CIBC 14th Annual Whistler Institutional Investor Conference

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Multiple Fuel Sources
Singular Value

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 2009 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 and strategy
- Near and longer-term upside potential
- Financial strength and capital allocation

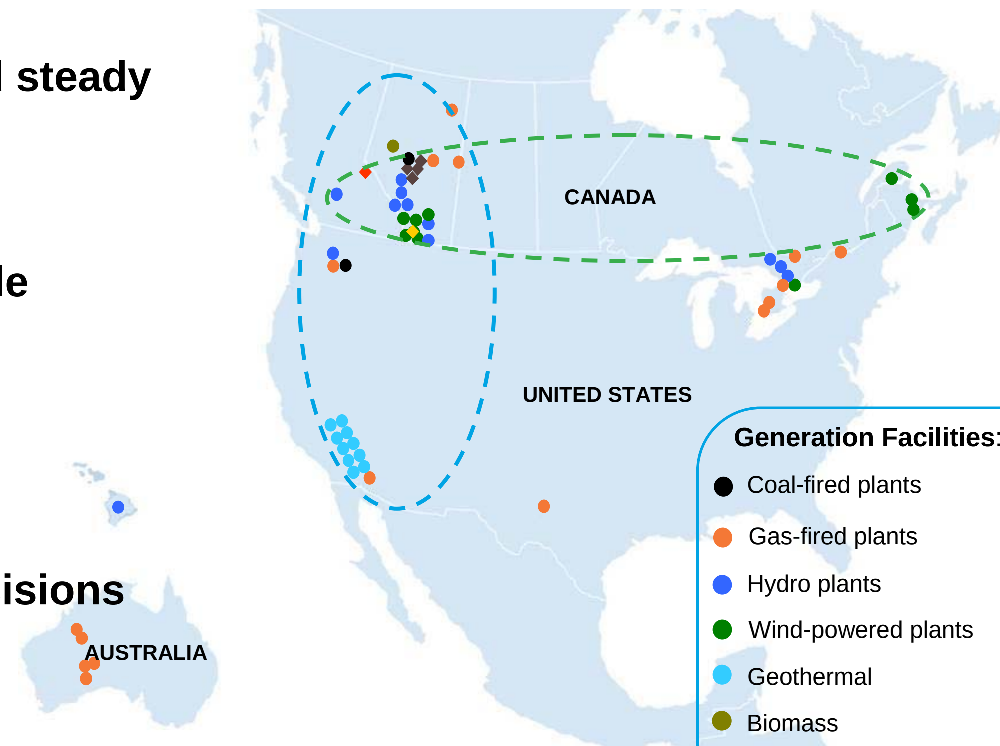
Canada's largest publically traded wholesale power generator & marketer

Yield, upside potential, and steady disciplined growth

Low-to-moderate risk profile

Financial strength

Disciplined investment decisions



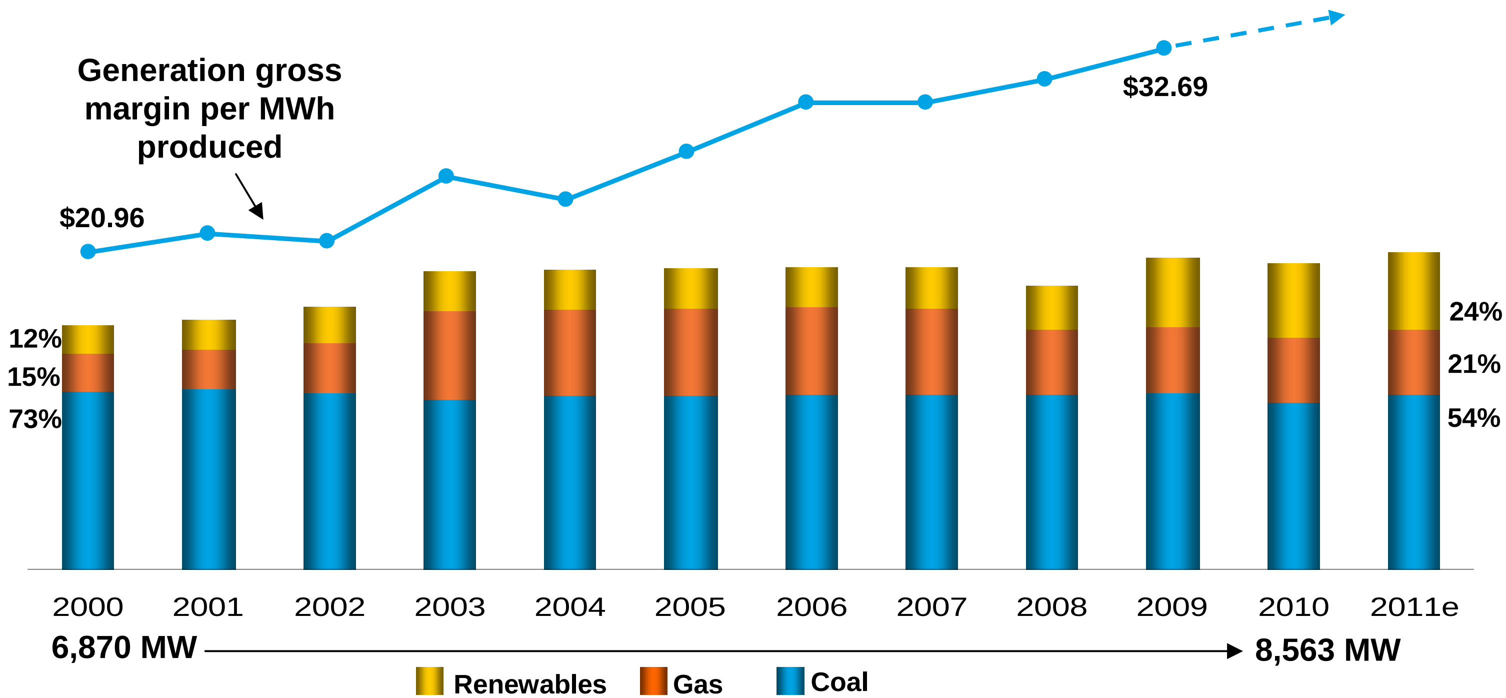
Generation Facilities:

Coal-fired plants	4,688 MW
Gas-fired plants	1,843 MW
Hydro plants	893 MW
Wind-powered plants	1,064 MW
Geothermal	164 MW
Biomass	25 MW
Net generation in operation	**8,677 MW**
Coal-fired under construction	286 MW
Hydro under development	18 MW

