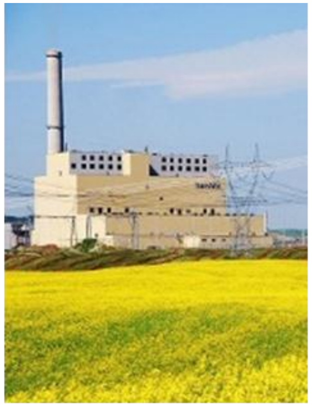
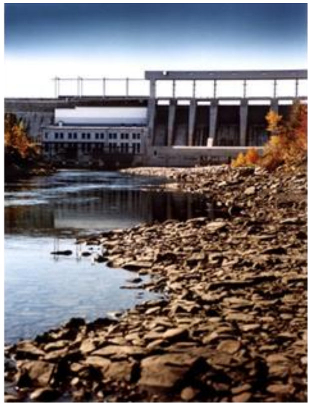
March 2013

TransAlta
Investor Presentation




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 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.

TransAlta today

- Canada's largest publicly traded wholesale power generator & marketer with over 100 years of operating experience
- Diversified asset base with over 75 facilities strategically positioned in Canada, Western U.S. and Western Australia
    - Total fleet capacity of ~9,000 MWs
    - ~2,200 MW of renewable energy
    - 1,700 MWs added since 2005
- Enterprise value of ~ $9 billion with a Market cap of ~$3.5 billion
- Investment grade credit ratings
- Listed on Toronto and New York stock exchanges

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

- **Gas**: 1,913 MW[1]

- **Hydro:** 919 MW[1]

- **Wind:** 1,129 MW[1]

- **Geothermal:** 164 MW[1]

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

Why TransAlta

Diversified generation portfolio located in growing markets

- Over 75 facilities spanning multiple fuels and geographies
- Well positioned in markets with opportunities for growth

Attractive yield supported by adequate cash flow

- 7.5% dividend yield
- Highly contracted assets
- Incremental cash flow from Solomon power station, New Richmond, Sundance A and fewer planned outages
- Significant incremental EBITDA expected post PPAs

Proven track record for growth with significant upside potential

- Over 1,700 total MWs added since 2005
- Significant growth potential given strong fundamentals in Western Canada and Australia

Financial strength

- Investment grade ratings
- $2.0 billion of committed credit facilities
- Strong liquidity and access to capital markets

Delivering shareholder value through yield and growth

Financial strategy

TransAlta

Objectives	Targets	Actions
Drive Shareholder Value	TSR = 8 – 10% / yr	Consistent growth
	$40 - $60 million in EBITDA growth	Optimize capital allocation
Maintain Financial Strength & Flexibility	Investment Grade	Continuous improvements
	Strong liquidity	
	Access to capital	Diversify risk

