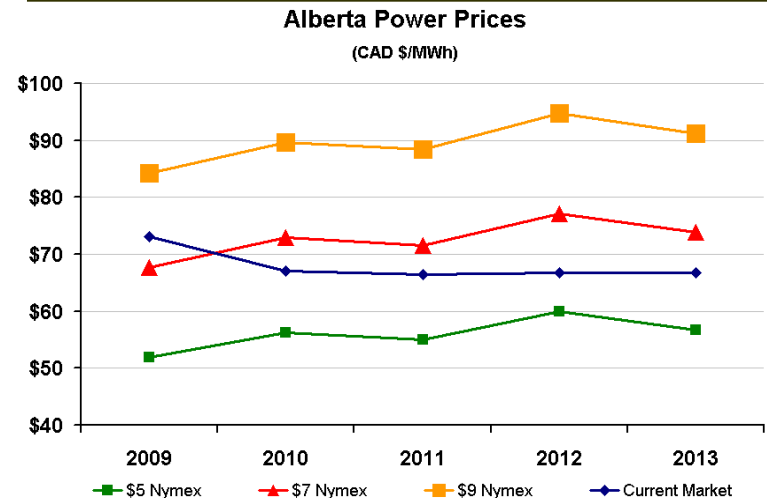
Alberta reserve margin tightness underpins pricing

- Load growth dependent on economic recovery and oil sands expansion; supply growth also somewhat dependent
- Reserve margin will likely remain lower than other regions as new supply is delayed along with demand
- New wind supply may create volatility and raise average prices
- Transmission constraints and environmental concerns limit significant new supply from traditional sources in the short-term.

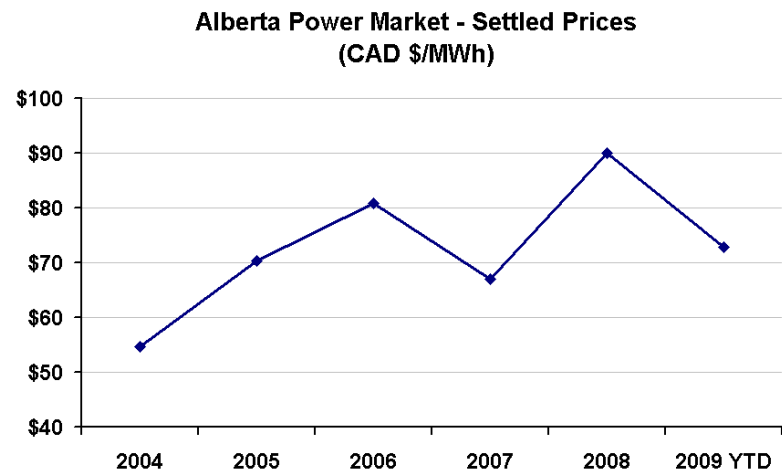
Reserve margins remain stronger than other regions