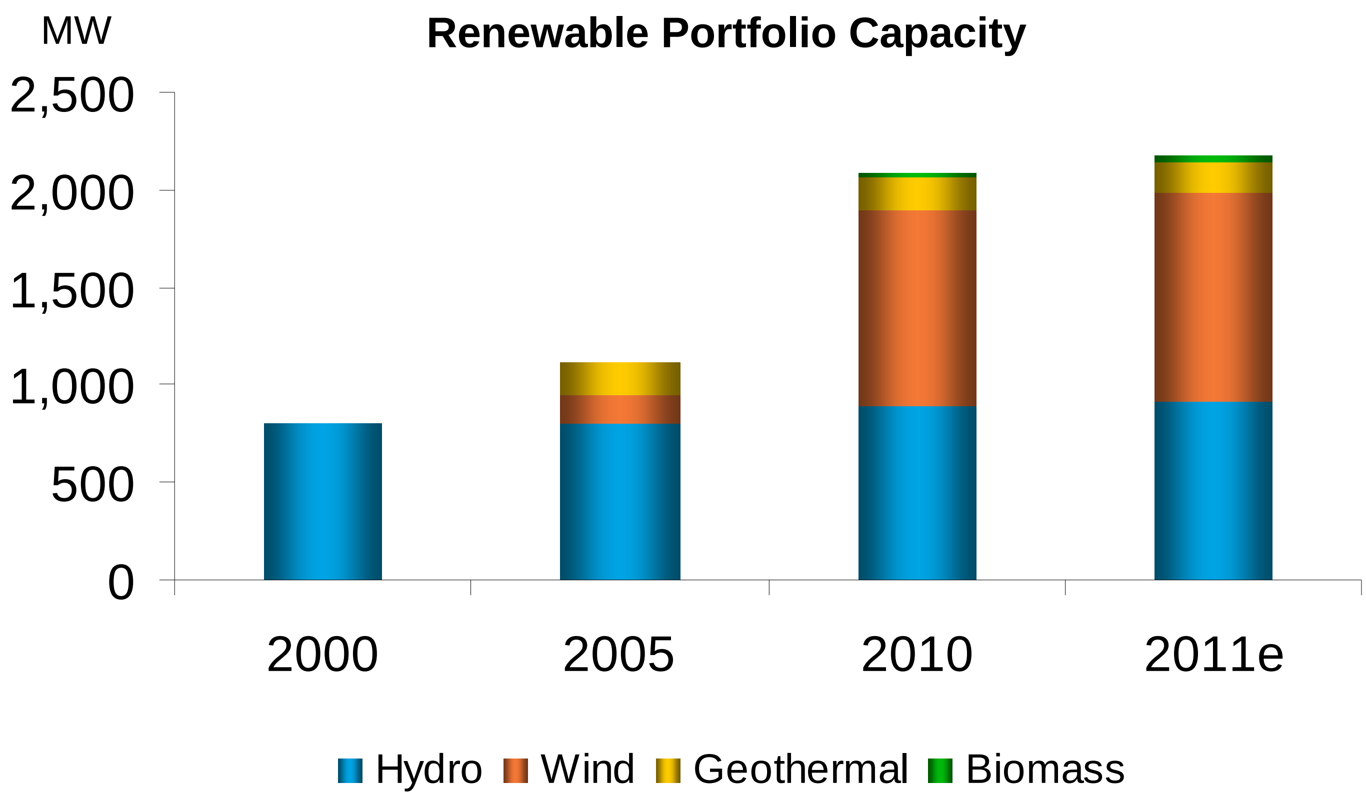
Strategy: The last 10 years

Diversified growth & optimization have driven a 55% increase in gross margins

Acquired Centralia | Acquired Vision Quest | Acquired CE Gen | Constructed Genesee 3 | Transitioned to PRB coal | Divested Mexico | Renegotiated Sarnia | Acquired Canadian Hydro | Retired Wabamun | Constructed Keephills 3

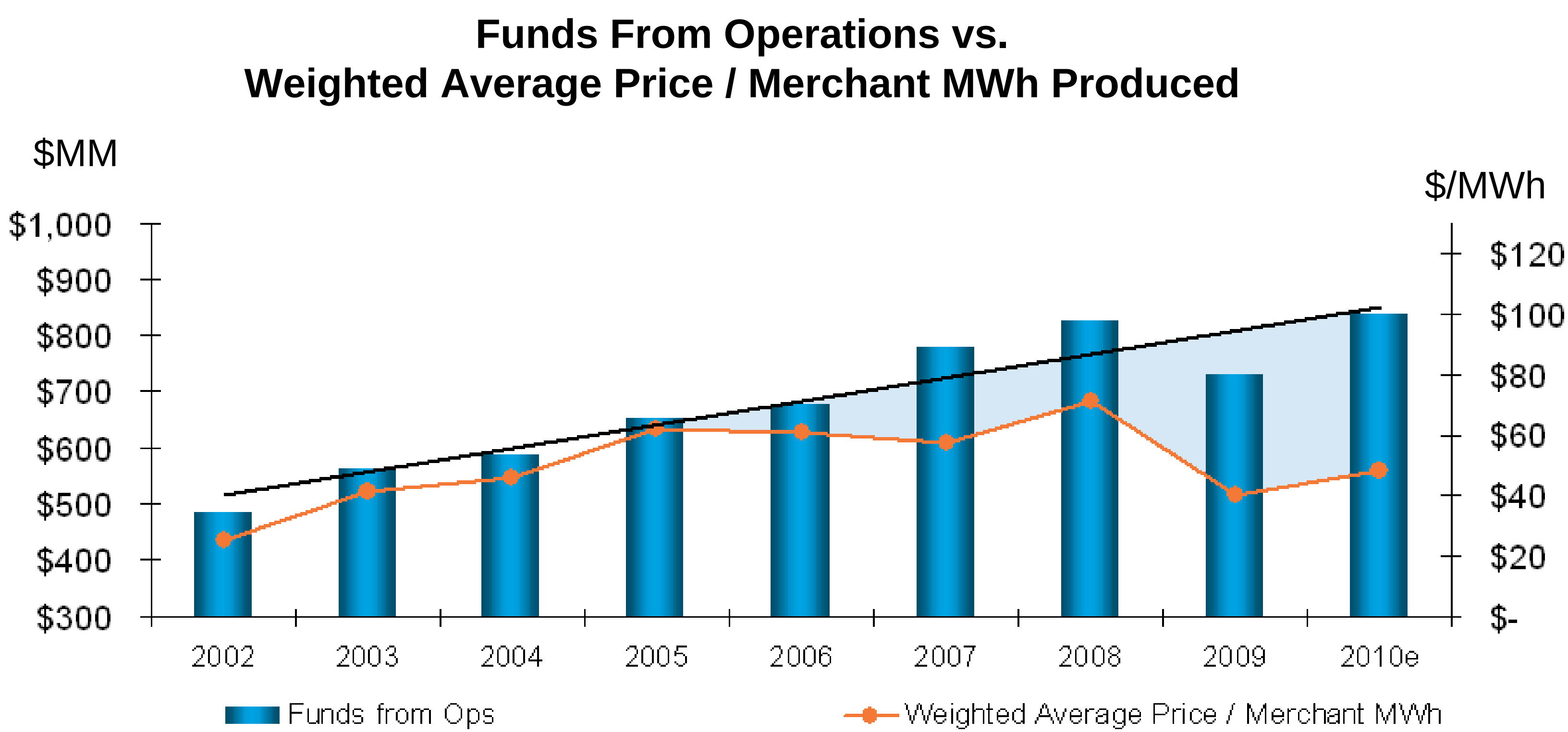


Significantly increased renewable portfolio



Diversification and contracting drives growth

Funds from operations have grown despite lower market prices



Next 10 years

	Near Term 2011 - 2014	Long Term 2014 - 2020
Drive the Base	Continue to drive productivity and lower costs Sustain improved operational performance	Information technology & strategic suppliers drive productivity Prepare transition from PPAs
Green & Diversify Our Portfolio	Deliver on 304 MW of announced growth Maintain development pipeline of over 1,405 MW Continue to target 200 – 300 MW growth / yr	Continue to build multiple options for the future Gas & hydro baseload Secure natural gas supply Strong acquisition potential
Reposition Coal	Unit specific maintenance plans for pending 45 year proposal Maintain options around coal sites Finalize Centralia transition plan Participate in CCS technology development	Implement capital stock transition “Green Coal”

Alberta market

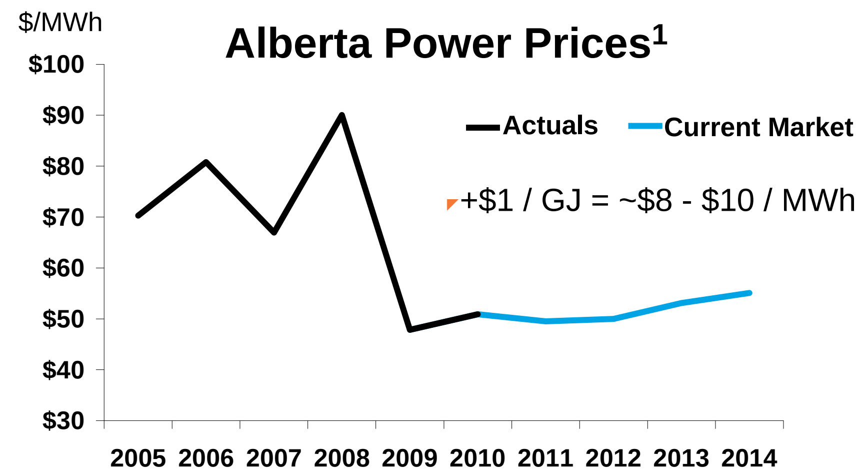
Forward prices remain soft due to low natural gas prices and capacity additions, long-term fundamentals remain strong, driven by oil sands recovery

