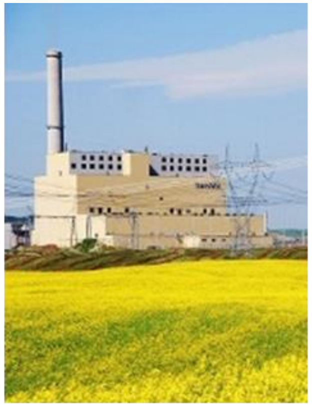
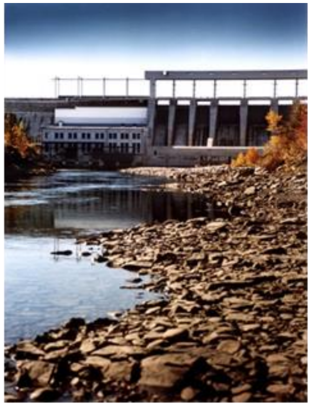
October 2013
TransAlta
Investor Presentation




Forward Looking Statements

TransAlta

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 assumptions were made and on management's experience and perception of historical trends, current conditions and expected future developments, and other factors deemed appropriate in the circumstances. 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. In particular, this presentation contains forward looking statements pertaining to, among other things: expectations relating to the timing of the completion and commissioning of projects under development and their attendant costs; our estimated spend on growth and sustaining capital and productivity projects; expectations in terms of the cost of operations, capital spend and maintenance; expectations in respect of future electricity prices and the impact of natural gas prices on electricity prices; the impact of certain hedges on future reported earnings and cash flows; expectations related to future earnings, cash flow and funds from operations; expectations for demand for electricity in both the short-term and the long-term and the resulting impact on electricity prices; expected impacts of load growth on electricity supply and the development of additional generation; expectations in respect of generation availability, capacity and production; expected financing of our capital expenditures; expected governmental regulatory regimes and legislation and their anticipated impact on us; our trading strategy and the expected results from our trading activities; and expectations in respect to the global economic environment. Factors that may adversely impact our forward looking statements include risks relating to, among other things: fluctuations in market prices and availability of fuel supplies required to generate electricity and in the price of electricity; the regulatory and political environments in the jurisdictions in which we operate; environmental requirements and changes in, or liabilities under, these requirements; changes in general economic conditions including interest rates; operational risks involving our facilities, including unplanned outages at such facilities; disruptions in the transmission and distribution of electricity; effects of weather; disruptions in the source of fuels, water, or wind required to operate our facilities; natural disasters; the threat of domestic terrorism and cyber-attacks; equipment failure; energy trading risks; industry risk and competition; fluctuations in the value of foreign currencies and foreign political risks; the need for additional financing counterparty credit risk; insurance coverage; reliance on key personnel; labour relations matters; and risks associated with development projects and acquisitions. The foregoing risk factors, among others, are described in further detail in the Risk Management section of our 2012 annual MD&A and under the heading "Risk Factors" in our 2013 Annual Information Form.

Except to the extent required by law, we assume no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. All forward looking statements in this presentation are expressly qualified in their entirety by these cautionary statements. For information on our risks please refer to our 2013 Annual Information Form which has been filed on SEDAR and can be accessed at www.sedar.com.

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

This presentation may contain references to comparable earnings comparable earnings per share, comparable EBITDA, funds from operations, and funds from operations per share which are not defined under IFRS. Refer to the Non-IFRS financial measures section of TransAlta's 2012 annual MD&A for an explanation and, where applicable, reconciliations to net earnings attributable to common shareholders and cash flow from operating activities. The presentation may also contain references to gross margin and operating income, which are Additional IFRS measures. Please refer to the Additional IFRS measures section of the MD&A.

Leading Diversified Power Generation Company

TransAlta

- Diversified fleet of ~9,000 MWs located in Canada, United States and Australia
- Market cap of over $3.5 billion
- Investment grade credit ratings
- Sponsor and majority owner of TransAlta Renewables

- **Coal**: 4,926 MW[1]

- **Gas**: 1,913 MW

- **Hydro:** 898 MW

- **Wind:** 934 MW

- **Geothermal:** 164 MW

[1] Net Capacity Ownership Interest. Includes assets under development (Sundance A, Sundance 3 uprate)

Value Proposition

Diversified portfolio

- Over 75 facilities spanning multiple regions and fuels

Attractive yield supported by adequate cash flow

- Highly contracted assets provide stable cash flows and support dividend
- 500 MW of new long-term contracts recently signed
- Significant incremental EBITDA expected post Alberta PPAs

Well positioned for growth

- Over 1,700 total MWs added since 2005
- Located in markets with strong fundamentals
- Established TransAlta Renewables and other partnerships to facilitate growth

Financial strength

- Investment grade ratings
- $2.0 billion of committed credit facilities
- Access to capital markets

Delivering shareholder value through yield and growth

Delivering on the Strategy

TransAlta

Objective	Actions
Extend life of existing assets through new contracts	• CE Gen: 23 year contract with City of Riverside • CE Gen: 24 year contract with Salt River Project • Ottawa gas fired: 20 year contract with OPA (AAA) • Centralia: 11 year contract with Puget Energy
Optimize value of existing assets	• Implemented shared services model ($25 - $30 mm/yr savings) • Reduced capital, operating and fuel costs at Centralia
Continue to diversify and grow	• ~480 MWs added since 2011 • Positioned to capture strong load growth in Alberta and Western Australia • Acquisition opportunities in N.A. and Australia • Creation of TransAlta Renewables and partnerships with MidAmerican
Capture upside value from PPA’s	• Life extension of coal plants through Federal GHG regulations • Life extension of AB Hydro assets • Completion of 3 year re-investment program in coal fleet