Steady price growth in various natural gas scenarios



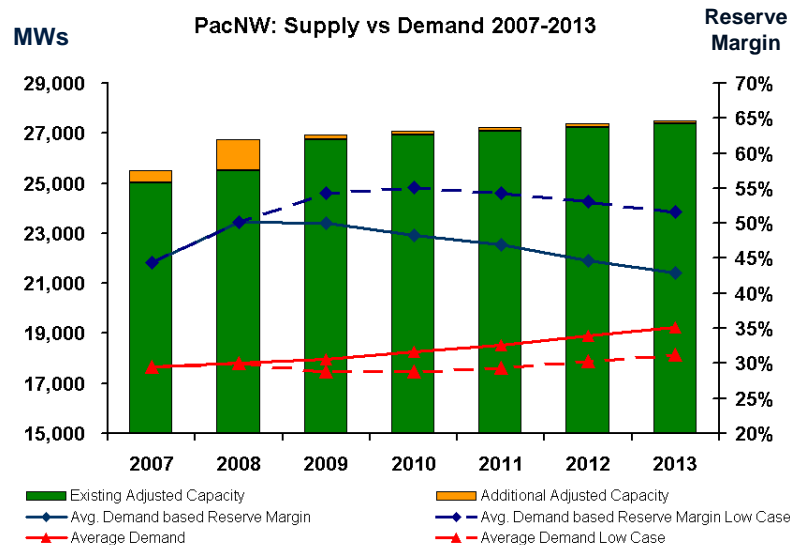
2009 prices lower due to reduced demand



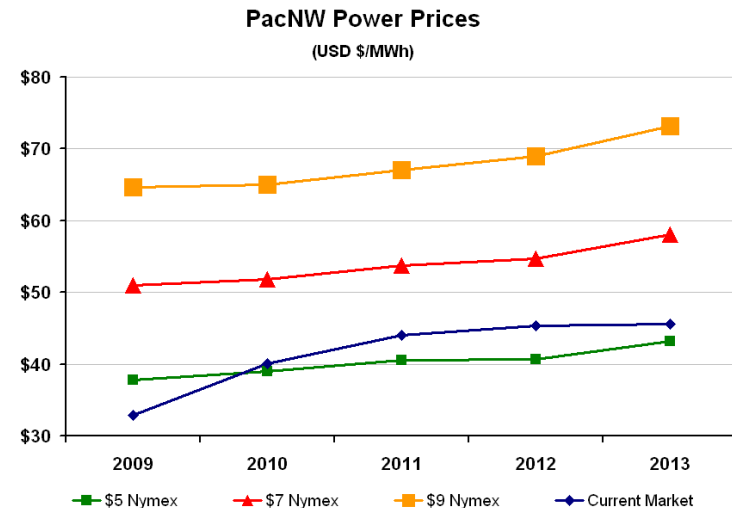
PacNW forward prices tracking natural gas movements

- Demand weak in short-term due to recession
- Market continues to see increased reliance on natural gas
- New supply is mostly wind
 - Intermittent nature may create volatility and higher average prices
 - Reserve margins will decline
 - Thermal units should become more valuable

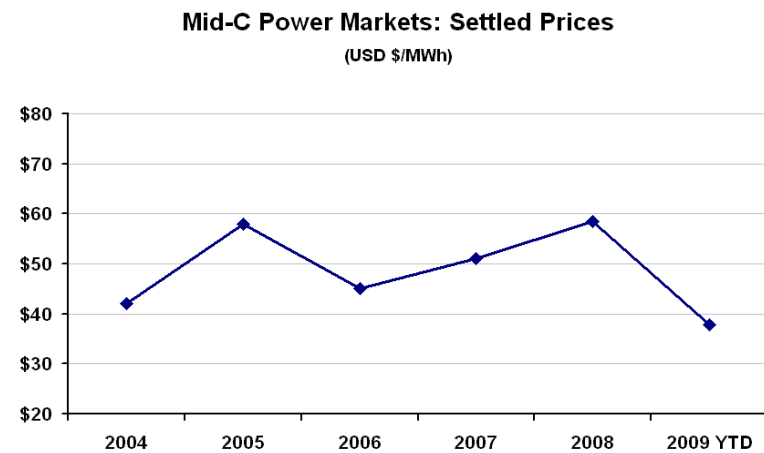
Reserve margins will decline or hold flat in the long-term



