44th Annual EEI Financial Conference
November 3, 2009

Brian Burden
Chief Financial Officer

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 2008 Annual Report to shareholders and other disclosure documents filed with securities regulators.

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

Outline

- Value Proposition
- Strategy
- 2009 Overview
- Markets and Profile
- Investment Highlights 2010+

Value proposition

Yield plus steady and disciplined growth

- Providing a strong dividend payout ratio: target of 60 - 70% of comparable EPS
- Comparable earnings per share and cash flow growth

Low to moderate risk profile

- Diversified contracting strategy, with diversified fuels
- Focused on western markets with strong fundamentals

Disciplined capital allocation

- Committed to paying a dividend
- Growth balanced against dividends and share buy back
- Portfolio optimization
- After tax IRR > 10%; ROCE > 10%

Financial strength

- Strong balance sheet and ample liquidity
- Secured cash flows - Alberta PPA's & LTCs
- Investment grade credit ratios

Disciplined Growth

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

- Strong long-term market fundamentals
- Knowledge base provides competitive advantage
- Focused on renewables across Canada

Low to moderate risk

- Strong balance sheet and balanced capital allocation
- Diversified fuels and age of fleet
- Highly contracted

Low cost, predictable operations

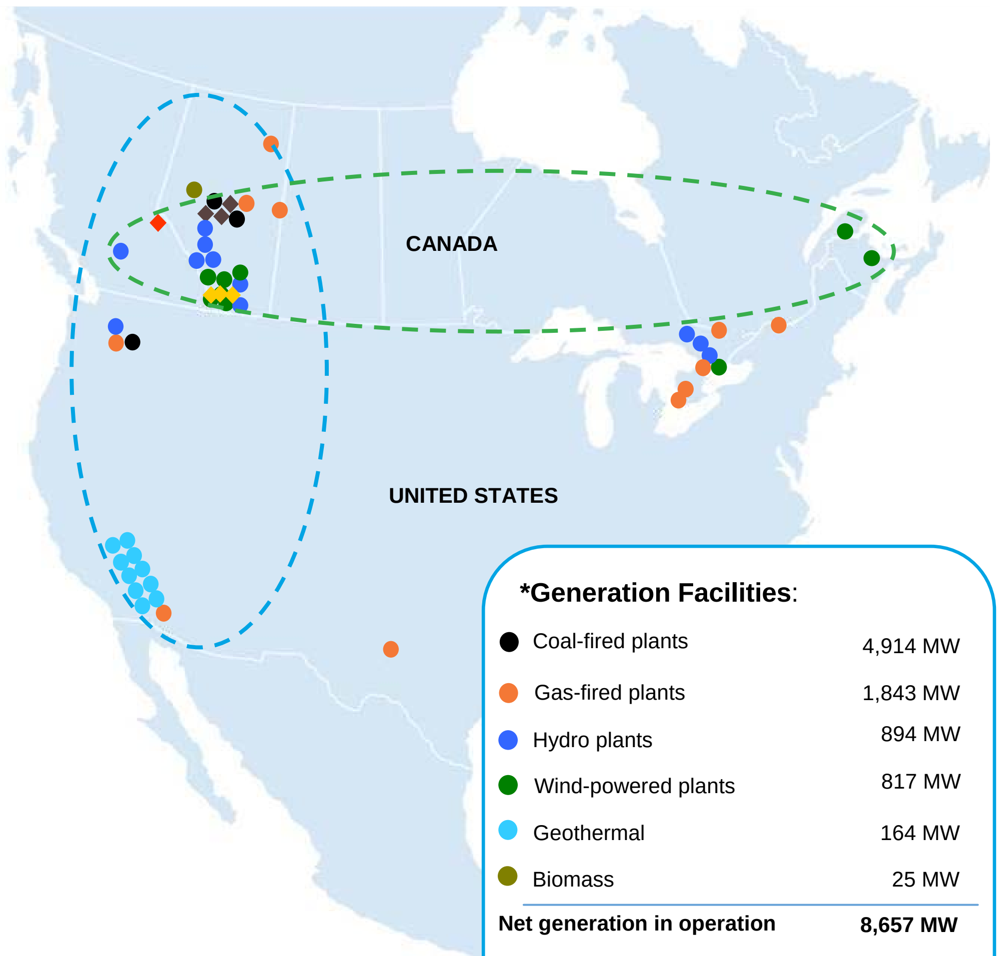
- Unit specific operating and maintenance plans
- Culture of cost management and productivity improvement
- Preventative maintenance
- Target Zero: focus on safety

Disciplined growth

- 2009 – 2012: wind, geothermal, hydro and thermal uprates
- 2013 – 2015: hydro uprates and natural gas
- 2016+: large scale hydro, natural gas and clean coal tech.

Environmental leadership

- Efficiency, offsets, trading and technology
- Project Pioneer – carbon capture and storage



***Generation Facilities**:

Coal-fired plants	4,914 MW
Gas-fired plants	1,843 MW
Hydro plants	894 MW
Wind-powered plants	817 MW
Geothermal	164 MW
Biomass	25 MW
Net generation in operation	**8,657 MW**
Wind under construction	201 MW
Coal-fired under construction	324 MW
Hydro under development	18 MW

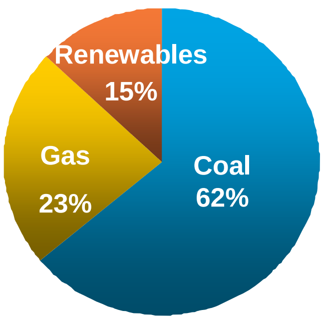
* Includes Canadian Hydo

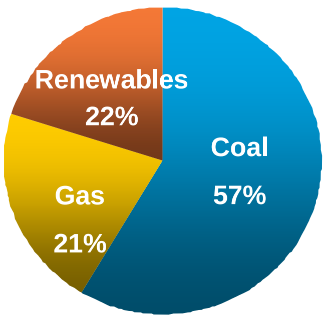
Acquisition of Canadian Hydro accelerates renewables growth and reduces average fleet age