Highly Contracted Portfolio with Upside Potential

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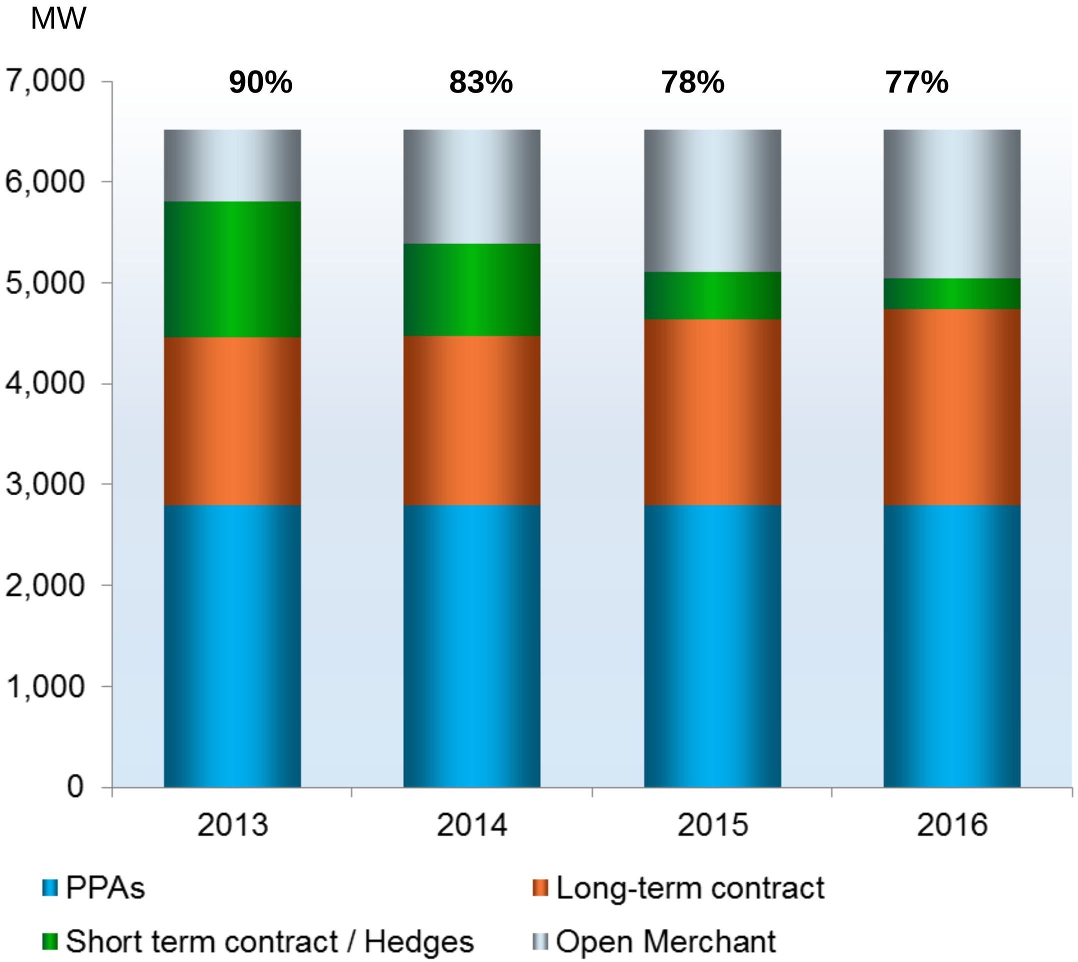
Hedge targets increased to support revenue certainty

Total Portfolio Contractedness[1]