Steady price growth in various natural gas scenarios

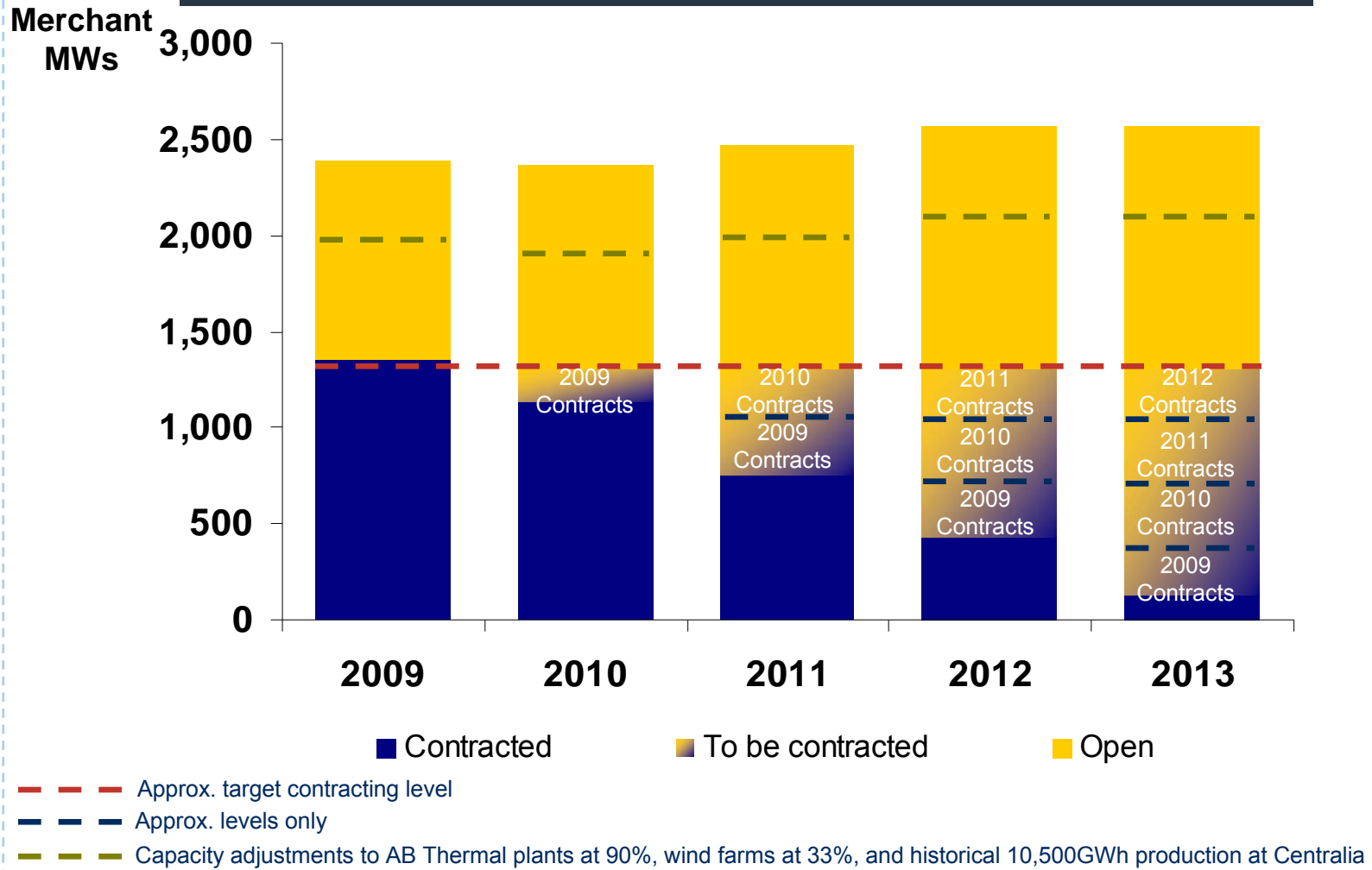


2009 prices lower due to depressed natural gas prices



Alberta & PACNW open merchant positions are managed to provide for greater earnings certainty

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



Investment highlights - 2010+

Long-term value proposition remains the same

- Strong balance sheet, solid financial outlook and low to moderate risk business model; contracting strategy provides high degree of earnings protection
- Long-term market fundamentals for Western Canada and Western U.S. remain favourable:
 - Alberta reserve margins remain low relative to other regions; strong pricing and new build opportunities remain
 - Western U.S. renewable portfolio standards require new build
- Disciplined and balanced capital allocation plan:
 - Dividends
 - Share buy back
 - Growth and portfolio optimization
- Environmental leadership position
 - Leader in addressing environmental challenges
 - Project Pioneer CCS project a potential game changer