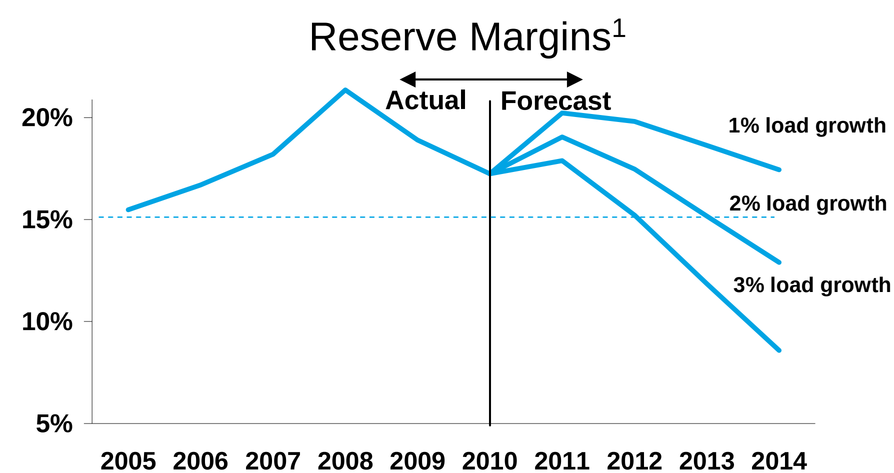
Positives

- Alberta Economics: GDP growth to range from 2.1% - 5.5% annually for 2010 – 2020
- Oil sands recovery driving load growth
- 2.5% demand growth per year for the next three years

Challenges

- Over 800 MW of new supply in 2011
- Weak natural gas prices expected to continue throughout 2011





[1] Figures as of January 11, 2011

[2] Includes transmission; does not include assumptions around announced facilities, only facilities under construction

PacNW market

Improvements in demand; forward price recovery driven by natural gas

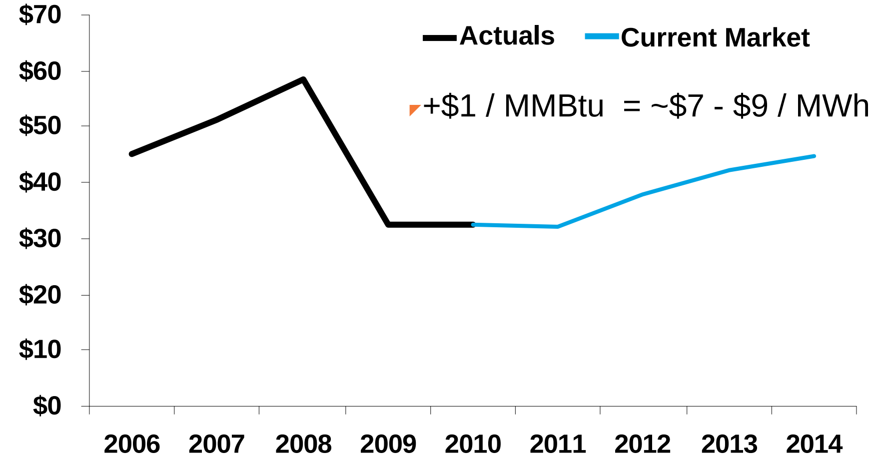
Positives

- Demand destruction slowing down; -1.8% for 2010 versus -3.2% last year
- 1.9% demand growth per year for the next three years due to expectations of a modest economic recovery

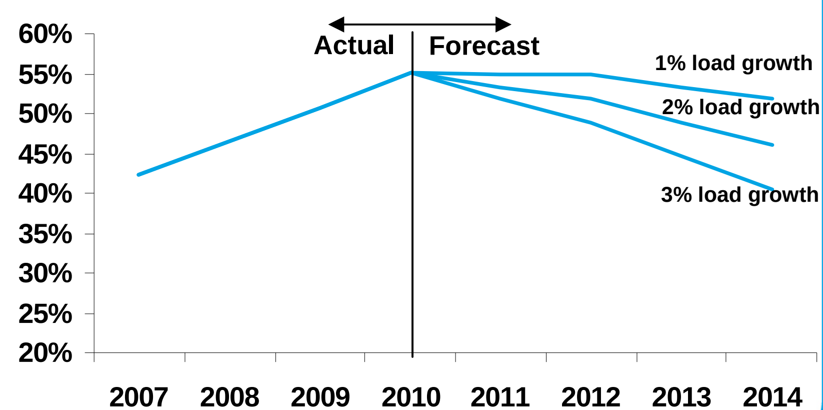
Challenges

- Economic recovery losing momentum in recent months
- Weak natural gas prices expected to continue throughout 2011
- Continued growth in renewables expected over the next few years

PacNW Power Prices[1]



Reserve Margins[1]