CONTRACTED PRICES

2013

AB	~ $60/ MWh
Pac NW	~ $40/ MWh

2014

AB	~ $55/ MWh
Pac NW	~ $45/ MWh

[1] Capacity adjusted volumes

Alberta Continues to be a Great Place to Invest

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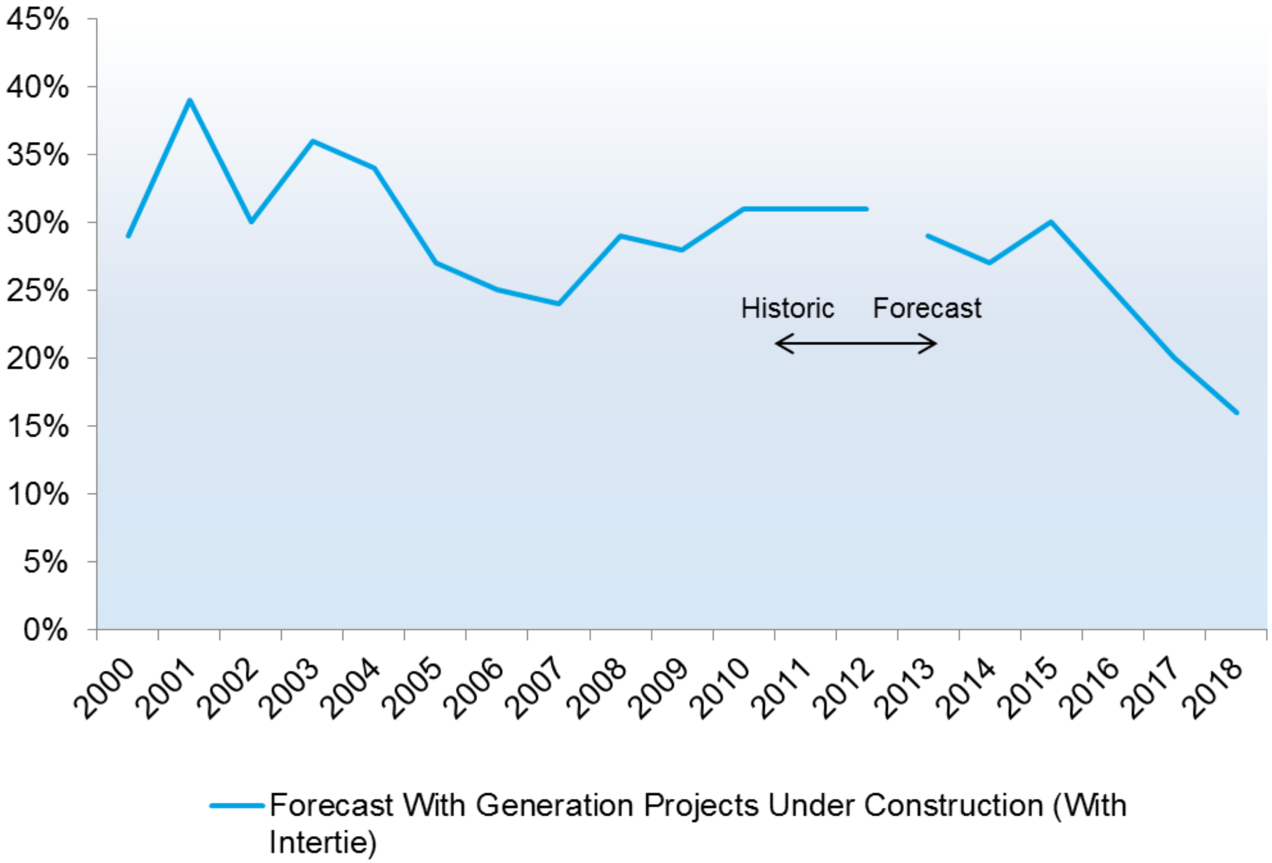
Alberta Interconnected Electric System (AIES) Reserve Margin, 2000 - 2018[1]



- Alberta continues to see considerable demand growth due to industrial and mining activities, and their indirect impacts
- Also, significant retirements in capacity in next 10 years:
  - 800 MW of coal retiring in 2019
  - 1,200 to 3,200 MW of new capacity (above that currently being built) required by 2020

[1]AESO Long Term Adequacy Metrics August 2013

Price Required to Attract New Generation in Alberta[1]

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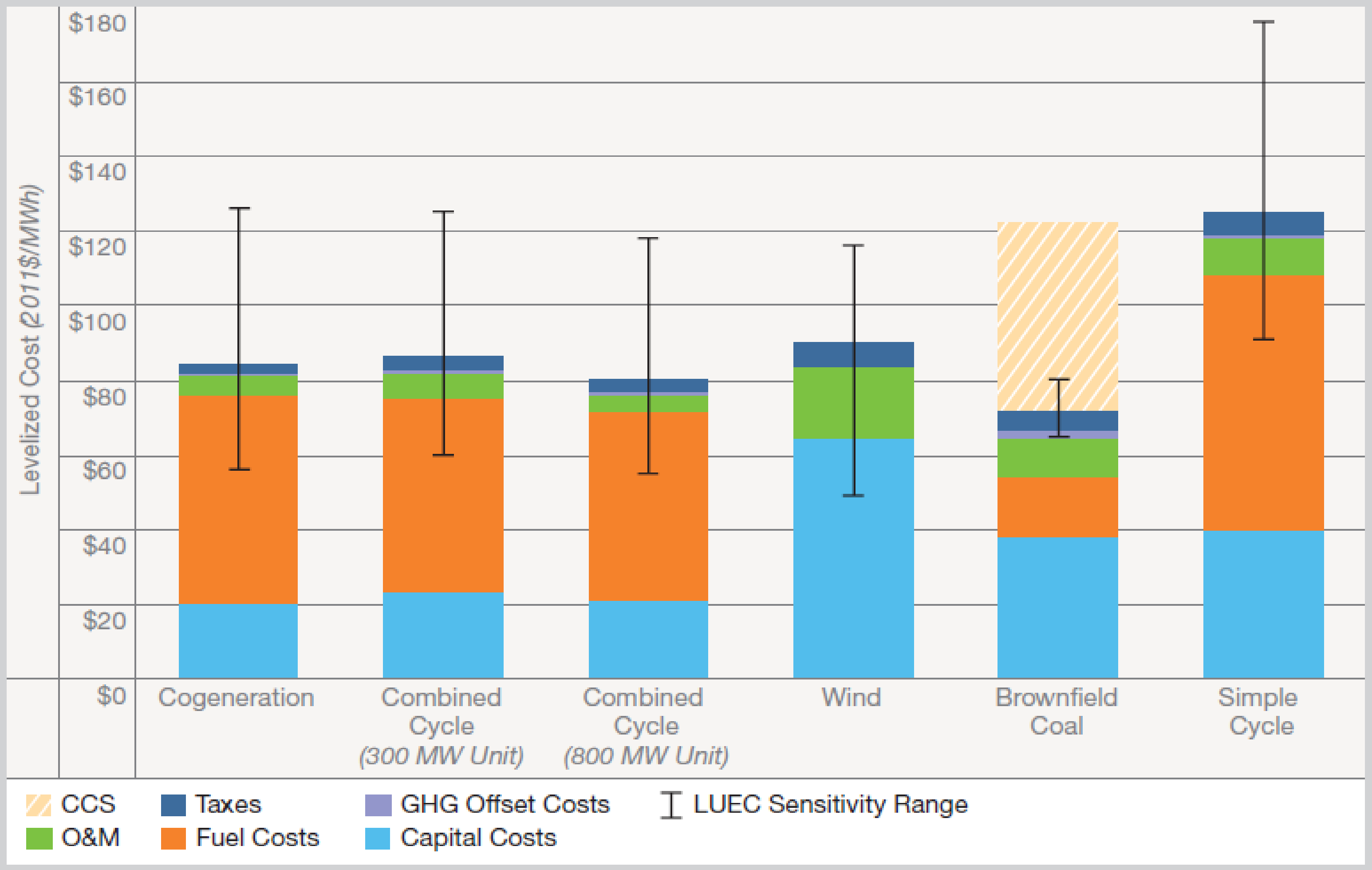
AESO estimates that prices in the range of $55-$125 / MWh are required to attract new combined cycle generation