Investment highlights - 2010+

Long-term industry opportunities outweigh short-term market risks

- Projects under construction tracking well:
 - Sundance 5 uprate (53 MW)
 - Blue Trail wind farm (66 MW)
 - Summerview II (66 MW)
 - Keephills 3 (225 MW)
 - Keephills 1 and 2 uprates (46 MW)
- Timing on additional greenfield within our control
 - Alberta wind resources
 - Strong supplier relationships
 - Geothermal resources
- Asset valuations now realistic
 - Opportunities for acquisitions are growing
 - Strong balance sheet and cash flows provide solid opportunities

A lamp with a red shade and a chrome base, set against a red background with a grid pattern. The lamp is positioned on the left side of the frame, with its shade extending towards the center. The base is a three-legged chrome stand. The background is a solid red color with a faint grid pattern of lighter red squares. The word "Appendix" is written in white text in the bottom right corner.

Appendix

Performance goals

Objectives	Measures	2008 Goals	2008	Review
Achieve top decile operations	Availability	90 -92%	85.8%	Decreased due to higher unplanned outages at AB Thermal and Genesee 3
Improve Safety¹	Injury Frequency Rate	10%/yr	27%	Reduced injury frequency rate to 1.28 from 1.76
Enhance Productivity	OM&A/installed MWh	Offset Inflation	\$8.61/MWh	10% YOY increase exceeded inflation; higher costs due to increased maintenance and compensation expense
Grow Earnings and Cash Flow	Comparable EPS	>10%/yr	11%	Comparable EPS Increased to \$1.46 from \$1.31
	Operating Cash Flow	\$800 - 900 MM	\$1,038 MM	Increased earnings and favourable working capital
Make Sustaining Capex Predictable	3-yr Avg. Sustaining Capex	\$230 - \$260	\$465 MM	Higher than average due to Centralia PRB conversion and productivity spend
Maintain Investment Grade Ratings ¹	Cash Flow to Interest	Min. of 4X	7.2X	Maintained strong balance sheet, financial ratios and ample liquidity
	Cash Flow to Debt	Min. 25%	31.1%	
	Debt to Total Capital	Max. 55%	48.1%	
Deliver Long-term Shareowner Value	ROCE	>10%/yr	9.8%	Continue to create economic value from capital investments; moving closer to 10%
	TSR	>10%/yr	-24%	
	IRR	>10%/yr	✓	

¹ Annualized

Strong comparable earnings achieved year to date

Results	Q4'08	Q4'07	2008	2007
Revenue (MM)	\$ 808	\$ 783	\$ 3,110	\$ 2,775
Gross margin (MM)	\$ 410	\$ 435	\$ 1,617	\$ 1,544
Operating Income (MM)	\$ 127	\$ 184	\$ 533	\$ 541
Net Earnings (MM)	\$ 94	\$ 130	\$ 235	\$ 309
Basic and diluted earnings per share	\$ 0.47	\$ 0.64	\$ 1.18	\$ 1.53
Comparable earnings per share	\$ 0.40	\$ 0.51	\$ 1.46	\$ 1.31
Cash flow from operating activities (MM)	\$ 428	\$ 192	\$ 1,038	\$ 847
Free cash flow	\$ 128	\$ (81)	\$ 95	\$ 111
Cash dividends declared per share	\$ 0.27	\$ 0.25	\$ 1.08	\$ 1.00
Availability (%)	86.2	91.8	85.8	87.2
Production (GWh)	12,656	13,440	48,891	50,395