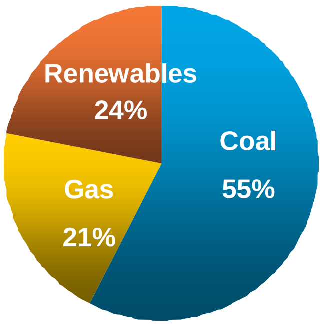
2009 | 2013

TA: 7,963 MW | TA & KHD: 8,657 MW | 8,920 MW

Fuel Type

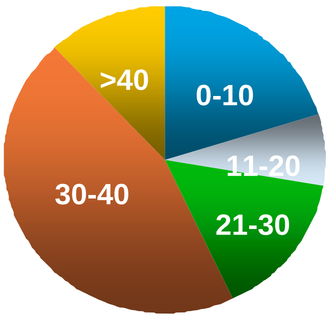




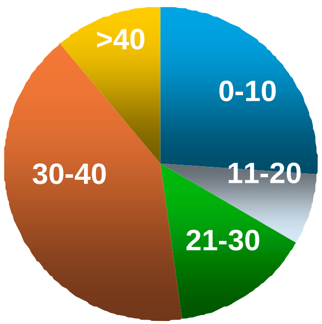


Fleet Age

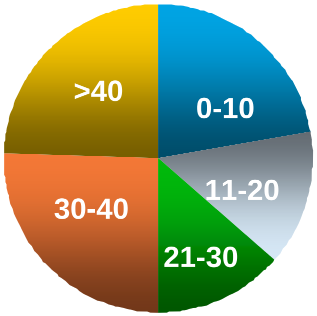
Avg. ~28 years



Avg. ~26 years

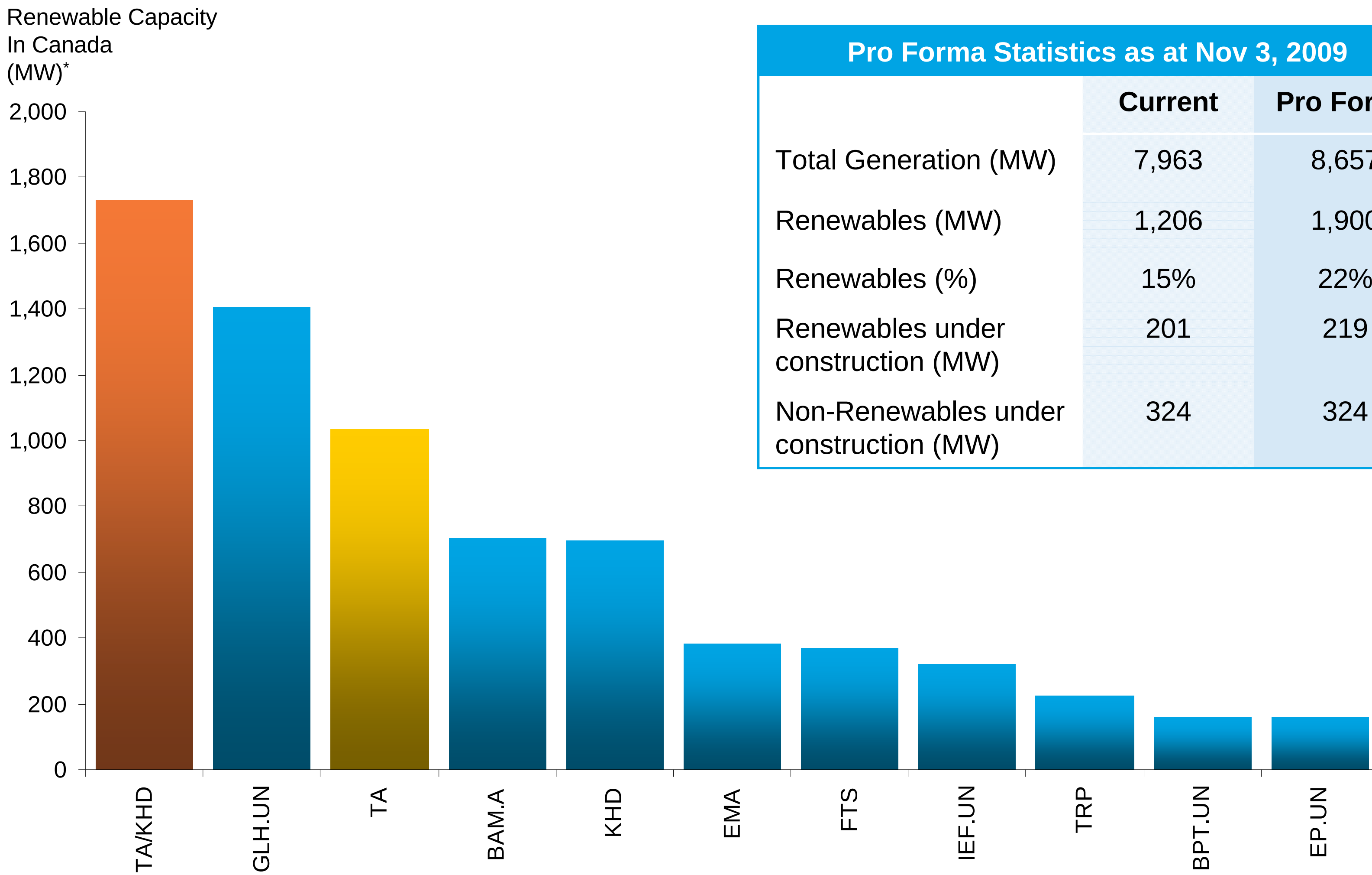


Avg. ~28 years



Calculation based on MW ownership at Oct, 2009. Net capacity equals 8,657 MW. Fleet age based on MW capacity per facility.

Acquisition of Canadian Hydro Developers expands our position as a leading publicly traded provider of renewable energy in Canada

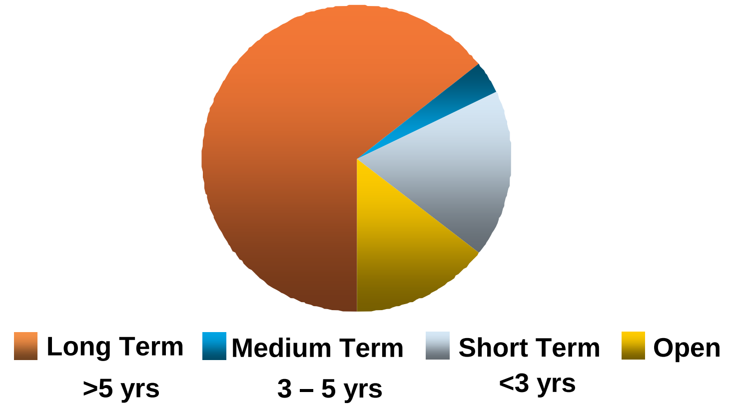


Pro Forma Statistics as at Nov 3, 2009		
	Current	**Pro Forma**
Total Generation (MW)	7,963	8,657
Renewables (MW)	1,206	1,900
Renewables (%)	15%	22%
Renewables under construction (MW)	201	219
Non-Renewables under construction (MW)	324	324

**Based on renewable generation in Canada only*

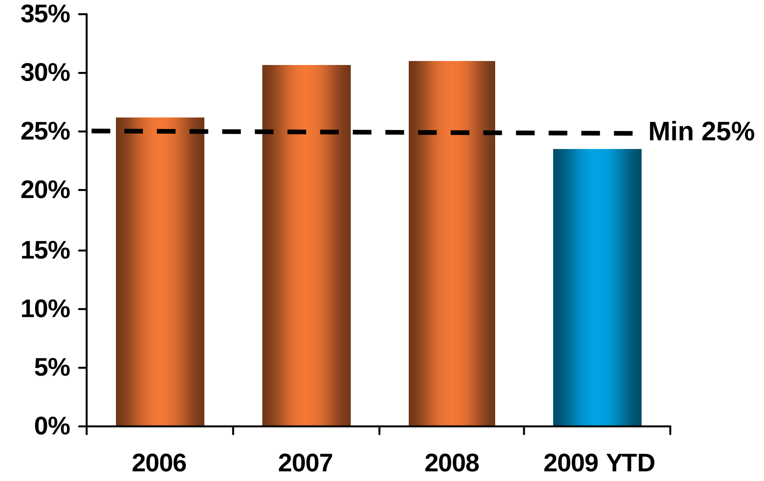
Highly contracted portfolio allows us to maintain long-term financial strength and stability