Source: AESO

Historical Power Prices in Alberta

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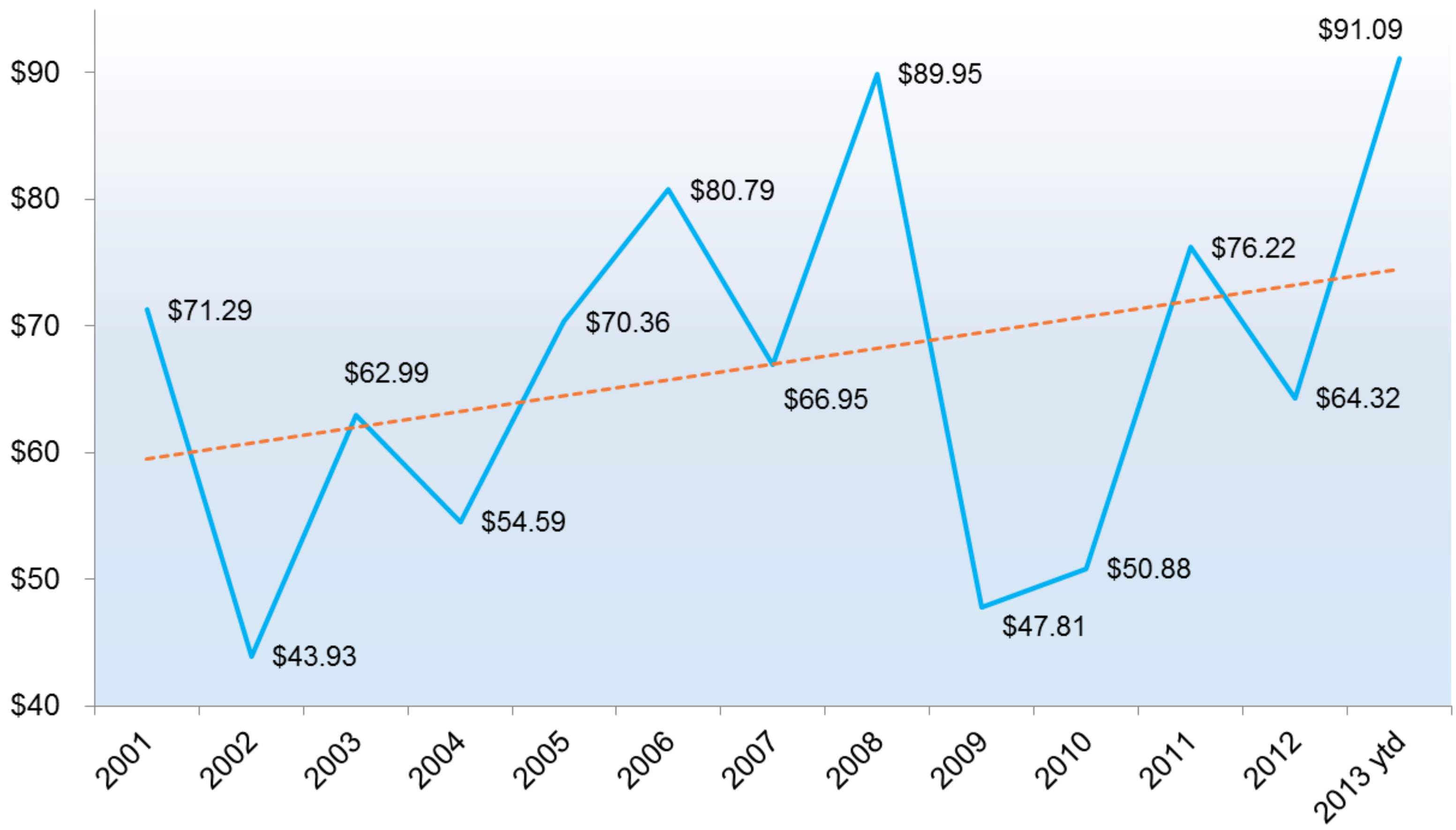
Since deregulation, AB Pool prices have averaged $65 / MWh