Gross margin increases driven by both Generation and Energy Trading segments

Net Earnings

Net Earnings, 2007

(Decrease) increase in Generation gross margins

Mark-to-market movements - generation

Increase in COD gross margins

Increase in OM&A costs

Increase in depreciation expense

Gain on sale of mining equipment in 2007

Decrease in net interest expense

Decrease (increase) in equity loss

Increase in non-controlling interest

Increase in income tax expense

Other

Net Earnings, 2008

Q4 2008

2008

\$ 130

\$ 309

(31)

7

(5)

16

11

50

(23)

(60)

(9)

(22)

(1)

(11)

22

23

36

(47)

(9)

(13)

(23)

(3)

(4)

(14)

\$ 94

\$ 235

Free cash flow

	Q4 '08	Q4 '07	2008	2007
Cash flow from operating activities	\$ 428	\$ 192	\$ 1,038	\$ 847
Add/(Deduct):				
Sustaining capital expenditures	(171)	(178)	(465)	(417)
Dividends on common shares	(49)	(51)	(212)	(205)
Distribution to subsidiaries' non-controlling interest	(29)	(24)	(98)	(87)
Non-recourse debt repayments	(25)	(15)	(28)	(47)
Timing of contractually scheduled payments	-	-	(116)	-
Centralia closure costs	-	-	-	24
Cash flows from equity investments	-	(5)	2	(4)
Free cash flow	\$154	\$(81)	\$121	\$111

Minimal debt refinancing

\$M	2008	2009	2010	2011	2012	Thereafter	Total
TAU							
Secured Debentures	265 ^{1,2,3}						265
TAC							
CDN MTN's		205		225		251	681
USD MTN's					315	840	1,155
Other	40	33	25	26	26	214	363
Total	305	238	25	251	341	1,305	2,464

- 1) On June 2, 2008, \$115 million of debentures issued at a rate of 5.75 per cent by TAU matured.
- 2) On July 31, 2008, \$100 million of debentures issued by TAU were redeemed by the holder of the debentures at a price of \$98.45 per \$100 of notional amount. The debentures had been issued at a fixed interest rate of 5.49 per cent and were to mature in 2023.
- 3) On Oct. 10, 2008, TAU redeemed and cancelled \$50 million of its outstanding debentures by agreement with the holders of the debentures. The debentures were originally issued at a fixed interest rate of 5.66 per cent and were to mature in 2033.

Sustaining capex supports operational objectives

Focus of 2009 capital: improving AB Thermal availability, increasing productivity and completing the Centralia transition

\$M	2008	2009e	2010e
Sustaining	\$465	\$340 - 390	\$270 - 315
Major Maintenance	\$125	\$130 -140	\$130 - 150
Mine	\$100	\$35 - 45	\$40 - 50
Routine ¹	\$167	\$155 - 180	\$100 - 115
Centralia Fuel Blend	\$73	\$20 - 25	

1. Includes \$50 million of productivity

Growth capex spend focused on renewables and Western Canada

Increase in Keephills 3 budget primarily due to higher labour and materials costs; focused on finding offsets

\$M	Total	2008	2009e	2010e	2011e
Growth	\$ 1,439	\$ 541²	\$ 460 - 515	TBD	TBD
Keephills 3 ¹	\$ 888	\$ 336	\$ 235 - 255		
Kent Hills	\$ 170	\$ 139			
Blue Trail	\$ 115	\$ 26	\$ 85 - 90		
Sun Unit 5 Uprate	\$ 75	\$ 13	\$ 50 - 60		
Summerview II	\$ 123	\$ 25	\$ 80 - 90	\$ 5 - 15	
Keephills Unit 1 Uprate	\$ 34	-	\$ 5 - 10		
Keephills Unit 2 Uprate	\$ 34	-	\$ 5 - 10		