Contract coverage*

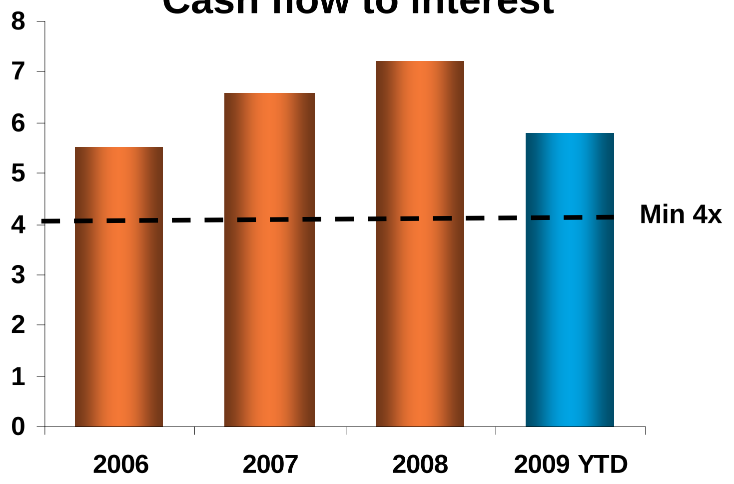


* Includes Canadian Hydro

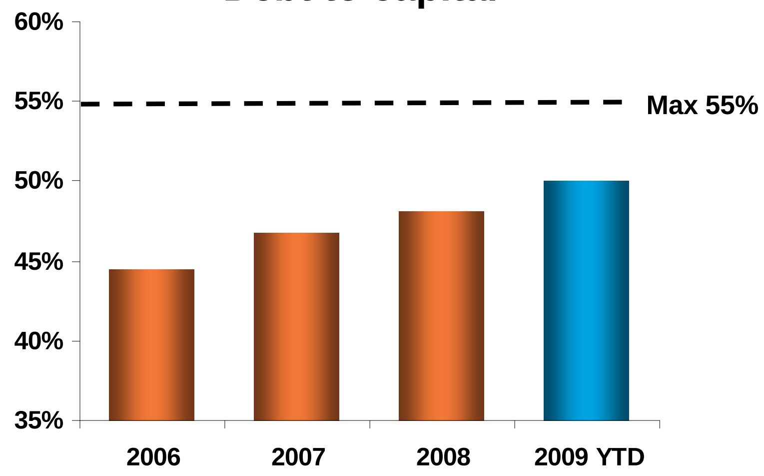
Cash flow to debt



Cash flow to interest



Debt to capital



2009 overview

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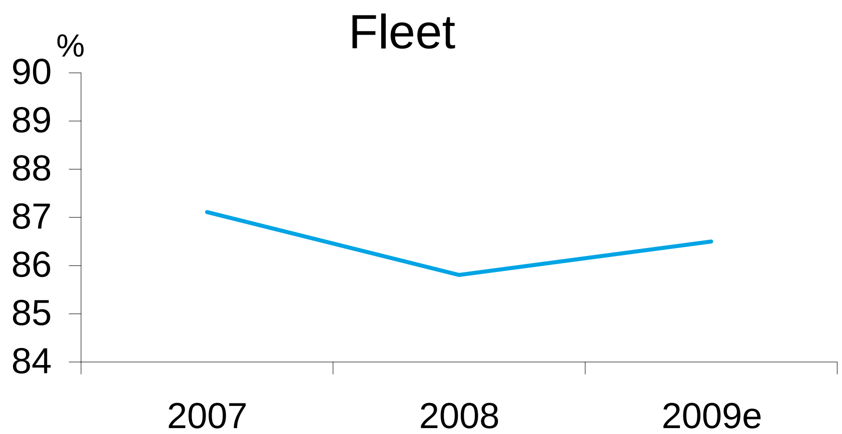
POSITIVES

- Approximately 95% contracted for 2009; 87% for 2010; PPAs provide cash flow stability
- Culture of cost containment; Excluding accerlated major maintenance, OM&A in line with last year
- Organic growth opportunities within our control and current economics make acquisitions attractive:
- Successful acquisition of Canadian Hydro Developers positions TransAlta as a North American leader in renewables
- Positioned to deliver strong results into 2010
  - Completed accelerated major maintenance program and finalized new long-term contract at Sarnia

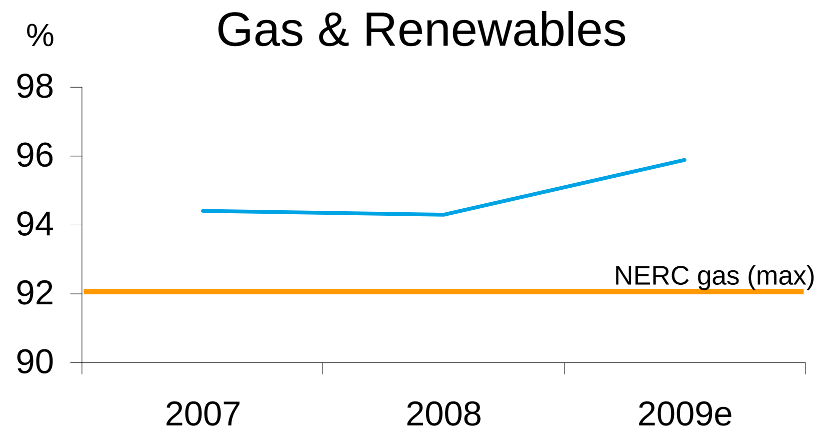
CHALLENGES

- Current economic conditions put downward pressure on price and demand growth:
  - Q3 AB: $49 vs. $80 in 2008
  - Q3 PACNW: $33 vs. $60 in 2008
- Drought like conditions in Alberta impacting hydro volumes and prices; YTD AB Hydro revenue: $61M vs. $95M in 2008
- Reduced industrial demand, gas price uncertainty, and market structure changes put pressure on Energy Trading gross margins; YTD $37M vs. $81M in 2008
- Coal cost increases:
  - Alberta +5% from capital spend
  - Centralia +10 - 15% from contract escalations and diesel hedges
- Environmental uncertainties

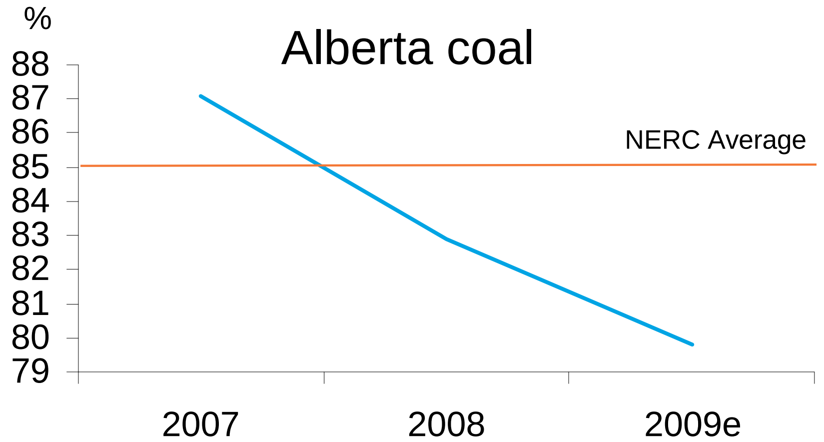
Fleet availability remains strong; impacted by AB coal



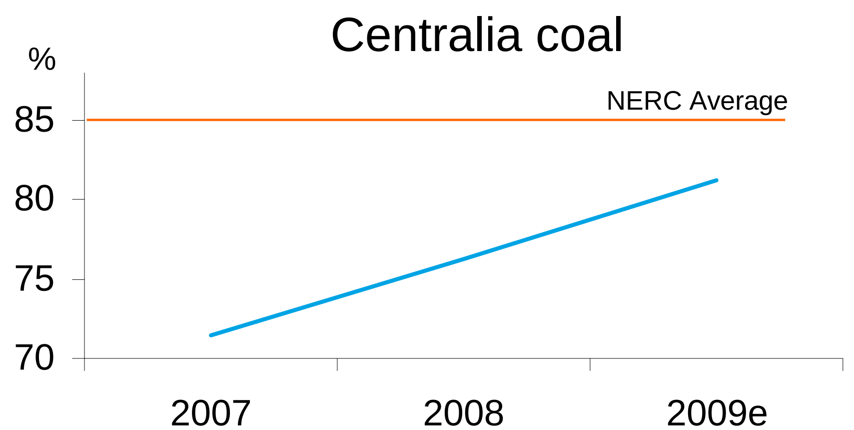
Our diversified fleet allows for stable and reliable availability



We have consistently achieved solid performance from our gas and renewables fleet



Significant focus on bringing Sundance back In line with industry benchmarks



Conversion to PRB coal completed in 2009, returning Centralia to historical run rates and stabilizing the availability

Alberta coal: Accelerated major maintenance plans expected to greatly improve 2010 availability