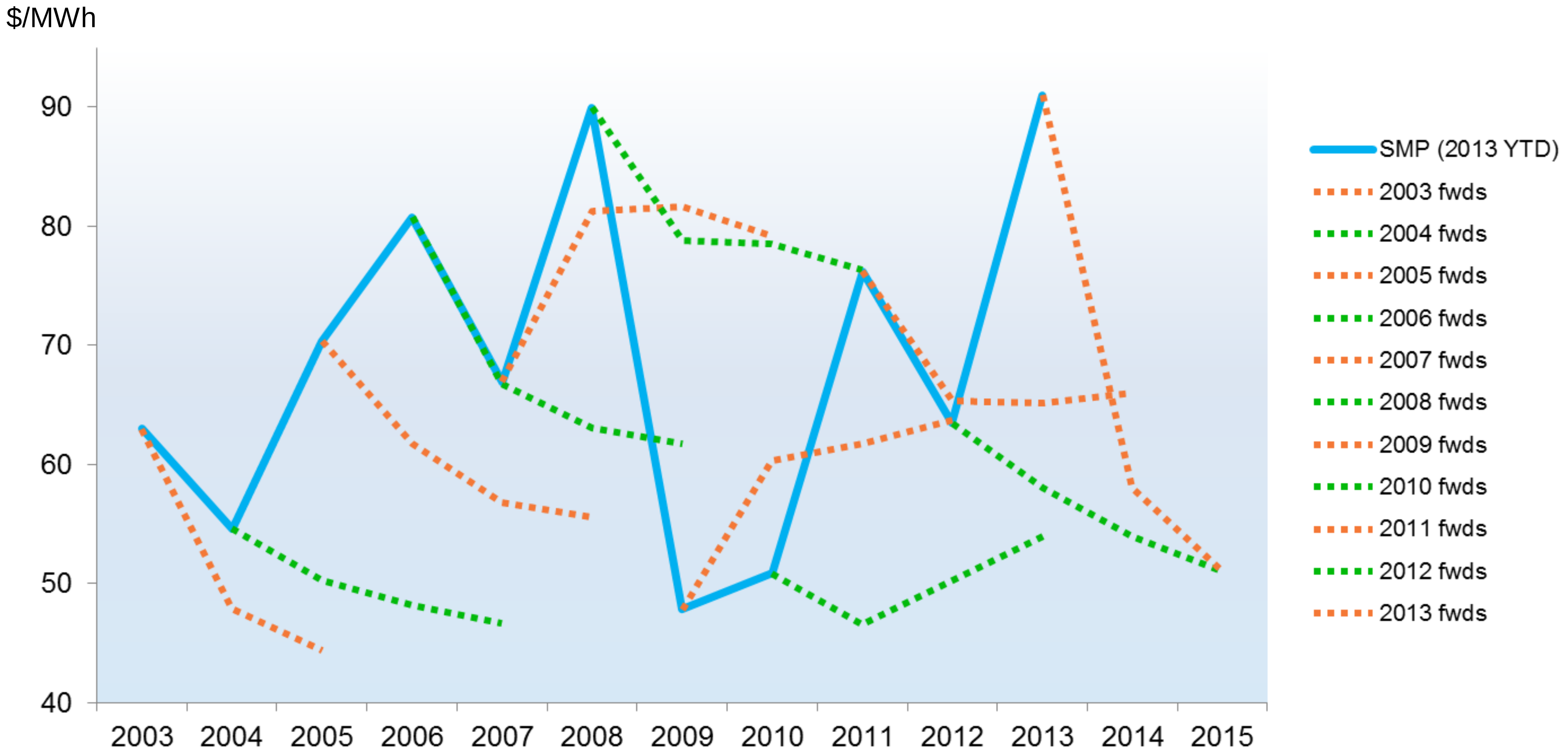


Source: AESO

AB forward market is a poor predictor of future spot market settles

Forward prices tend to reflect spot fundamentals not future fundamentals

Average annual Alberta power prices compared to historical forward Alberta power prices