1. Keephills 3 capital spend in 2007 was \$160M

2. Includes \$2M from the Sundance 4 uprate

Growth projects



Project

	Sun 5 Uprate Alberta	Blue Trail Alberta	Summerview II Alberta	Keephills 3 Alberta	Keephills 1 and 2 Uprates Alberta
Type	Efficiency Uprate	Wind	Wind	Supercritical Coal	Efficiency Uprates
Size	53 MW	66 MW	66 MW	225 MW ⁽¹⁾	46 MW (23 MW each)
Total Project Cost	\$75 MM	\$115 MM	\$123 MM	\$888 MM	\$68 MM
Expected Annual Revenues ⁽²⁾	\$30 - \$40 MM+	\$14 - \$20 MM+	\$14 - \$20 MM+	\$138 - \$197 MM+	\$25 - \$36 MM+
Commercial Operations Date	Q4 2009	Q4 2009	Q1 2010	Q1 2011	Unit 1 - Q4 2011 Unit 2 - Q4 2012
Contract Status	Merchant	Merchant	Merchant	Merchant	Merchant
Unlevered after tax IRR	20%+	10%+	10%+	10%+	15%+
On time / On budget	Tracking	Tracking	Tracking	Tracking	Tracking

⁽¹⁾ 450 MW gross size

⁽²⁾ Expected range based on \$70-\$100+/MWh

2009 - 2013 Development plan

Projects Announced

LOCATION	PROJECT	CAPACITY MW	FUEL TYPE	RESOURCE & SITE CONTROL	ENVIRONMENTAL PERMITS		TURBINE SECURED	TOTAL PROJECT COST \$ MM	PPA / LTC	TARGET COMMERCIAL OPERATION DATE
					Applied	Secured				
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	✓		✓	✓	\$888		2011
Alberta	Keephills Unit 1 and 2 uprates	46	Coal	✓		✓	✓	\$68		Unit 1 2011 Unit 2 2012
TOTAL MW:		456					TOTAL COST:	\$ 1,269 B		

Projects in Advanced Development

LOCATION	PROJECT	CAPACITY MW	FUEL TYPE	RESOURCE & SITE CONTROL	ENVIRONMENTAL PERMITS		TURBINE SECURED	CAPEX RANGE \$ MM	PPA / LTC	TARGET COMMERCIAL OPERATION DATE
					Applied	Secured				
Alberta	AB - 1	69	Wind	✓	✓		In Progress	\$131 - \$145		2011
Alberta	AB - 2	300	Wind	✓	✓		In Progress	\$570 - \$630		2011
Alberta	Cogen - 1	34*	Cogen				In Progress	\$51 - \$68	PPA/LTC	2012
Alberta	Cogen - 2	535	Cogen				In Progress	\$803 - \$1,070	Partial	2013
Saskatchewan	ANEDC	99	Wind	✓	✓		In Progress	\$178 - \$208	PPA/LTC	2011
Saskatchewan	Husky	70*	Cogen		✓			\$105 - \$140	PPA/LTC	2012
New Brunswick	NB - 1	54	Wind	✓	✓		In Progress	\$124 - \$140	PPA/LTC	2010
New Brunswick	NB - 2	58	Wind	✓	✓		In Progress	\$133 - \$151	PPA/LTC	2010
New Brunswick	NB - 3	54	Wind	✓	✓		In Progress	\$124 - \$140	PPA/LTC	2010
California	Black Rock 1*	87*	Geothermal	✓		✓		\$248 - \$435	PPA/LTC	2012
TOTAL MW:		1,360					TOTAL COST:	\$2.5 B - \$2.6 B		

* 50/50 with partners

Alberta - First GHG compliance successfully completed

The majority of environmental costs are flowed through to PPA holders under change of law provisions. Alberta consumers' electricity price will reflect higher cost of compliance

Alberta Climate Change Regulation

Emissions intensity reduction by 12%; plant-by-plant

- Baseline is avg. of emissions from '03 – '05

Compliance options:

- Reductions at the source
- Payment into a Technology Fund at a cost of \$15/ tonne of emissions over 12% target
- Application of emissions offsets from AB market

Plants commercially operational after 2000 given an eight-year phase-in period

- Three years no reductions
- Five years gradual reductions to achieve 12% target

Vast majority of compliance by large emitters in 2007 was achieved using the technology fund