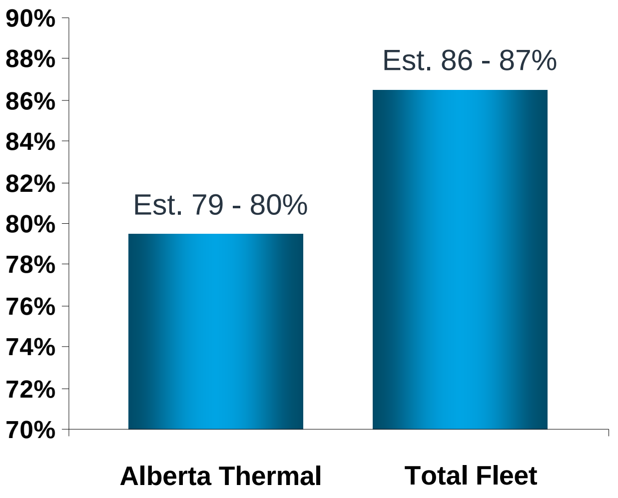
- Enhanced AB coal major maintenance work substantially complete; plants on track to deliver availability targets and lower forced outage rates

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 five major units completed
- Sundance 5 major turnaround to be completed in Q4

2010:
- Turnarounds and pitstops scheduled for 4 units

2009 Availability



Fleet	Q1	Q2	Q3	Q4
2009 Planned Major Maintenance (Lost GWh's)	~700	~1,925	~700	~200
2008 Planned Major Maintenance (Lost GWh's)	~200	~2,000	~500	~700

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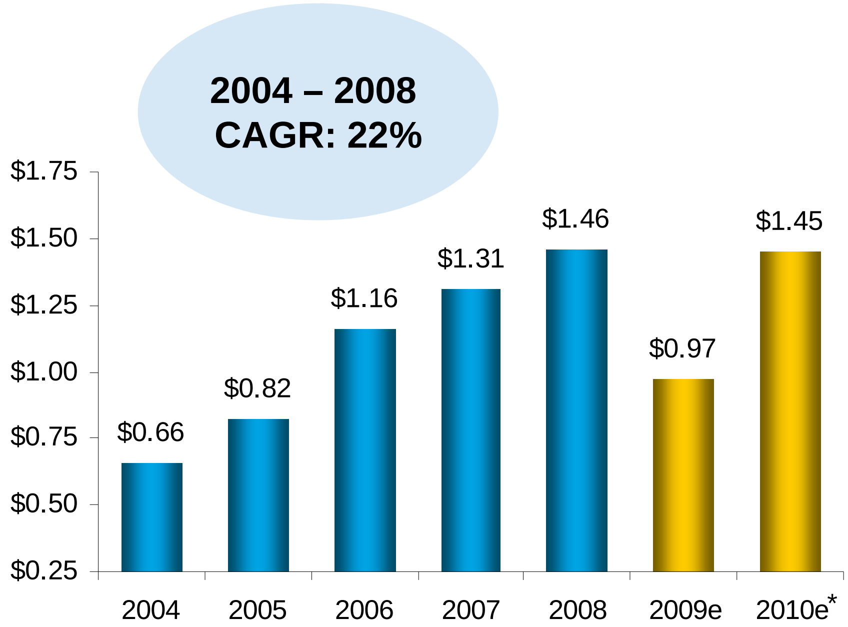
Accelerated major maintenance program lowered 2009 results; improvements in 2010 driven by operational stability and sustainable cost savings

Comparable earnings per share



Cash flow from operations

1. Adjusted for timing of PPA revenues

Analyst Consensus Estimate

TransAlta estimate

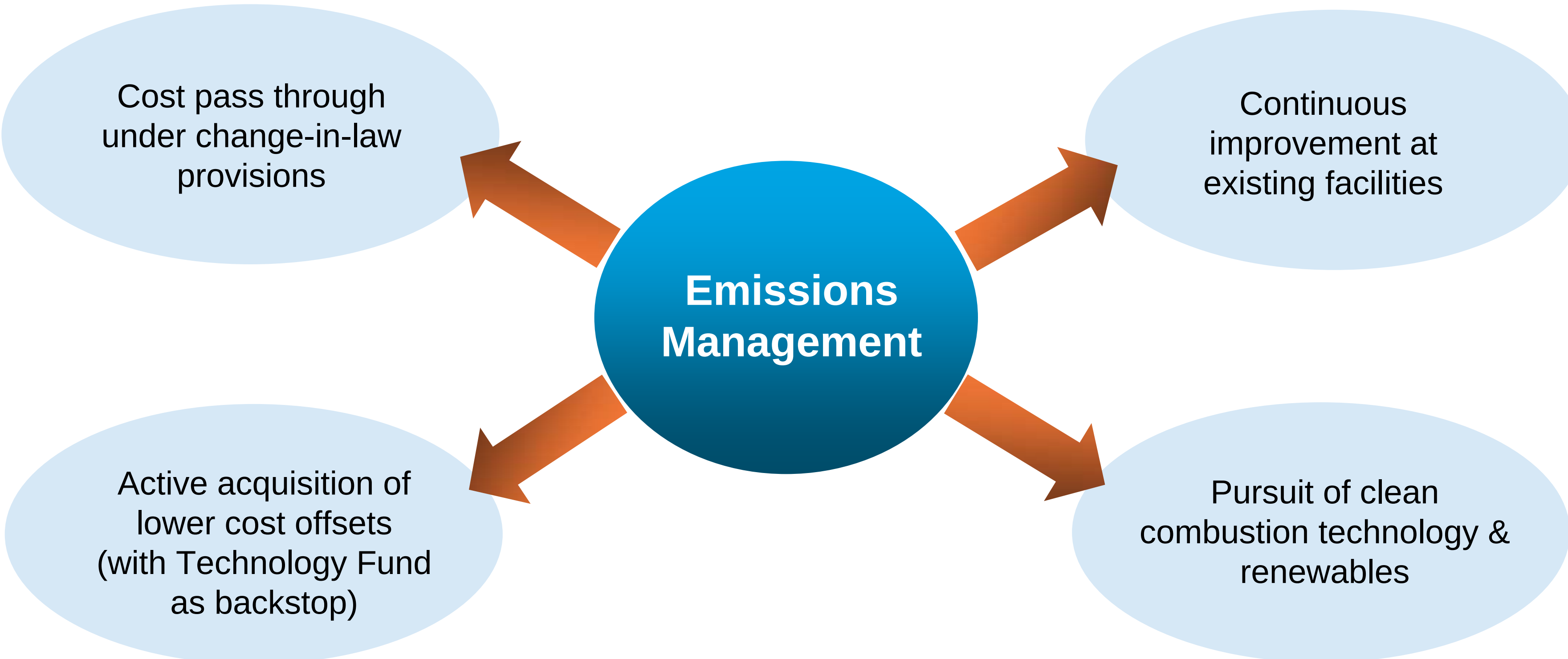
* Does not include impacts of recent equity financing

TransAlta's growth investments deliver long-term sustainable cash flow and earnings growth

						
Projects	**Sun 5 Uprate**	**Blue Trail**	**Summerview II**	**Keephills 3**	**Keephills 1 and 2 Uprates**	**Ardenville**
Location	Alberta	Alberta	Alberta	Alberta	Alberta	Alberta
Type	Efficiency Uprate	Wind	Wind	Supercritical Coal	Efficiency Uprates	Wind
Size	53 MW	66 MW	66 MW	225 MW[1]	46 MW (23 MW each)	69 MW
Total Project Cost	$75 MM	$115 MM	$123 MM	$988 MM	$68 MM	$135 MM
Expected Annual Revenues[2]	$30 - $40 MM+	$14 - $20 MM+	$14 - $20 MM+	$138 - $197 MM+	$25 - $36 MM+	$19 - $24 MM+
Commercial Operations Date	Q4 2009	Q4 2009	Q1 2010	Q2 2011	Unit 1 - Q4 2011 Unit 2 - Q4 2012	2011
Contract Status	Merchant	Merchant	Merchant	Merchant	Merchant	TBD
Unlevered after tax IRR	20%+	10%+	10%+	10%+	15%+	10%+
On time / On budget	Tracking	Tracking	Tracking	20% over initial budget - 2 month delay	Tracking	Tracking