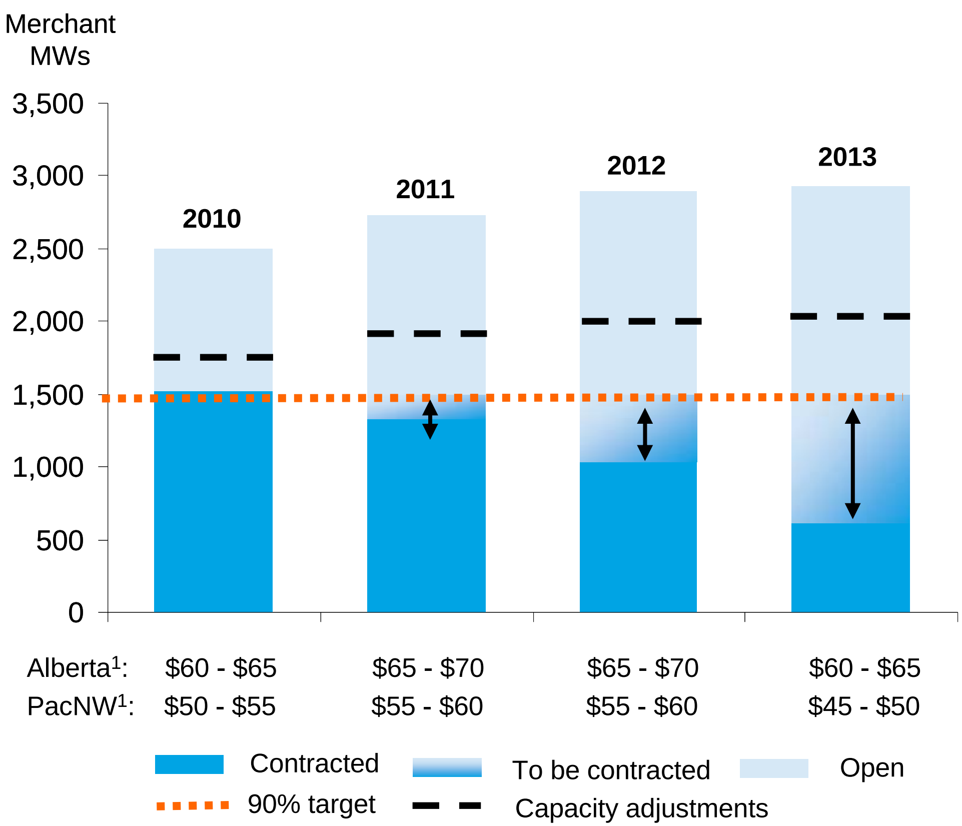


[1] Figures as of January 11, 2011

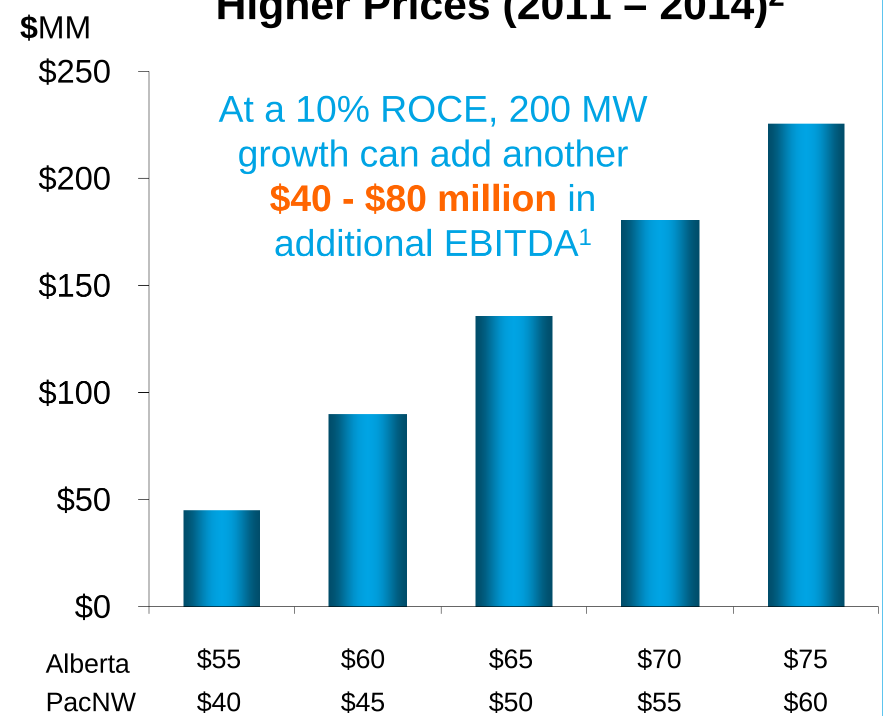
Significant upside to price plus growth in the medium-term

Hedging strategy provides leverage to power price recovery

Merchant Portfolio Contractedness



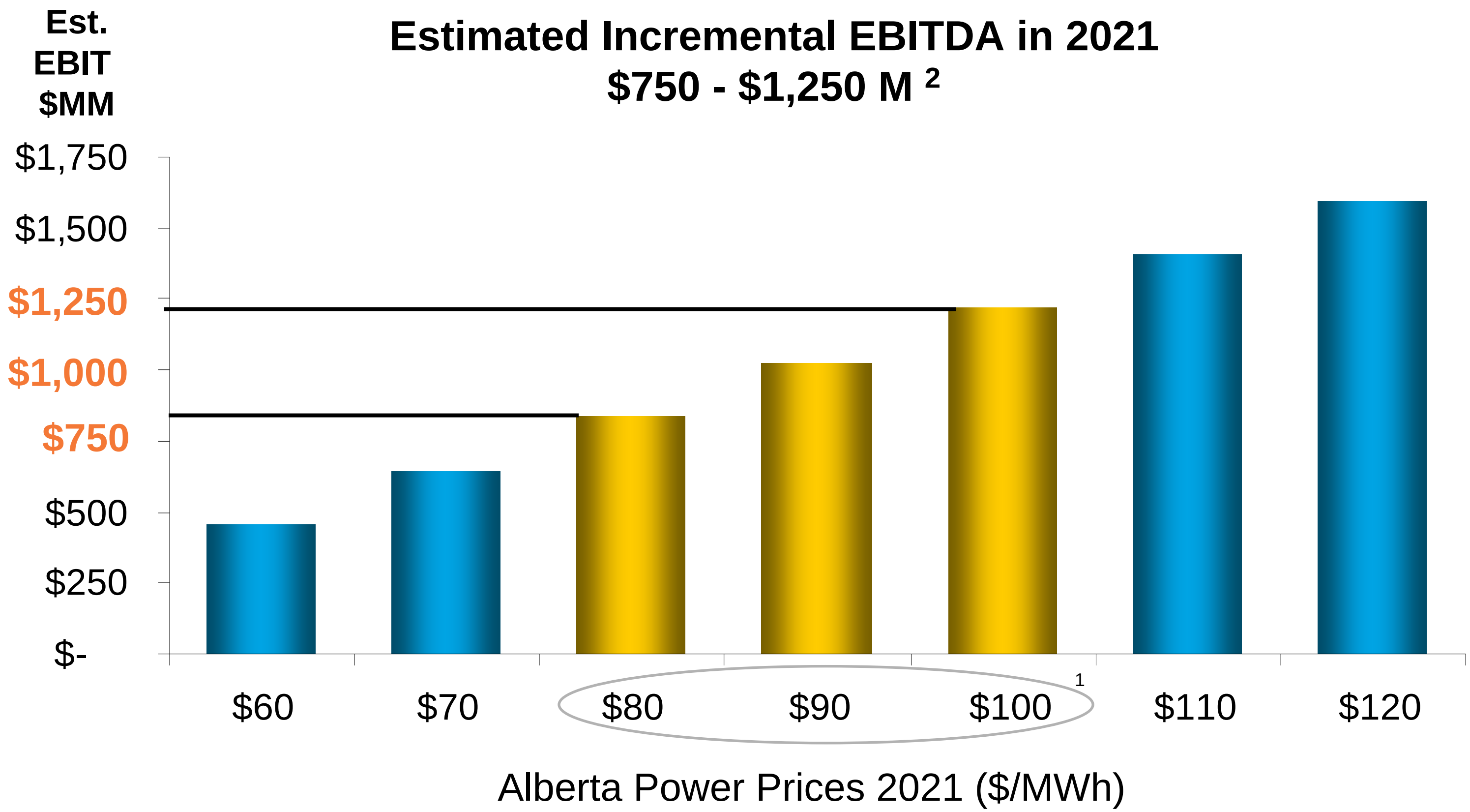
Avg. Incremental EBITDA From Higher Prices (2011 – 2014)[2]



[1]Based on a 10% ROCE, $1,500 – $3,000 per KW and a 30 year depreciation

[2] Relative to a base of $50/MWh in Alberta and $35/MWh in the PacNW

End of PPAs will provide significant EBITDA upside as production reverts back to TransAlta

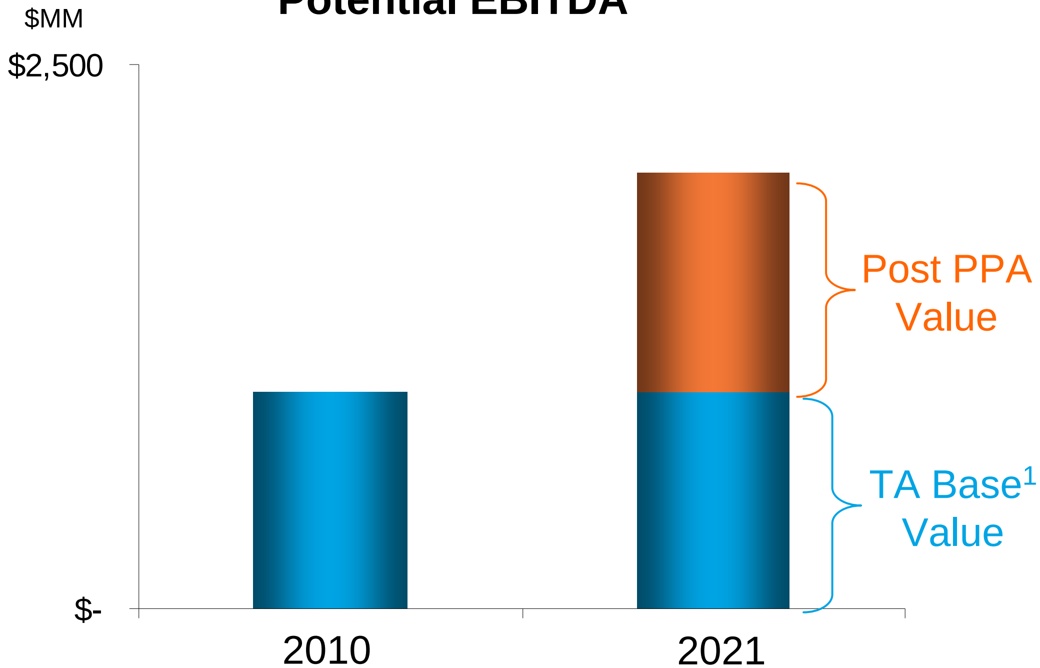


[1] Minimum power prices required for new NGCC facility

[2] Includes Sundance units 3 – 6, Keephills, Sheerness, and Alberta Hydro facilities