Source: Canaccord Genuity
Data: NGX, Alberta Electric System Operator

Investing in Alberta - Sundance 7

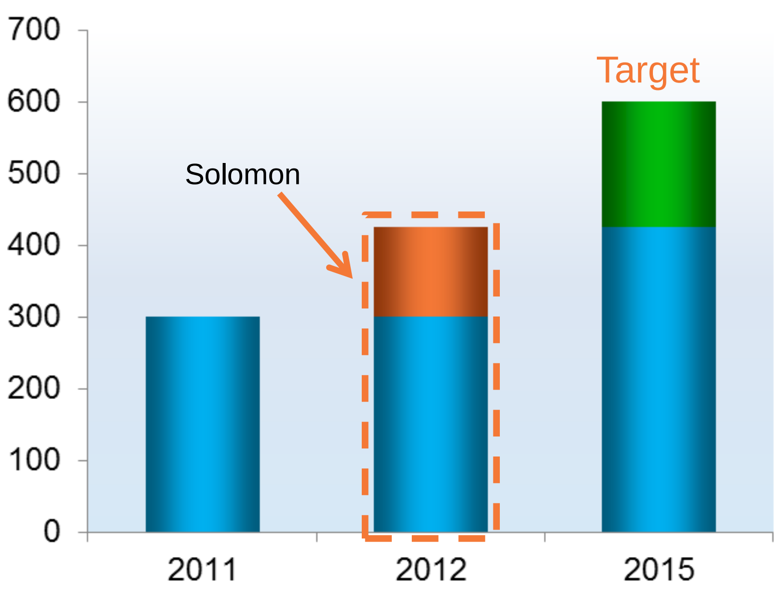
TransAlta

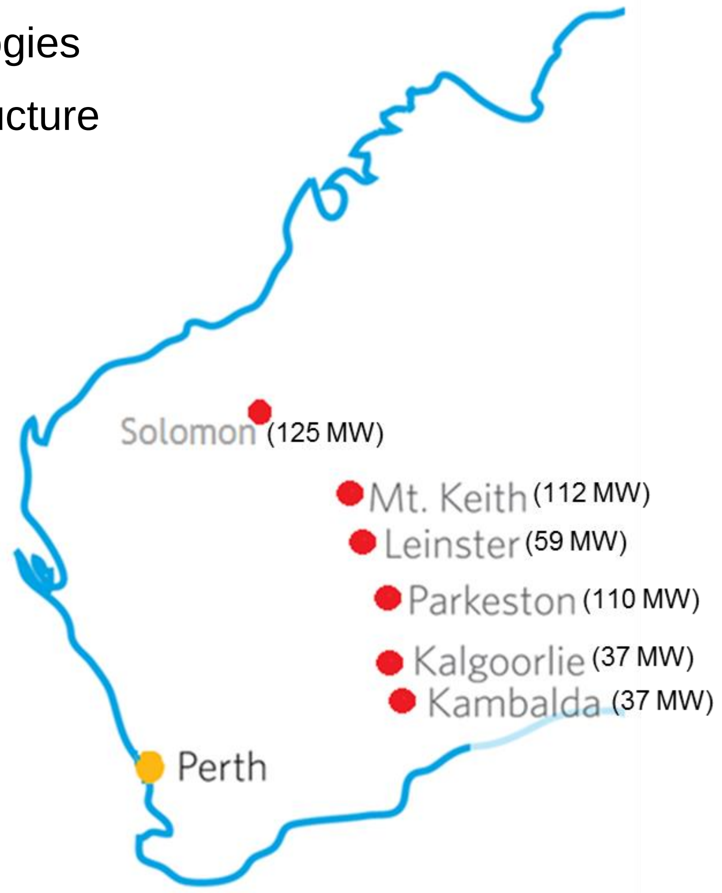
- As noted earlier, Alberta market continues to see considerable demand growth
- Large combined cycle (CCGT) units offers the most efficient and competitive technology given the scale of generation replacement required
- Site selected
- Turbines secured and long-term service agreement in place
- Key work underway regarding interconnection and permitting
- Continue with contracting strategy to de-risk the project and preserve project returns

Positioned for further growth in Australia

- Established in Western Australia in the early 1990's
- Specialists in safe, reliable supply of power to remote mining operations
- 6 power stations
- 480 MW installed capacity; 425 MW net to TA
- Gas turbine and diesel reciprocating engine technologies
- Over 500km of transmission and distribution infrastructure
- Centralized remote control of all facilities

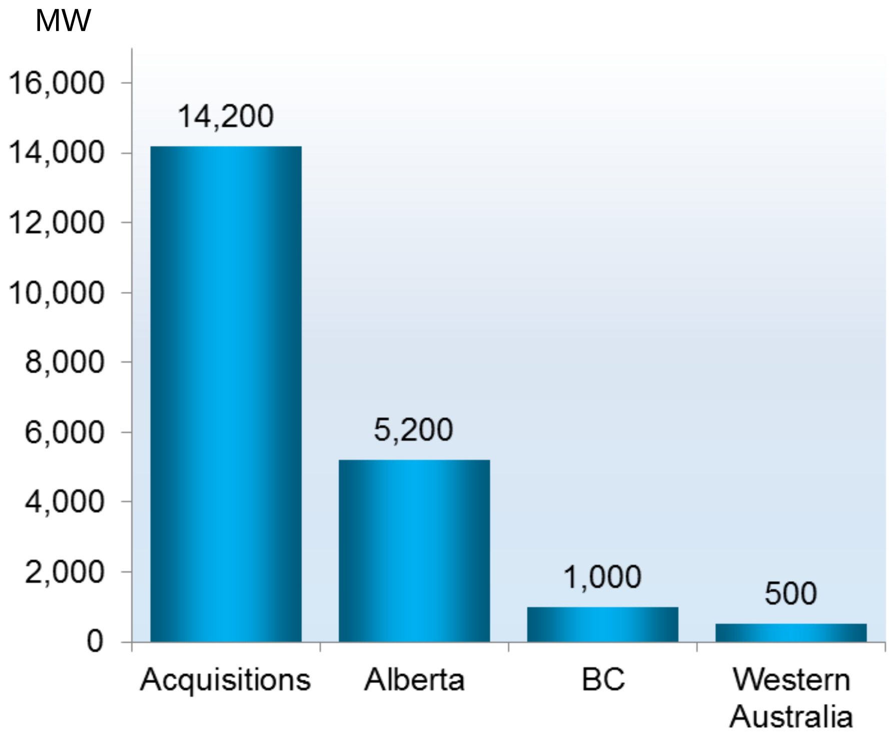
Double our size to 600 MW





Sizeable Future Growth Opportunity Set

~21,000 MW of market opportunity requiring potential investment of $42 billion over the next 10 years



Competitive Advantages:

- Creation of operational and corporate synergies
- Ability to use tax attributes in the U.S.
- Ability to manage merchant risk
- Multiple funding sources

TransAlta is well positioned to capture significant growth opportunities in our core markets

Growth in Renewables

TransAlta Renewables Brings Significant benefits

- ✓ Establishes focused and competitive vehicle for pursuing and funding growth opportunities in renewable power
- ✓ Provides additional financial flexibility for TransAlta
- ✓ TransAlta retains majority ownership and operator
- ✓ Continued source of cash flow based on ~ 80 % retained interest
- ✓ IPO proceeds of ~ $200 million to strengthen TransAlta's financial position
- ✓ Establishes market value for TransAlta's renewable assets