[1] 450 MW gross size [2] Expected range based on $70-$100+/MWh

In addition to renewables, TransAlta is competitively positioned to mitigate emission costs



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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; oilsands expansion will drive recovery
- Western U.S. renewable portfolio standards require new build; near-term base load opportunities in California

Disciplined and balanced capital allocation plan:

- Dividends
- Growth and portfolio optimization
- Share buy back

Environmental leadership position

- Leader in addressing environmental challenges
- Project Pioneer CCS project a potential game changer

Investment highlights - 2010+

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Long-term industry opportunities outweigh short-term market risks

Projects under construction tracking well:

- Summerview II (66 MW)
- Keephills 3 (225 MW)
- Keephills 1 and 2 uprates (46 MW)
- Ardenville (69 MW)

Timing on additional greenfield within our control

- Alberta wind resources
- Geothermal resources
- Strong supplier relationships
- Hydro longer-term

Asset valuations now realistic

- Opportunities for acquisitions are growing
- Canadian Hydro Developers acquisition has accelerated renewables growth
- Strong balance sheet and cash flows provide solid opportunities

Appendix

Performance goals

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Financial ratios	Measures	2009 Goals	Q3 2009	Q3 2008	Review
Achieve top decile operations	Availability	90 - 92%	83.9%	86.0%	Decreased due to higher unplanned outages at Centralia Thermal and higher unplanned outages at Alberta Thermal
Improve Safety	Injury Frequency Rate	10%/yr	Annual Metric	Annual Metric	TBD
Enhance Productivity	OM&A/installed MWh	Offset Inflation	$7.78/MWh	$8.70/MWh	Decreased primarily due to targeted cost savings throughout the company and lower compensation costs
Grow Earnings and Cash Flow	Comparable EPS	>10%/yr	$0.34	$0.32	Increased due to increased generation gross margins and lower OM&A spend
	Operating Cash Flow	$800 - 900 MM	$194 MM	$202 MM	Decreased due to unfavorable changes in working capital, partially offset by higher cash earnings
Make Sustaining Capex Predictable	3-yr Avg. Sustaining Capex	$230 - $260	Annual Metric	Annual Metric	TBD
Maintain Investment Grade Ratings	Cash Flow to Interest Cash Flow to Debt Debt to Total Capital	Min. of 4X Min. 25% Max. 55%	5.8X 23.6% 50.1%	7.2X 31.1% 48.1%	Maintained strong balance sheet, financial ratios and ample liquidity
Deliver Long-term Shareowner Value	ROCE TSR IRR	>10%/yr >10%/yr >10%/yr	Annual Metrics	Annual Metrics	TBD

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Increased results from Canadian Generation and OM&A savings partially offset by lower results from Centralia Thermal and Energy Trading

- **Comparable net earnings per share of $0.34 versus comparable earnings of $0.32 in Q3 2008**
  - Accelerated major maintenance program resulting in positive performance from the majority of Alberta coal units; higher availability at Keephills partially offset by unplanned outages Sundance
  - New 16.5 year, long-term contract at Sarnia natural gas co-gen facility adds incremental economic value
  - Lower OM&A driven by targeted cost savings across the organization
  - Higher unplanned outages at Centralia Thermal Unit 1 and lower Energy Trading gross margins offset gains
  - YTD comparable earnings of $0.49 versus $1.06 for same period in 2008; due to reduced earnings from hydro assets as a result of poor water conditions in Alberta, higher unplanned outages at Centralia Thermal and higher planned outages at Alberta coal plants
- **Cash flow from operations of $194 million compared to $202 million in Q3 2008**
  - Decrease in cash flow due to lower improvement in working capital offsetting higher cash earnings
  - YTD cash flow from operations $334 million compared to $610 million for same period in 2008 due to lower cash earnings, an extra $116 million PPA payment in 2008, and higher inventory balances in 2009

Comparable earnings

Results ($M)	Q3 2009	Q3 2008	YTD Q3'09	YTD Q3'08
Net earnings	**$66**	**$61**	**$102**	**$141**
Sale of assets at Centralia, net of tax	-	-	-	(4)
Change in life of Centralia parts, net of tax	-	1	1	8
Settlement of commercial issue, net of tax	-	-	(6)	-
Writedown of Mexican investment, net of tax	-	-	-	65
Earnings on a comparable basis	**$66**	**$62**	**$97**	**$210**
Weighted average common shares outstanding in the period	198	198	198	199
Earnings on a comparable basis per share	**$0.34**	**$0.32**	**$0.49**	**$1.06**

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Results ($M)	Q3 2009	Q3 2008	YTD Q3’09	YTD Q3’08
Revenue	$666	$791	$2,007	$2,302
Gross margin	$380	$398	$1,107	$1,207
Operating income	$120	$124	$219	$406
Comparable earnings	$66	$62	$97	$210
Net Earnings	$66	$61	$102	$141
Comparable earnings per share	$0.34	$0.32	$0.49	$1.06
Basic and diluted earnings per share	$0.34	$0.31	$0.52	$0.71
Cash flow from operating activities	$194	$202	$334	$610
Cash dividends declared per share	$0.29	$0.27	$0.87	$0.81
Availability (%)	83.9	86.0	84.4	85.7
Production (GWh)	11,610	12,357	33,439	36,235

Net earnings

	Q2 2009	YTD Q2'09
Net earnings, 2008	**$61**	**$141**
Increase (decrease) in Generation gross margins	4	(69)
Mark-to-market movements - Generation	(8)	13
Decrease in COD gross margins	(14)	(44)
Decrease (increase) in operations, maintenance, and admin costs	17	(51)
Increase in depreciation expense	(3)	(34)
Increase in net interest expense	(3)	(1)
Decrease in equity loss	-	97
Decrease in non-controlling interest	12	11
(Increase) decrease in income tax expense	(5)	29
Other	5	10
Net earnings, 2009	**$66**	**$102**

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Significant Events

Sarnia Contract

Sept 30, entered into a new agreement with the Ontario Power Authority for our Sarnia power plant. The new contract is from July 1 through to the end of 2025.

Subsequent Events

Keephills 3

Oct 26, the Board of Directors approved an increase in the construction cost of Keephills 3 to $988 million and a change to the commencement of commercial operations to the end of the second quarter of 2011. Keephills 3 is still expected to meet our greenfield investment hurdles.

Carbon Capture and Storage

Oct 14, Project Pioneer received committed funding of more than $750 million from the Canadian federal and Alberta provincial governments. The funding will support the undertaking of a Front End Engineering and Design (FEED) study to determine if the project is viable. FEED is planned for 2010.