- Only a handful of companies used offsets to reduce their cost generated from seven offset projects

Impact on TransAlta

Tough standard but achievable over time

Annual compliance cost within expectations

Capital stock turnover will create opportunities

- Existing and new wind and cogen assets create offsets reducing over all compliance costs

Province is the appropriate regulator, they know the sector and our business

All cogen plants and G3 are in the 8 yr phase in period and have reduced targets

2007 compliance achieved using offsets acquired at a cost significantly below \$15/T

- Bank of offsets established for future compliance as well

Federal framework is tougher and requires more expensive compliance options than Alberta

**Near-term compliance through purchase and trading of offsets and credits.
Investment in new technologies key for long-term**

Proposed Greenhouse Gas Regulation

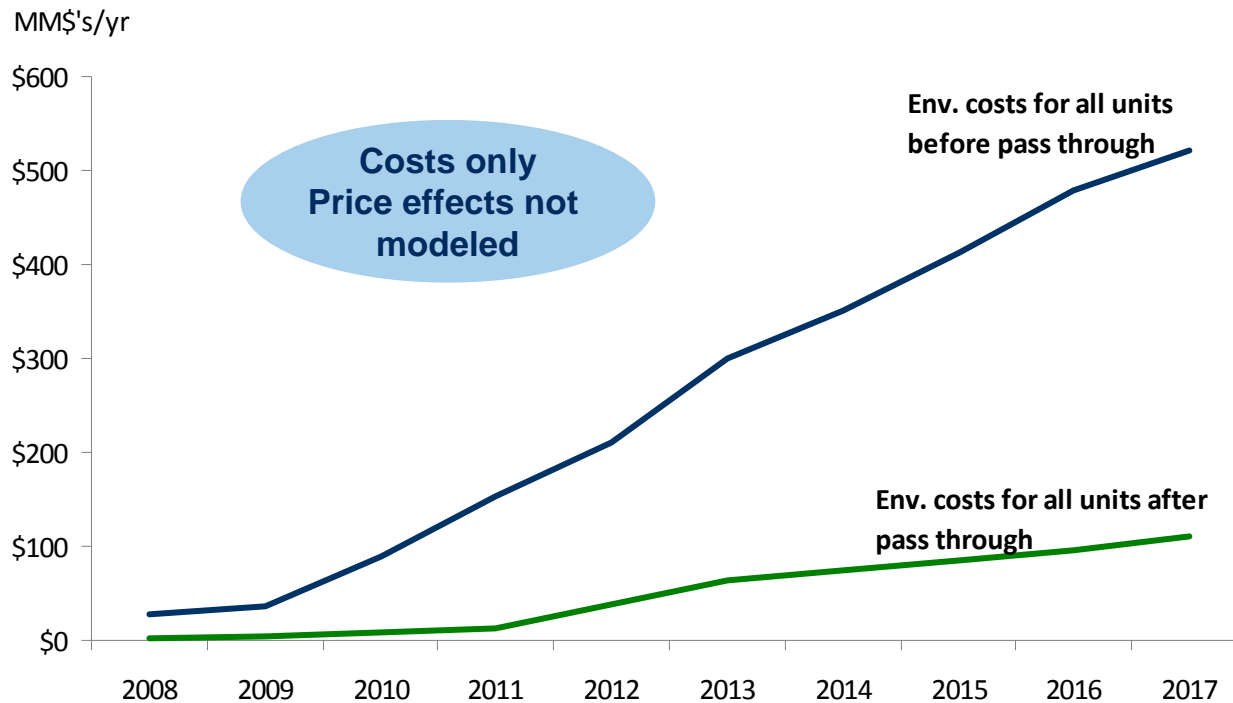
- Existing plants: 18% intensity reduction starting in 2010, increasing at 2%/yr until 2020
- In 2020, a 20% absolute reduction in emissions will be required
- New plants: 3 yrs at zero, then increasing 2%/yr until 2020, plus subject to a clean fuel standard
- New coal-fired plants built after 2012 will be required to have carbon capture and storage implemented by 2018. Note: This will not affect our K3 project
- Cogeneration is given favourable treatment
- The electricity sector will be able to comply on a fleet-wide basis rather than plant-by-plant