Excellent long-term potential from PPA facilities

Potential EBITDA

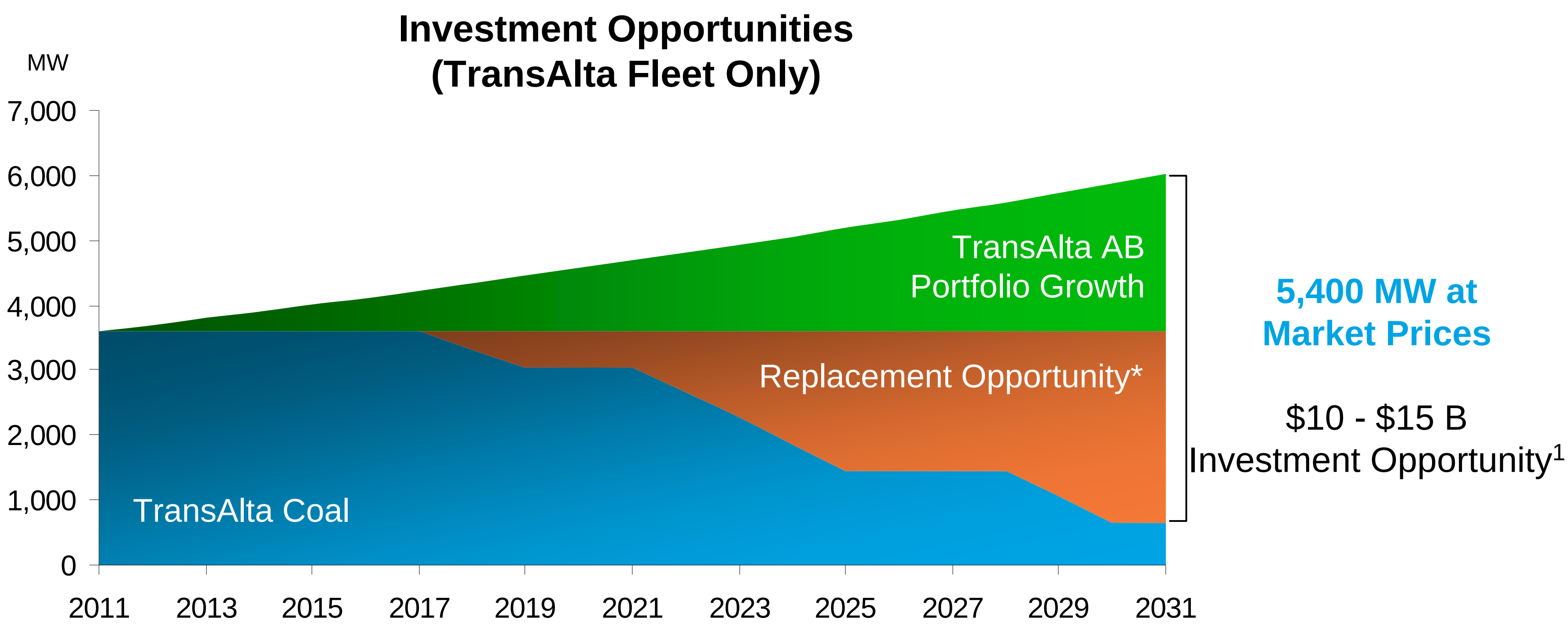


Cumulative Potential Upside from PPA Expiry (2018 – 2029)[1,2]

Price ($/MWh)	Upside
$60	$2.1 B
$120	$8.5 B

[1] Excludes upside from incremental growth, replacement opportunities and higher prices between 2010 and 2021
[2] Based on 45 year coal-life; and includes Sundance units 2 – 6, Keephills, Sheerness, and Alberta Hydro

Canada's 45 year plan provides significant future investment opportunities in Alberta alone

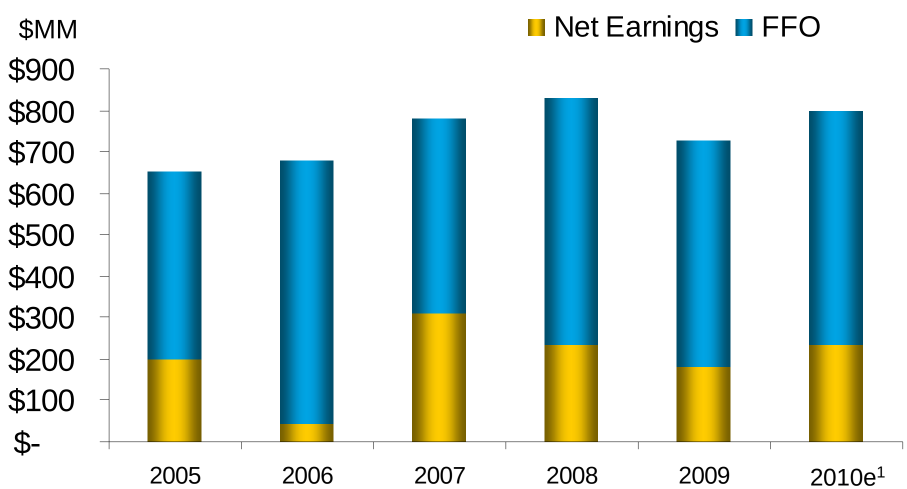


[1] Based on 45 year coal-life and $1,800 - $2,800 per KW

Cash flow accounts for tax pool benefits, adds back non-cash accounting charges, and captures future value of PPA expiry

- Captures the benefit of our significant tax pools and attractive tax treatment of renewables
- Adds back non-cash accounting charges (e.g. dep`n) which can vary between companies
- Long-term cash flow analysis captures the significant value from PPA expiry and reinvestment opportunities