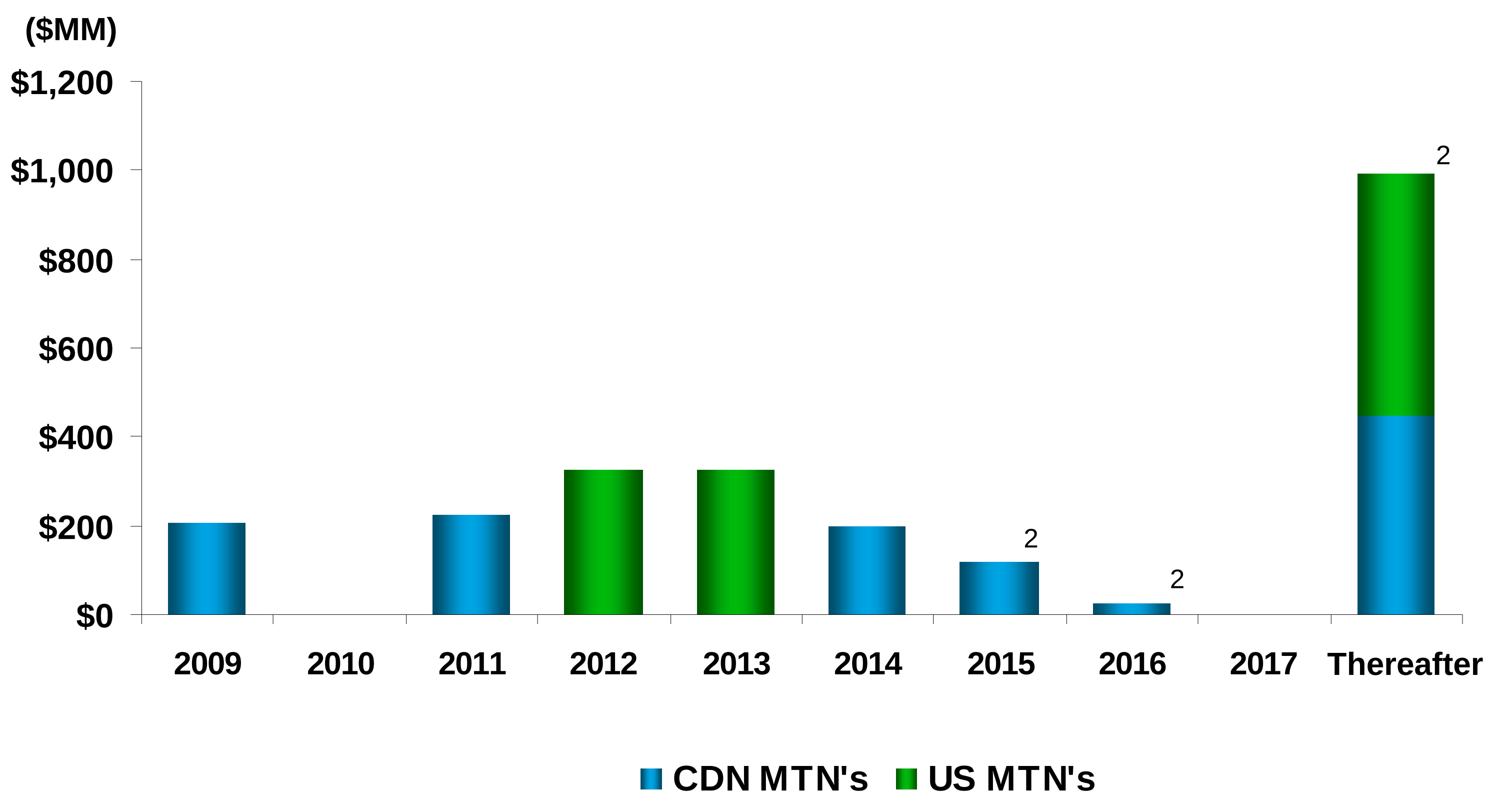
Acquisition of Canadian Hydro Developers (TSX: KHD)

On Oct. 20, TransAlta's wholly-owned subsidiary had taken up approximately 125 million common shares of KHD, representing ~ 87% of the outstanding common shares. The common shares taken up pursuant to the Offer were paid for on October 23. The offer has been extended to 3:00 p.m. (Calgary time) on November 3, 2009 to allow additional time for Canadian Hydro Developers shareholders to tender to the Offer.

Free Cash Flow

($M)	Q3 2009	Q3 2008	YTD Q3'09	YTD Q3'08
Cash flow from operating activities	$194	$202	$334	$610
Add (Deduct):				
Sustaining capital expenditures	(116)	(97)	(294)	(294)
Dividends on common shares	(58)	(58)	(169)	(163)
Distribution to subsidiaries' non-controlling interest	(7)	(25)	(40)	(69)
Non-recourse debt repayments	(1)	(1)	(19)	(3)
Timing of contractually scheduled payments	-	-	-	(116)
Other income	-	-	(8)	-
Cash flows from equity investments	-	(1)	-	2
Free cash flow (deficiency)	**$12**	**$20**	**$(196)**	**$(33)**

Minimal debt refinancing over the short-term provides ample financial flexibility



1) Based on Q2 2009 CDN/US foreign exchange rate of 1.0871
2) Includes $345 million of assumed KHD debentures

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Sustaining capex spend

- Focus of 2009 capital: improving Alberta coal plants’ availability, increasing productivity and completing the Centralia transition

($M)	2008	2009e
Sustaining	$465	$340 - 390
Routine capital	$135	$130 – 150
Productivity capital	$32	$40 – 45
Mine	$100	$35 - 45
Centralia modifications	$73	$20 - 25
Major Maintenance	$125	$115 - 125

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Growth capex spend

($M)	Total	2008	2009e
Growth	**$ 1,509**	**$541**[2]	**$490 - 555**
Keephills 3[1]	$988	$336	$235 - 255
Blue Trail	$115	$26	$85 - 90
Sun Unit 5 Uprate	$80	$13	$55 - 65
Summerview II	$123	$25	$80 - 90
Keephills Unit 1 Uprate	$34	-	$5 - 10
Keephills Unit 2 Uprate	$34	-	$5 - 10
Ardenville	$135		$25 - 35

1. Keephills 3 capital spend in 2007 was $160M. Our estimates have increased by another $100 million due to changes in our original estimate and labour required to complete the project
2. Includes $2M from the Sundance 4 uprate and $139M from Kent Hills

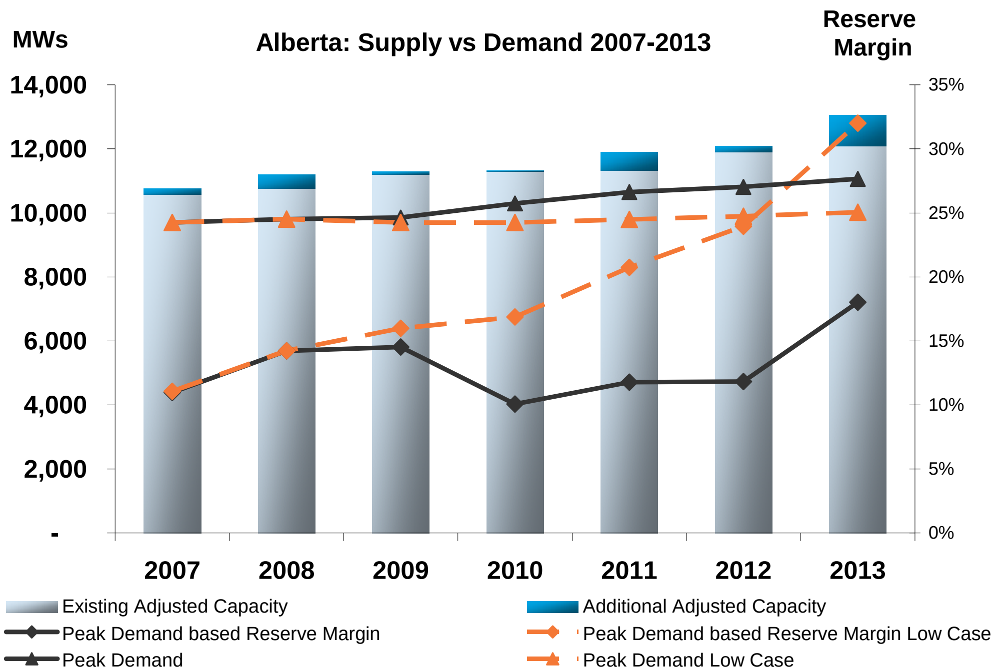
Balanced and disciplined capital allocation supports value creation through market cycles

Priority	Direction	Action
Dividend	Provide shareowners sustainable dividend growth	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	Under the NCIB program, 4 million shares cancelled in 2008 Received approval in 2009 to purchase for cancellation, up to 9.9 million common shares Remains as an option: Evaluated by the Board at every meeting
Growth Investment	Projects must deliver unlevered, free cash, after tax IRR >10%:	525 MW currently under construction for a total cost of ~\$1.4B Timing of organic growth within our control Economics of asset acquisition increasingly attractive Offer pending to acquire Canadian Hydro Developers to accelerate the expansion of renewable portfolio
Portfolio Optimization	Divest or improve non-core and under-performing assets	Mexico - Sold for USD \$303.5M Sarnia - received new long-term contract \$40 - \$45 million to be invested in productivity in 2009