Significant Upside Potential Post Alberta PPAs

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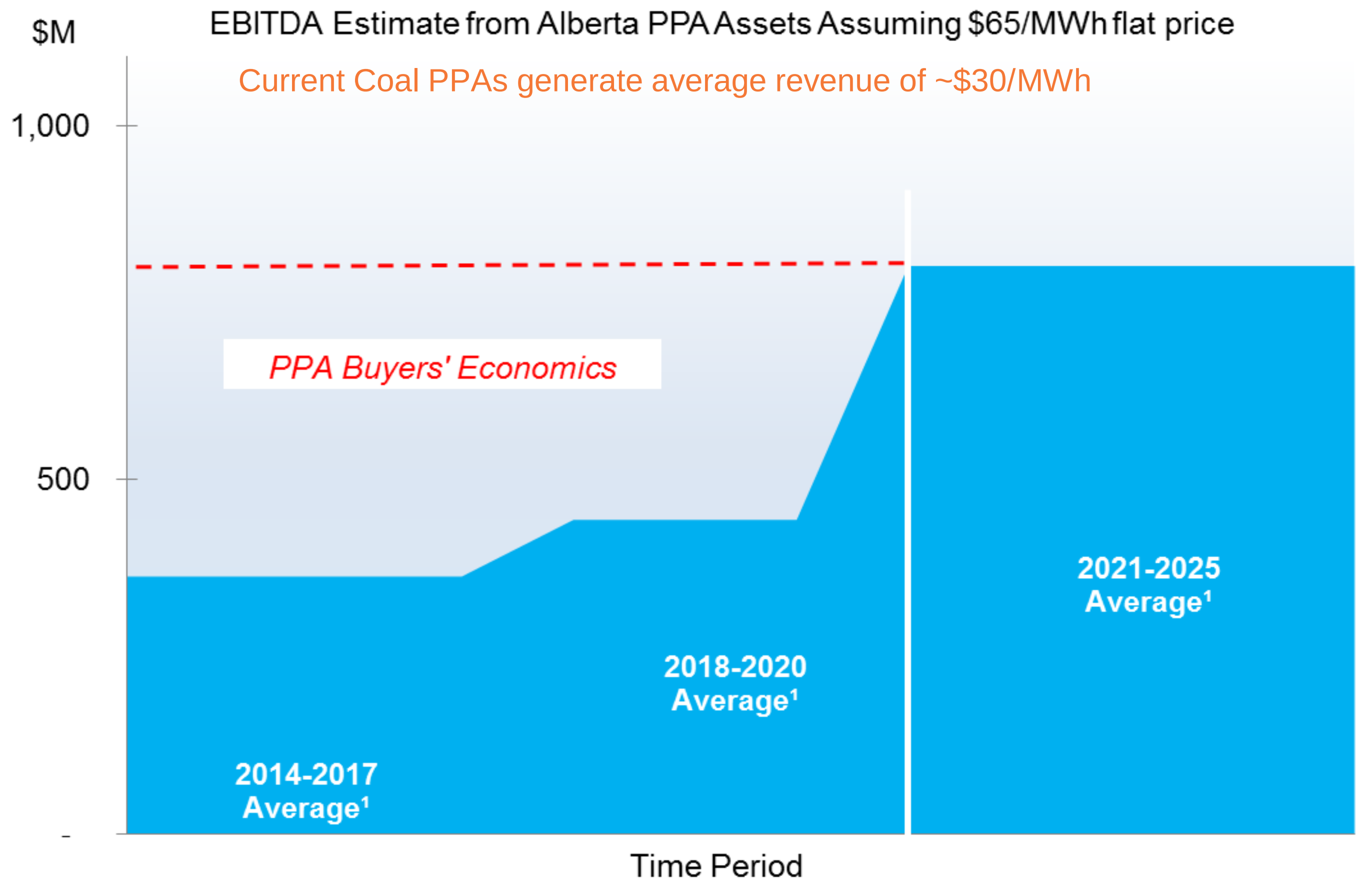
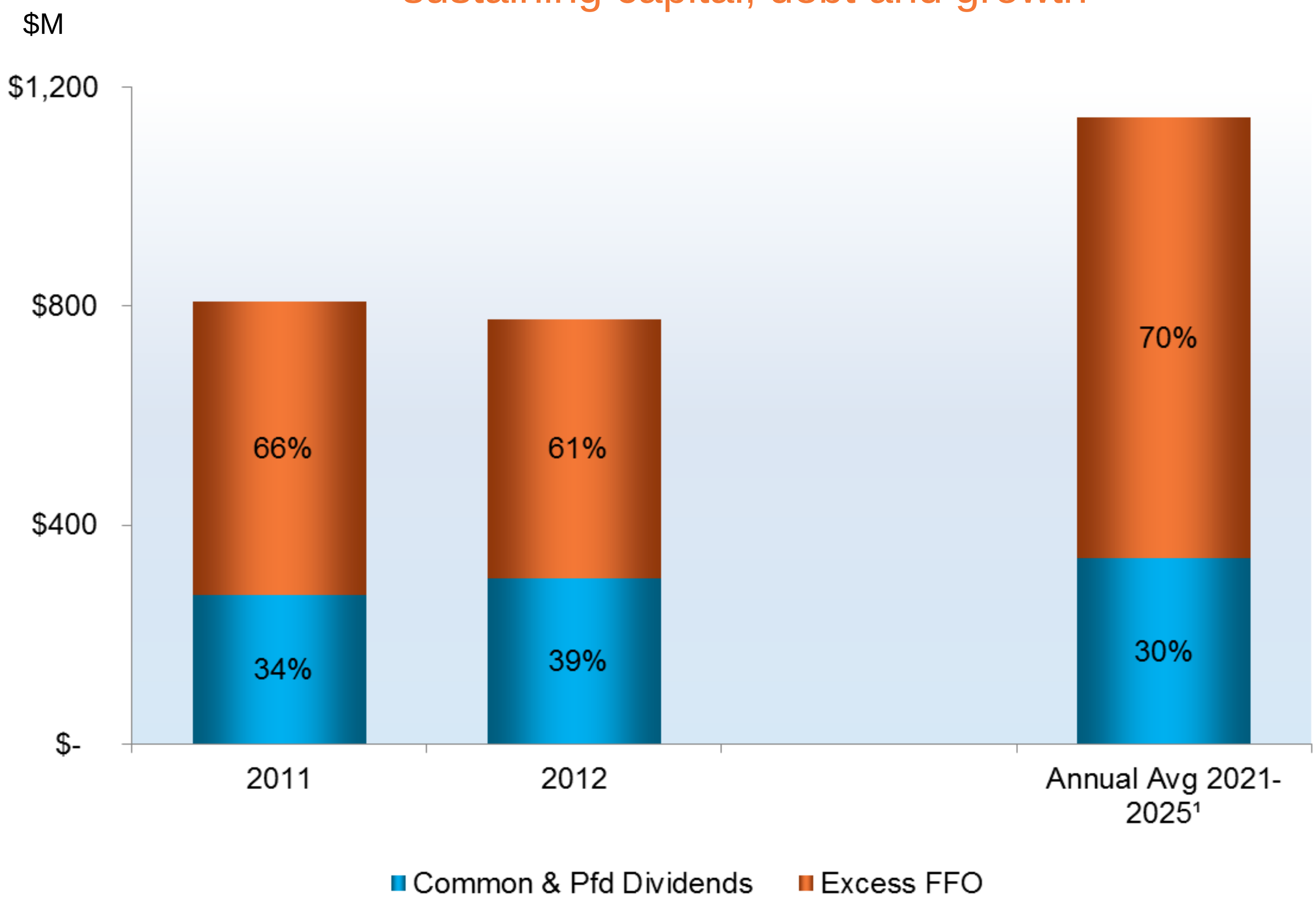
Expiry of the Alberta Coal and Hydro PPAs expected to provide significant EBITDA upside and dividend coverage