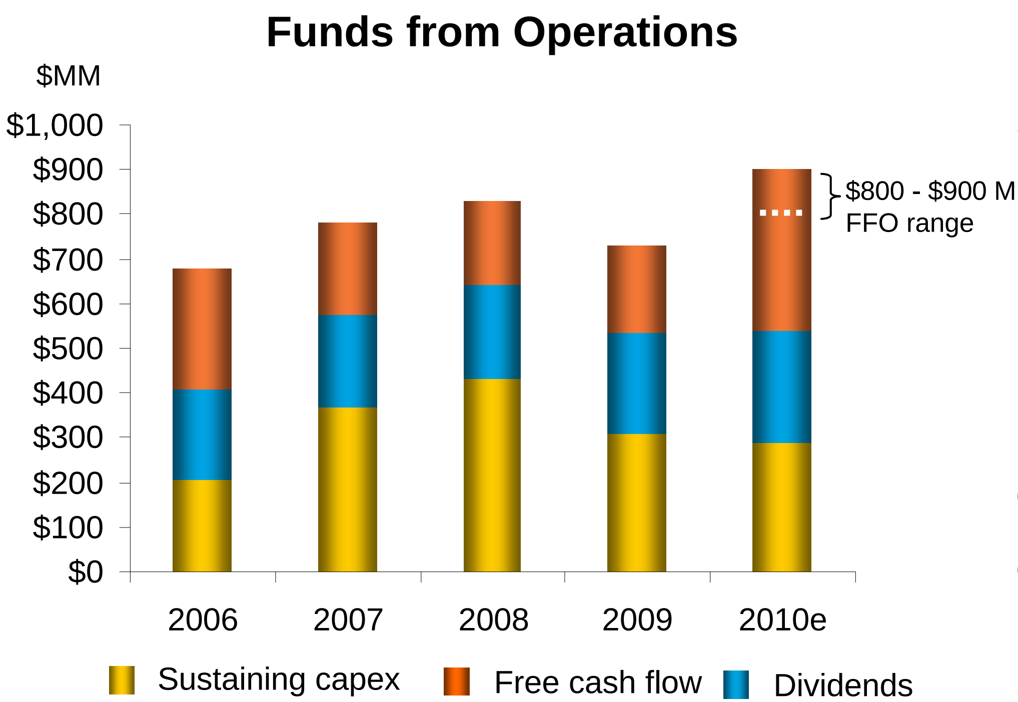
FFO Significantly Higher Than Earnings

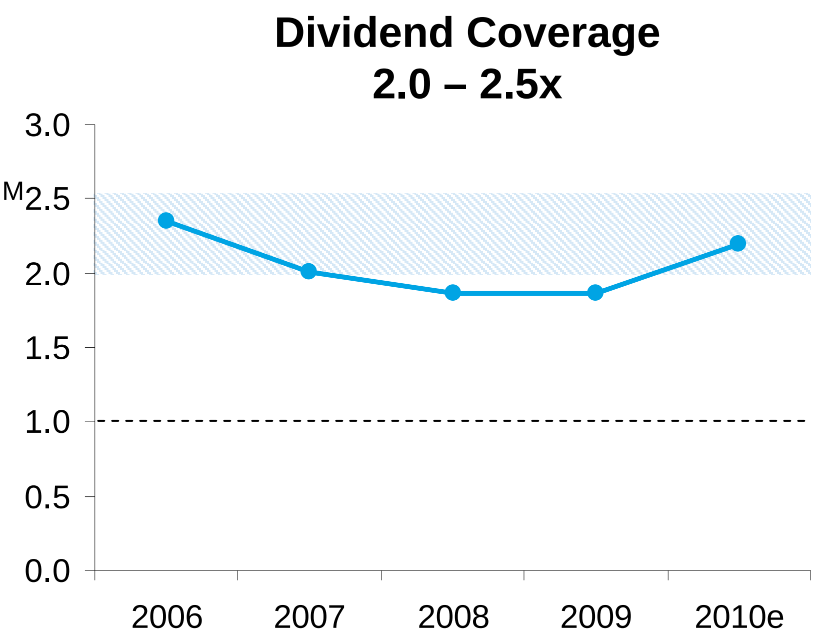


[1] Based on analyst consensus estimate for net earnings

Strong near-term cash flows

Expecting $800 - $900 M in funds from operations for 2011



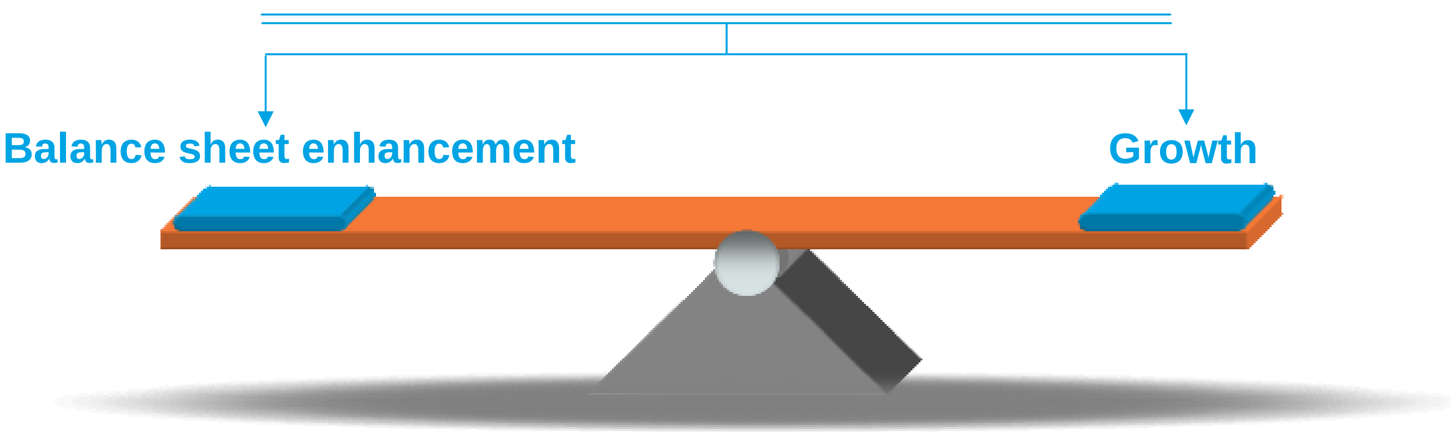


Capital allocation plan

We remain disciplined in how we manage our balance sheet and allocate capital

2011 - 2013

	($B)
Funds from operations	$ 2.8
Sustaining capex	$ (1.3)
Dividends	$ (0.8)
DRASP	$ 0.2
NCI	$ (0.2)
Total	**$ 0.7**



Appendix

Performance Goals

Financial ratios	Measures	2010 Goals	Q3 2010	Q3 2009	Review
Achieve top decile operations	Availability	90%	91.0%	83.9%	Increased availability due to lower planned and unplanned outages at our Sundance plant, lower planned outages at our Mississauga and Windsor facilities, and lower unplanned outages at Centralia
Improve Safety	Injury Frequency Rate	1.0 by 2015	Annual Metric	Annual Metric	TBD
Enhance Productivity	OM&A/installed MWh	Offset Inflation	$7.51/MWh	$7.78/MWh	Decreased year-over-year due to less major maintenance activities in 2010 and increased capacity
Grow Earnings and Cash Flow	Comparable EPS	>10%/yr	$0.17	$0.34	Decreased due to low pricing in core markets, lower Energy Trading gross margins, slightly higher OM&A costs in the quarter
	Operating Cash Flow	$850 – 950* MM	$230 MM	$194 MM	Higher operating cash flow due to favorable changes in working capital
Make Sustaining Capex Predictable	Sustaining Capex	$295 - $340	Annual Metric	Annual Metric	TBD
Maintain Investment Grade Ratings	Cash Flow to Interest Cash Flow to Debt Debt to Invested Capital	4 - 5X 20 - 25% 55 - 60%	4.6X 21.2% 56.7%	5.8X 23.6% 50.1%	Maintained strong balance sheet, financial ratios and ample liquidity
Deliver Long-term Shareowner Value	Comparable ROCE TSR IRR	>10%/yr >10%/yr >10%/yr	Annual Metrics	Annual Metrics	TBD

*Estimate revised to $800 - $900 million

Q3 2010 - Highlights

Results ($M)	Q3 2010	Q3 2009	YTD 2010	YTD 2009
Revenue	$700	$666	$2,008	$2,007
Gross margin	$380	$380	$1,137	$1,107
Operating income	$98	$120	$287	$219
Comparable earnings	$38	$66	$126	$97
Net earnings	$38	$66	$156	$102
Comparable earnings per share	$0.17	$0.34	$0.57	$0.49
Basic and diluted earnings per share	$0.17	$0.34	$0.71	$0.52
EBITDA	$233	$241	$664	$595
Funds from operations	$184	$178	$558	$463
Cash flow from operating activities	$230	$194	$502	$334
Cash flow from operating activities per share	$1.05	$0.98	$2.28	$1.69
Free cash flow (deficiency)	$107	$12	$74	$(196)
Cash dividends declared per share	$0.29	$0.29	$0.87	$0.87
Availability (%)	91.0	83.9	88.1	84.4
Production (GWh)	12,742	11,610	35,857	33,439