Alberta Market: Reserve margin tightness underpins pricing

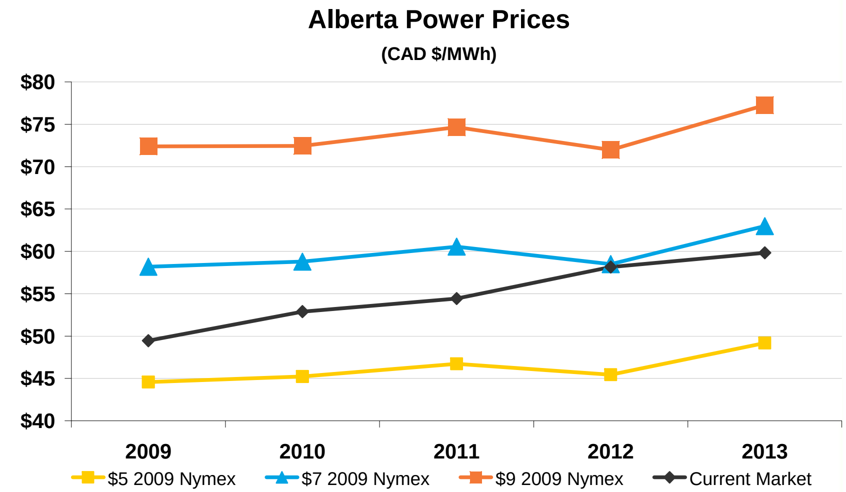
- Load growth dependent on economic recovery and oil sands expansion; supply growth also somewhat dependent
- Reserve margin will likely remain lower than other regions as new supply is delayed along with demand
- New wind supply may create volatility and raise average prices
- Transmission constraints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

Reserve margins remain stronger than other regions

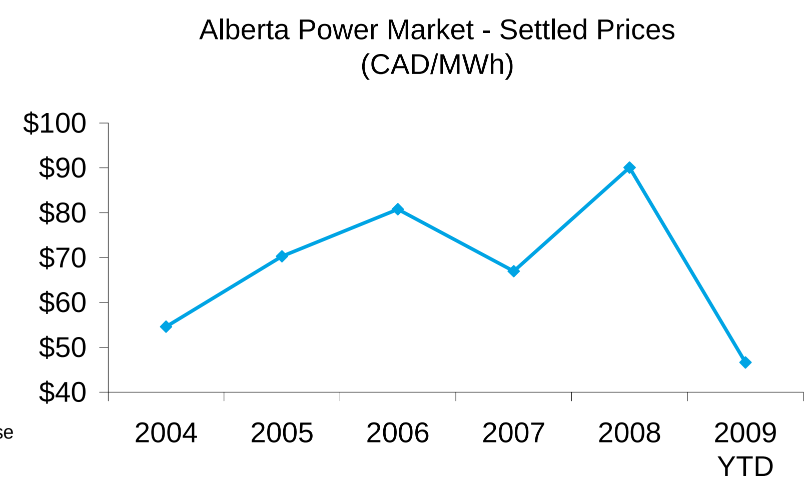


Figures as of October 27, 2009

Steady price growth in various natural gas scenarios



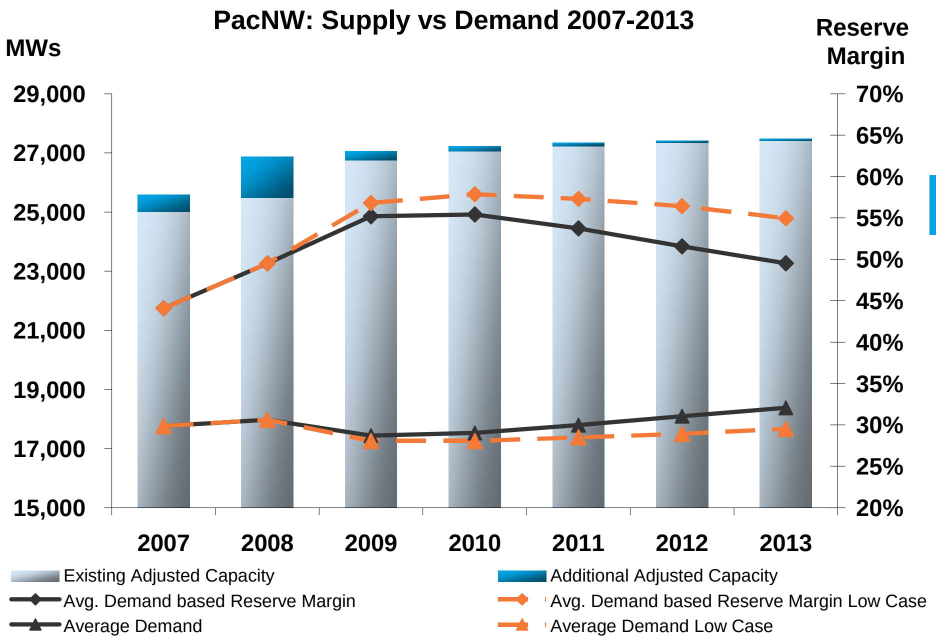
2009 impacted by lower natural gas prices



PacNW market: Forward prices tracking natural gas movements

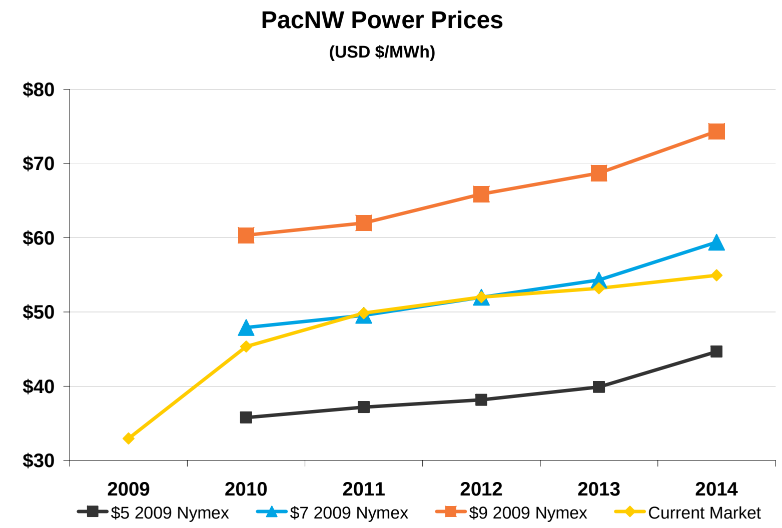
- Demand weak in short-term due to recession but expected to stabilize next year
- New supply growth in short-term is dominated by wind
- Intermittent nature of renewables should create new market opportunities for established thermal generators
- Reserve margins will increase in the short-term due to demand destruction and new capacity additions currently under construction
- Reserve margins expected to decline after 2010