**In addition, reductions in air pollutants will also be required,
although the targets and approach have not yet been determined**

Fleet costs from environmental regulation

In the next decade, over 75% of emissions compliance costs are transferred by pass through mechanisms; shareowners are protected

ENVIRONMENTAL OPERATING COST FORECAST

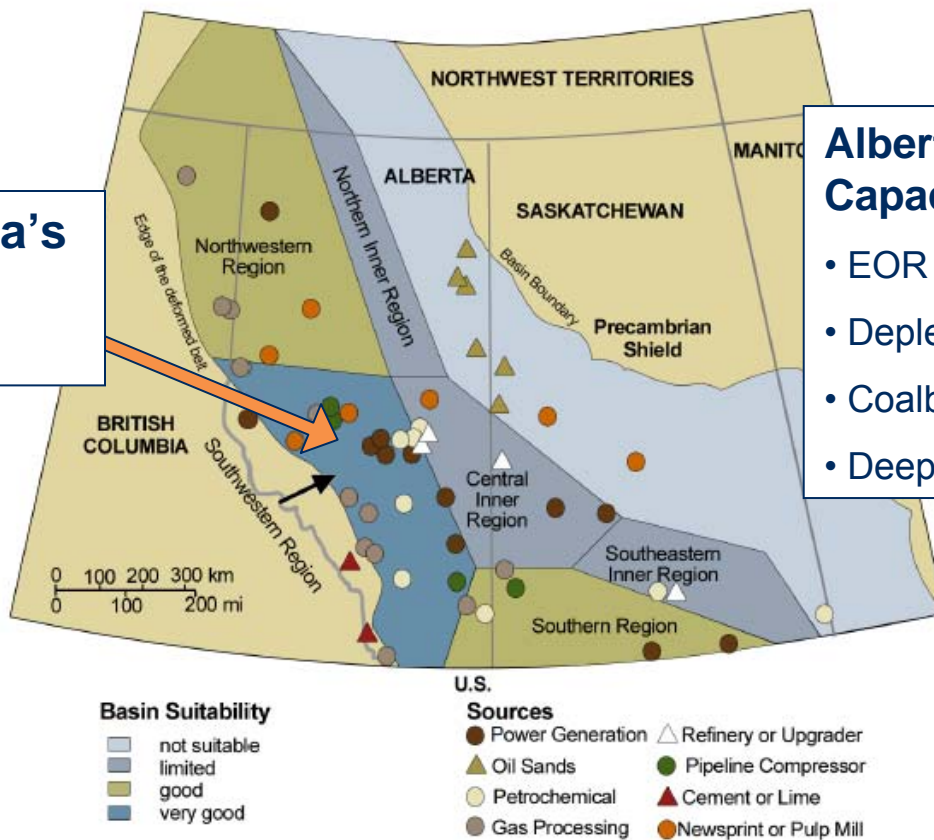


Compliance cost forecasts include all emissions - GHG's, NOx, SO2 and mercury, with the vast majority being GHG's. Capital costs are not included since the targets and schedules for NOx and SO2 are not yet established. Regardless, over 85% of those costs would also be transferred by pass through mechanisms.

Alberta has significant sequestration capacity

TransAlta's plants are located above geology that is capable of storing CO₂

Figure 3.6 Major CO₂ Sources in the Western Canada Sedimentary Basin



TransAlta's
Thermal
Fleet

Alberta CO₂ Sequestration Capacity:

- EOR – 1,000 Mt
- Depleted reservoirs – 3,000 Mt
- Coalbed methane resources – 5,000 Mt
- Deep saline aquifers – 10,000 Mt

(Source: Bachu and Stewart, 2002)