Comparable earnings

Results ($M)	Q3 2010	Q3 2009	YTD 2010	YTD 2009
Net earnings	**$38**	**$66**	**$156**	**$102**
Income tax recovery related to the resolution of certain outstanding tax matters	-	-	(30)	-
Settlement of commercial issue, net of tax	-	-	-	(6)
Change in life of Centralia parts, net of tax	-	-	-	1
Earnings on a comparable basis	**$38**	**$66**	**$126**	**$97**
Weighted average common shares outstanding in the period	220	198	220	198
Earnings on a comparable basis per share	**$0.17**	**$0.34**	**$0.57**	**$0.49**

Q3 2010

Net earnings

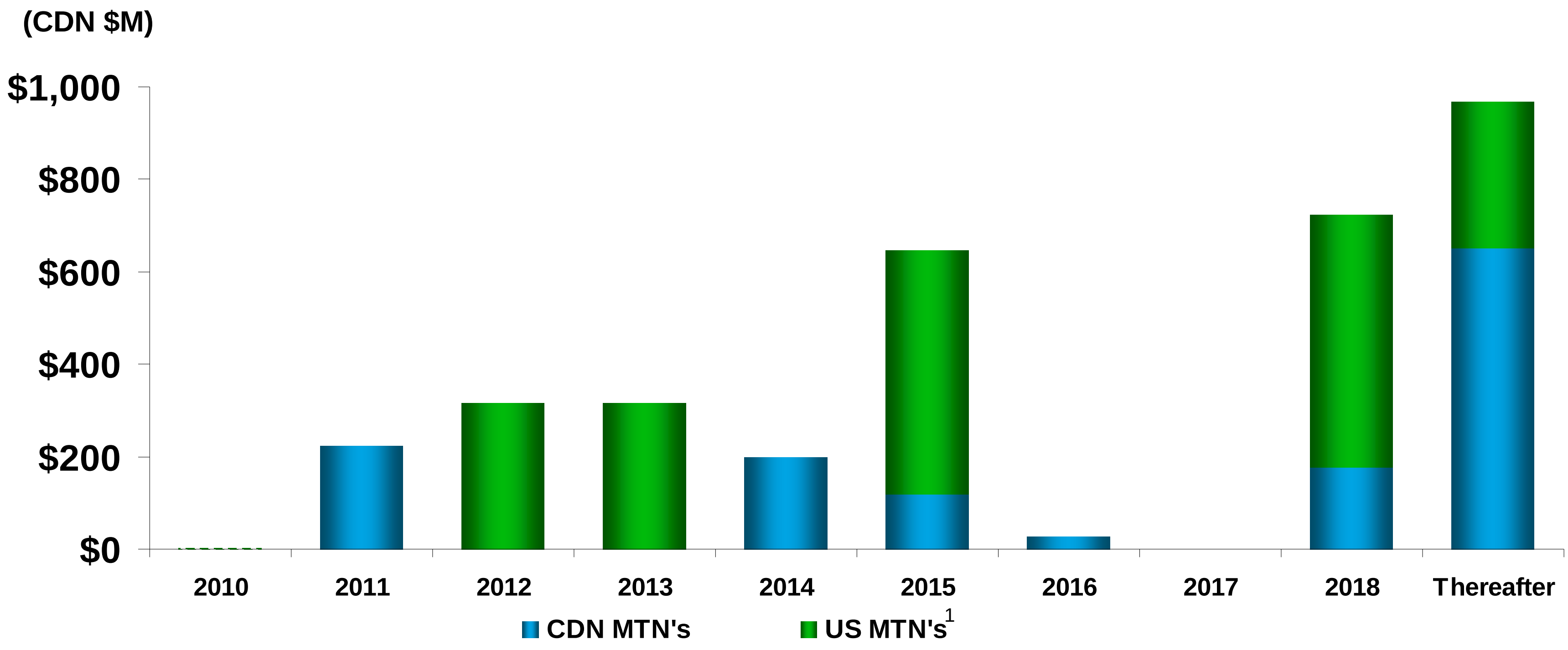
	Q3 2010	YTD 2010
Net earnings, 2009	**$66**	**$102**
Increase in Generation gross margins	4	50
Decrease in Energy Trading gross margins	(4)	(20)
(Increase) decrease in OM&A costs	(5)	44
Increase in depreciation expense	(15)	(2)
Increase in net interest expense	(13)	(28)
(Increase) decrease in non-controlling interest	(5)	7
Decrease in income tax expense / increase in income tax recovery	12	15
Other	(2)	(12)
Net earnings, 2010	**$38**	**$156**

Free cash flow

($M)	Q3 2010	Q3 2009	YTD 2010	YTD 2009
Cash flow from operating activities	$230	$194	$502	$334
Add (Deduct):				
Sustaining capital expenditures	(59)	(116)	(202)	(294)
Cash dividends paid on common shares	(49)	(58)	(169)	(169)
Distribution to subsidiaries’ non-controlling interests	(15)	(7)	(44)	(40)
Non-recourse debt repayments	-	(1)	(13)	(19)
Other income	-	-	-	(8)
Free cash flow (deficiency)	**$107**	**$12**	**$74**	**$(196)**