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

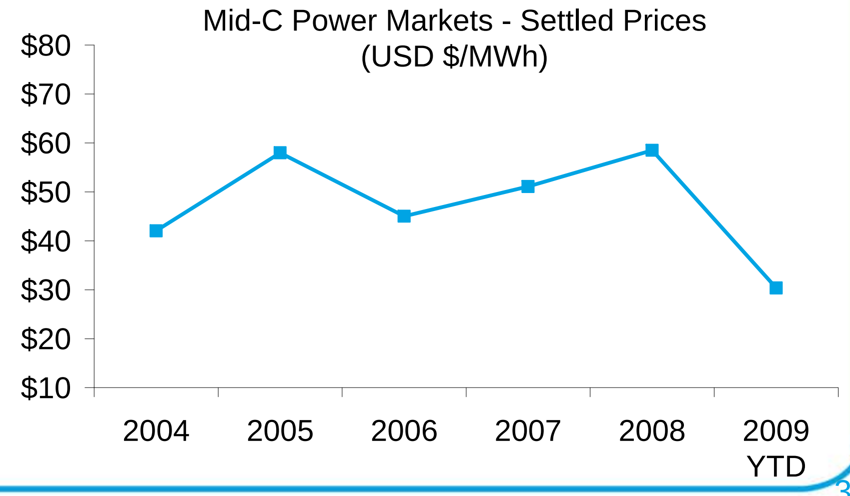


Figures as of October 27, 2009

Steady price growth in various natural gas

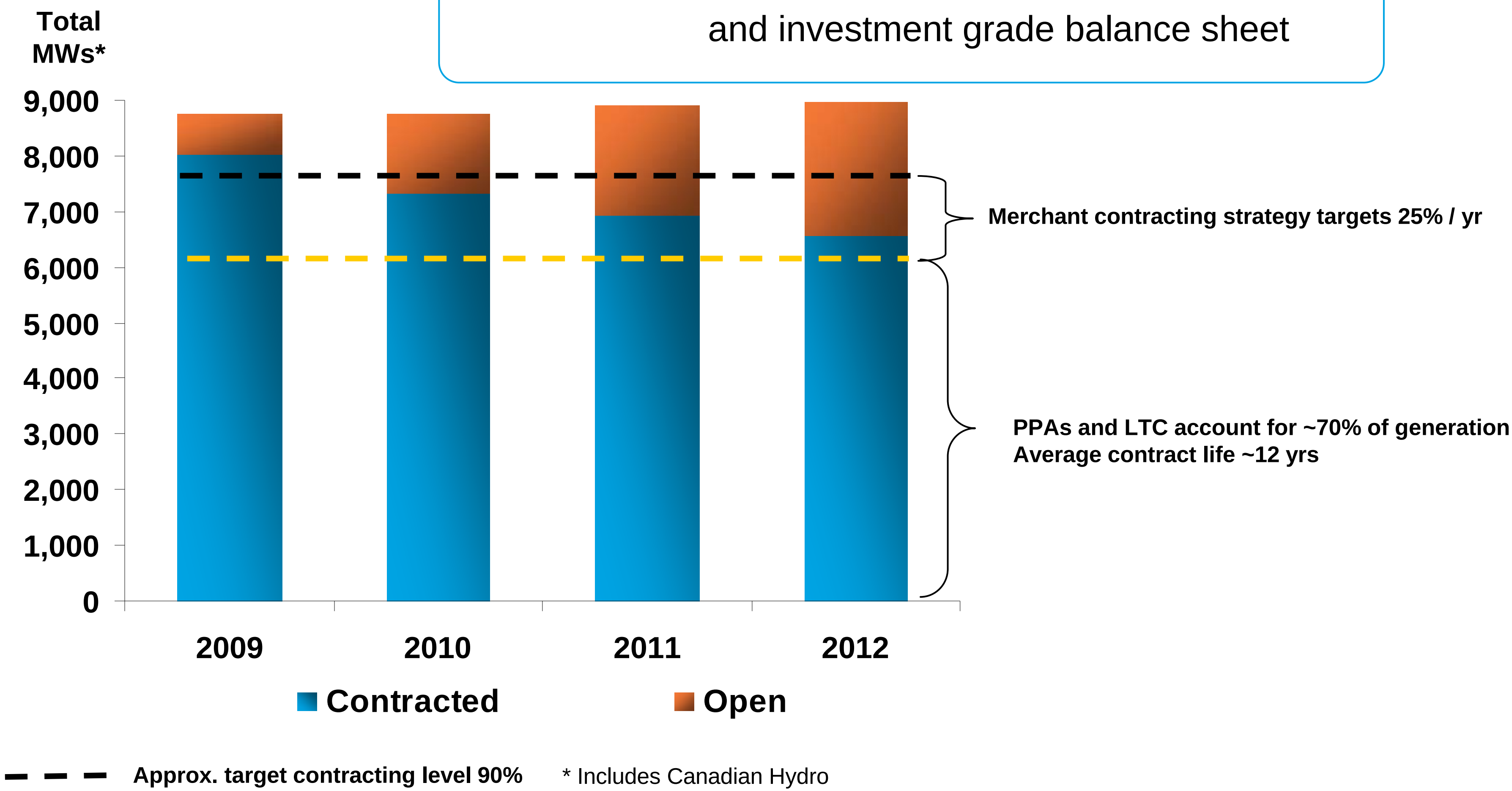


2009 - Reduced demand and lower natural gas prices



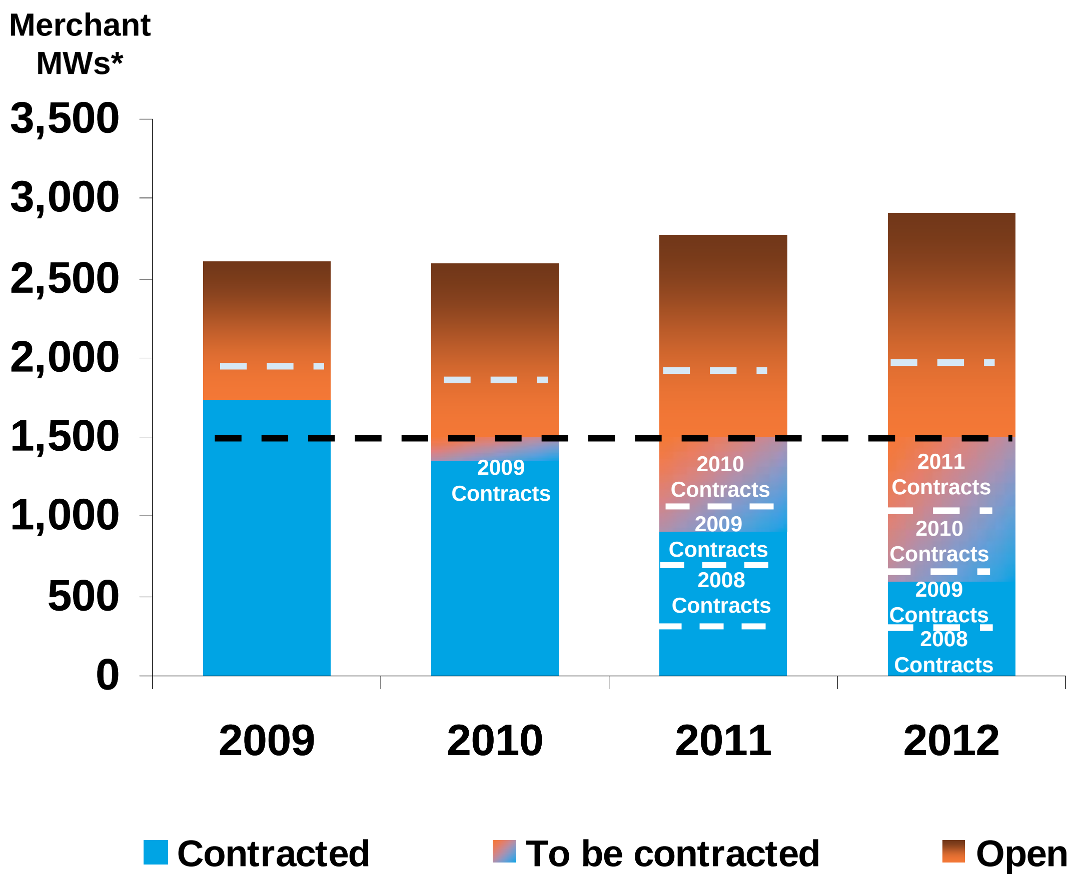
Alberta PPAs and long-term contracts provide solid base for stable earnings and support TransAlta's low to moderate risk business strategy

- Protecting the value of TransAlta's generation and investment grade balance sheet



* Includes Canadian Hydro

Merchant hedging strategy designed to minimize impacts of adverse market conditions while allowing for upside potential



Approx. levels only — Approximate target level - 90% — Capacity adjustments