¹ Illustrative representation of estimated average EBITDA over period. Actual EBITDA could vary from those shown due to a number of factors

Cash Flow Strength

Excess Funds from Operations available to fund sustaining capital, debt and growth

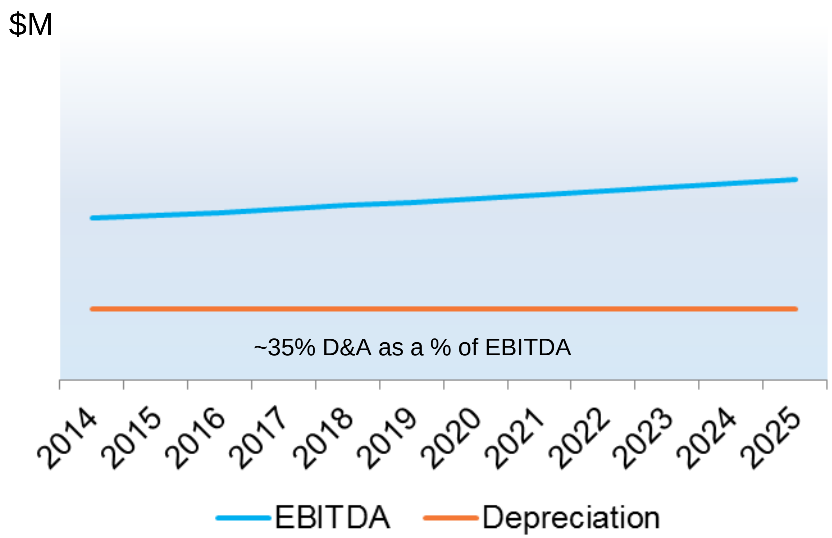


[1] Potential based on $65/MWh price in Alberta

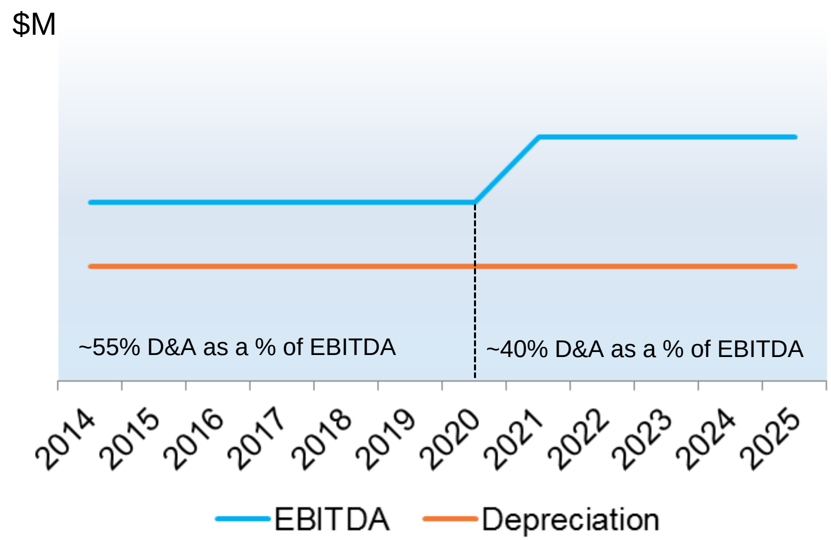
Is EPS the best measure for TransAlta?

Prudently reinvesting in our assets for the long-term

Typical Power Plan EBITDA & Depreciation Profile



TransAlta Illustrative EBITDA & Depreciation Profile



- Capital investment in AB coal fleet for life post-PPA results in higher depreciation as a % of EBITDA in the near to medium-term
- Resultant impact to EPS, but **no impact to cash flow**

[1] Illustrative representation of Typical Power Plant and TransAlta EBITDA & Depreciation Profile

Focused on Creating Value

- Extending life of existing assets through new contracts
- Continuously reinvesting in and optimizing existing assets
- Diversifying and growing through new projects, acquisitions and creation of TA Renewables
- Solid dividend coverage
- Significant upside post-PPA
- Well positioned to grow