Debt profile

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

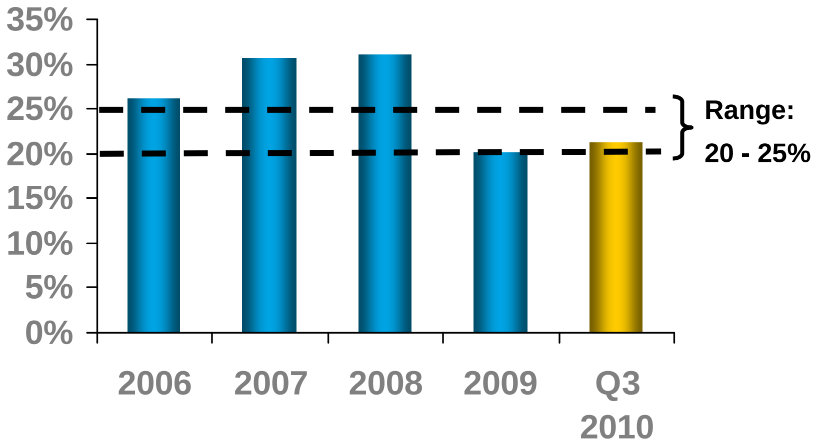


[1] Based on Sept. 30, 2010 FX rate of $1.03 CAD/US

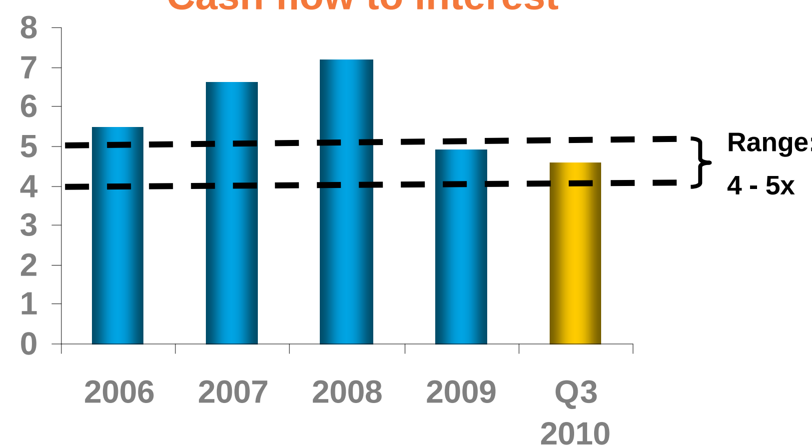
Maintaining investment grade ratios

Execute our plan while maintaining long-term financial strength and stability

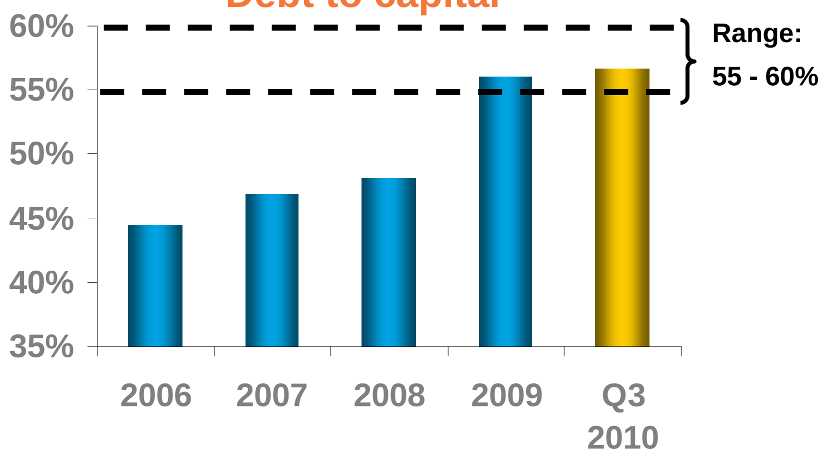
Cash flow to debt



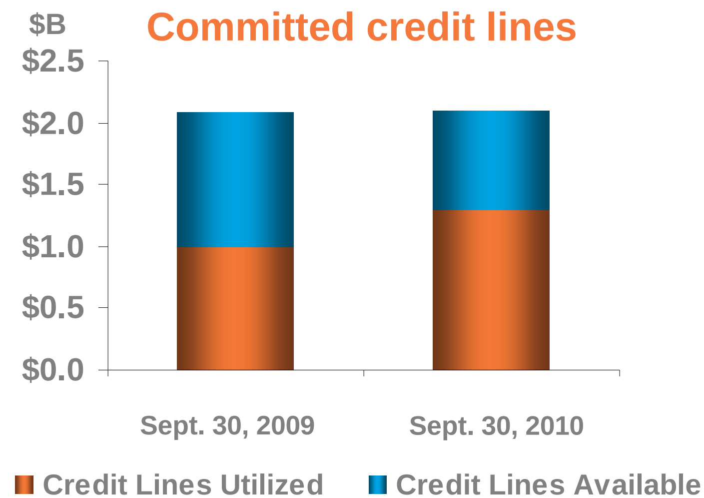
Cash flow to interest



Debt to capital



Committed credit lines



Sustaining capital

2011 - 2013 Sustaining capital plan[1]

($M)	**2011e**	**2012e**	**2013e**
Sustaining	$355 - 395	$435 - 480	$340 - 385
Routine Capital	$120 - 135	$115 - 130	$115 - 130
Major Maintenance	$210 - 230	$280 - 300	$190 - 210
Mine Capital	$25 - 30	$40 - 50	$35 -45
Other			
Repowering / Life Extension		$55 - 80	$30 - 50
Productivity	$10 - 20	$5 - 10	$20 - 30

[1] Based on IFRS

2011 Major maintenance plan[1]

($M)	Coal	Natural Gas and Renewables	Total
Capitalized	$135 - 150	$75 - 80	**$210 - 230**
GWh lost	1,850 – 1,860	630 - 640	**2,480 – 2,500**

[1] Based on IFRS

Executing on our growth strategy

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




Projects	Bone Creek	Keephills 3	Keephills 1 and 2 Uprates	Sundance 3 Uprate
Location	British Columbia	Alberta	Alberta	Alberta
Type	Hydro	Supercritical Coal	Efficiency Uprates	Efficiency Uprate
Size	18 MW	225 MW [1]	46 MW (23 MW each)	15 MW
Total Project Cost	$48 MM [2]	$988 MM [3]	$68 MM	$27 MM
Unlevered after tax IRR	10%+	10%+	15%+	15%+
Commercial Operations Date	Q1 2011	Q2 2011	Q4 2012[4]	Q4 2012
Contract Status	LTC	Merchant	Merchant	Merchant
On time / On budget	Tracking	Tracking	Tracking	Tracking

[1] 450 MW gross size
[2] Bone Creek’s capital spend prior to the acquisition was $23 MM which does not form part of our total project cost
[3] Keephills 3 capital spend increased from $888 MM to $988 MM and its COD was revised from Q1 2011 to Q2 2011
[4] Keephills unit 1 uprate has been moved to 2012

Advanced development pipeline

Projects in Advanced Development										
LOCATION	**PROJECT**	**CAPACITY MW**	**FUEL TYPE**	**RESOURCE & SITE CONTROL**	**ENVIRONMENTAL AND PERMITS Applied**	**Secured**	**TURBINE SECURED**	**CAPEX RANGE $ MM**	**PPA / LTC**	**TARGET COMMERCIAL OPERATION DATE**
Quebec	New Richmond**	66	Wind	✓	✓		✓	$180 - $210	PPA/LTC	2012
Quebec	St. Valentin**	50	Wind	✓	✓		✓	$150 - $180	PPA/LTC	2012
Saskatchewan	Mistahay Utin	175	Wind	✓	✓		TBD	$450 - $500	PPA/LTC	2013
Saskatchewan	Willow Bunch**	175	Wind	✓	✓		TBD	$450 - $500	PPA/LTC	2013
California	Black Rock 1-3	87*	Geothermal	✓	✓		In Progress	$400 - $500	PPA/LTC	2013/14
Alberta	Sundance 7	700	Gas-fired	✓	TBD		TBD	$1,000 - $1,500	Merchant	2015
Alberta	Dunvegan**	100	Hydro	✓	✓	✓		$500 - $700	Merchant	TBD
British Columbia	Clemina Creek**	11	Hydro	✓	✓	✓		$30 - $40	PPA/LTC	TBD
British Columbia	Serpentine Creek**	10	Hydro	✓	✓	✓		$30 - $40	PPA/LTC	TBD
British Columbia	English Creek**	5	Hydro	✓	✓	✓		$12 - $20	PPA/LTC	TBD
Ontario	Royal Road**	18	Wind	✓	✓			$35 - $45	PPA/LTC	TBD
Ontario	Yellow Falls**	8*	Hydro	✓	✓			$30 - $45	PPA/LTC	TBD
	TOTAL MW :	**1,405**					**TOTAL COST:**	**$3.3 B - $4.3 B**		

* TransAlta's ownership
** Based on initial estimates of Canadian Hydro

Growth capital outlook
2011 - 2012

All projects tracking on time and on budget

Completed	MW	2010	2011e	2012e	Total
Summerview 2	66	$10 - 15			$118[1]
Kent Hills 2	54	$80 - 85			$100[2]
Ardenville	69	$105 - 115			$135[3]
	189	**$195 - 215**			**$353**

In Progress	MW	2010e	2011e	2012e	Total
Bone Creek	18	$50 - 55			$48[4]
Keephills 3	225	$225 - 245	$20 - 30		$988[5]
KI & K2 uprates	46	$5 - 15	$25 - 35	$20 – 30	$68[6]
Sun 3 uprate	15	$0 - 5	$10 - 15	$10 - 20	$27
Total	**304**	**$280 - 320**	**$55 - 80**	**$30 - 50**	**$1.1B**

[1] Sunmmerview 2 capital spend prior to 2010 was $106 M
[2] Kent Hills 2 capital spend prior to 2010 was $18 M
[3] Ardenville capital spend prior to 2010 was $27 M
[4] Bone Creek capital spend prior to the acquisition was $23M which does not form part of our total project cost. Spend prior to 2010 was $4 M.
[5] Keephills 3 capital spend prior to 2010 was $707M
[6] K1 & K2 uprates spend prior to 2010 was $2 M