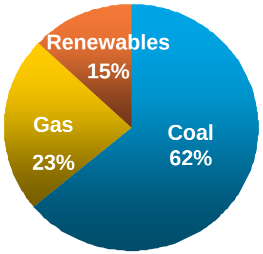
Renewables platform

TransAlta

Leading provider of renewable energy with over 2,200 MW of capacity

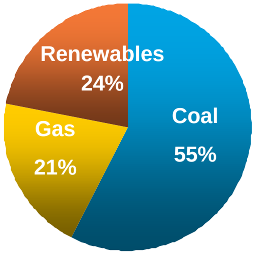
2008

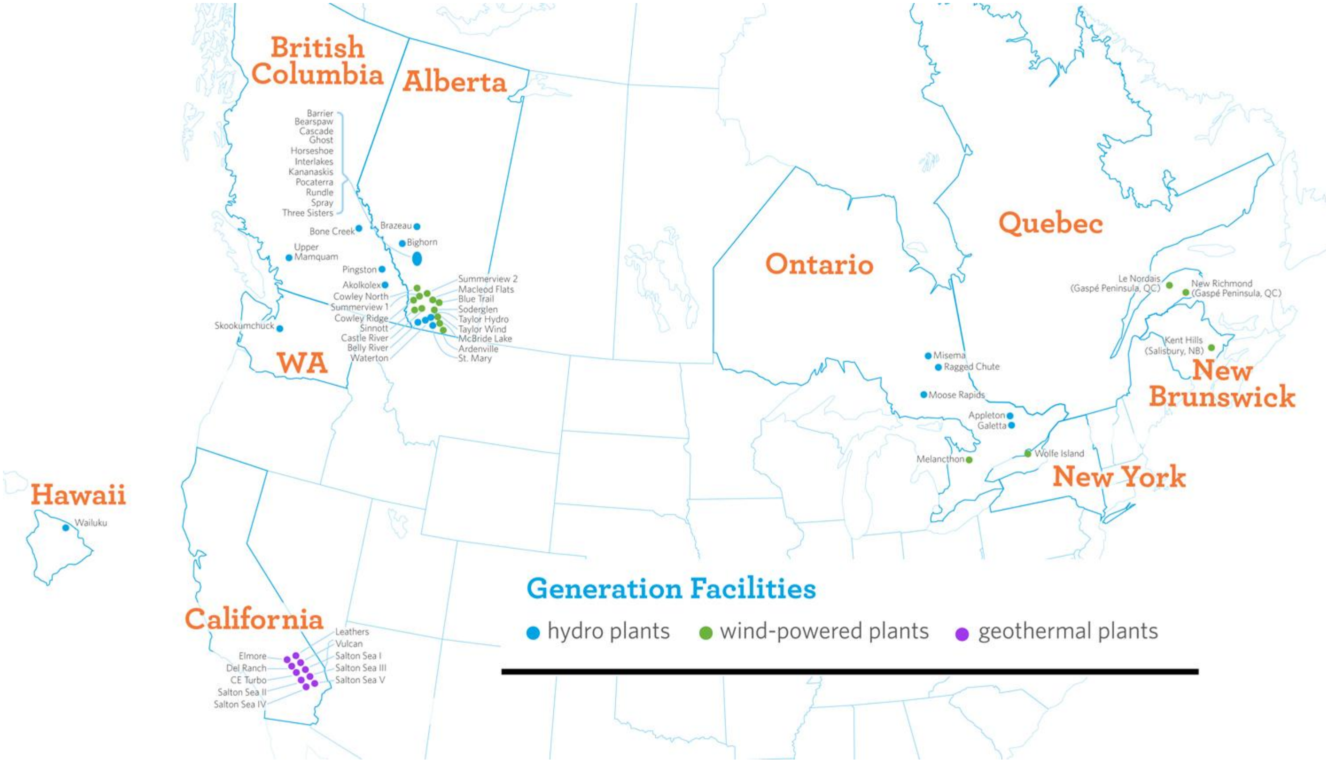
TA: 7,963 MW



2013

TA: 9,051 MW





Hydro: 919 MW

Wind: 1,129 MW

Geothermal: 164 MW

2012 Achievements

- Above-average planned maintenance program in 2012 with majority of outages completed
- Resolved Sundance A decision which adds incremental cash flow especially beginning in 2018
- Signed anchor contract at Centralia, reducing merchant risk
- Reduced operating and capital costs at Centralia
- Achieved full year contribution of K3 and Bone Creek
- Expanded presence in Australia with recent acquisition, adding ~$40 million per year of cash flow
- Progressed construction of long-term contracted New Richmond wind farm in Quebec
- Realized more flexibility and 43 additional years of operation for coal-fired units from recently announced Federal GHG regulations
- Signed strategic partnership with MidAmerican

2012 Achievements: Australian acquisition

- U.S.$318 million acquisition of Solomon Power Project (125 MW) to supply Electricity to Fortescue Mining Group (FMG)
- 16-year Power Purchase Agreement with FMG; guaranteed value for 21 years either through a 5 year extension or sale of plant back to FMG
- Escalating capacity payment adds $40 million in pre-financing cash flow; payments not tied to production volumes
- Accretive to earnings and free cash flow per share with low double digit after tax IRR
- Flow through of fuel, O&M and maintenance capital costs
- Fits strategically with growth strategy for Western Australia and provides opportunity for future growth

2012 Achievements: MidAmerican strategic partnership

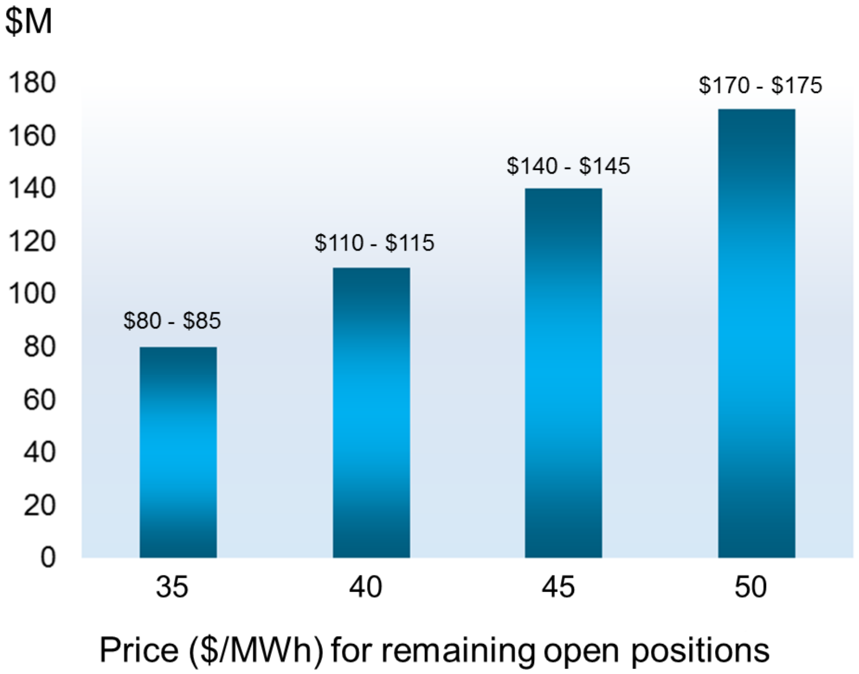
- Strategic partnership builds on existing relationship with MidAmerican
- Partnership will originate and evaluate all Canadian gas fired generation or gas reserve projects.
  - Includes Sundance 7
- Development costs split between partners
- Opportunity for TransAlta to be more aggressive about the size and number of plants we develop

2012 Achievements: Positioning Centralia for the Future

- Entered into agreement with Puget Sound Energy (PSE)
  - Secures cash flows needed for the plant to run to the end of its life
  - Significantly reduces merchant exposure in the PacNW
  - Final approval expected during the end of March

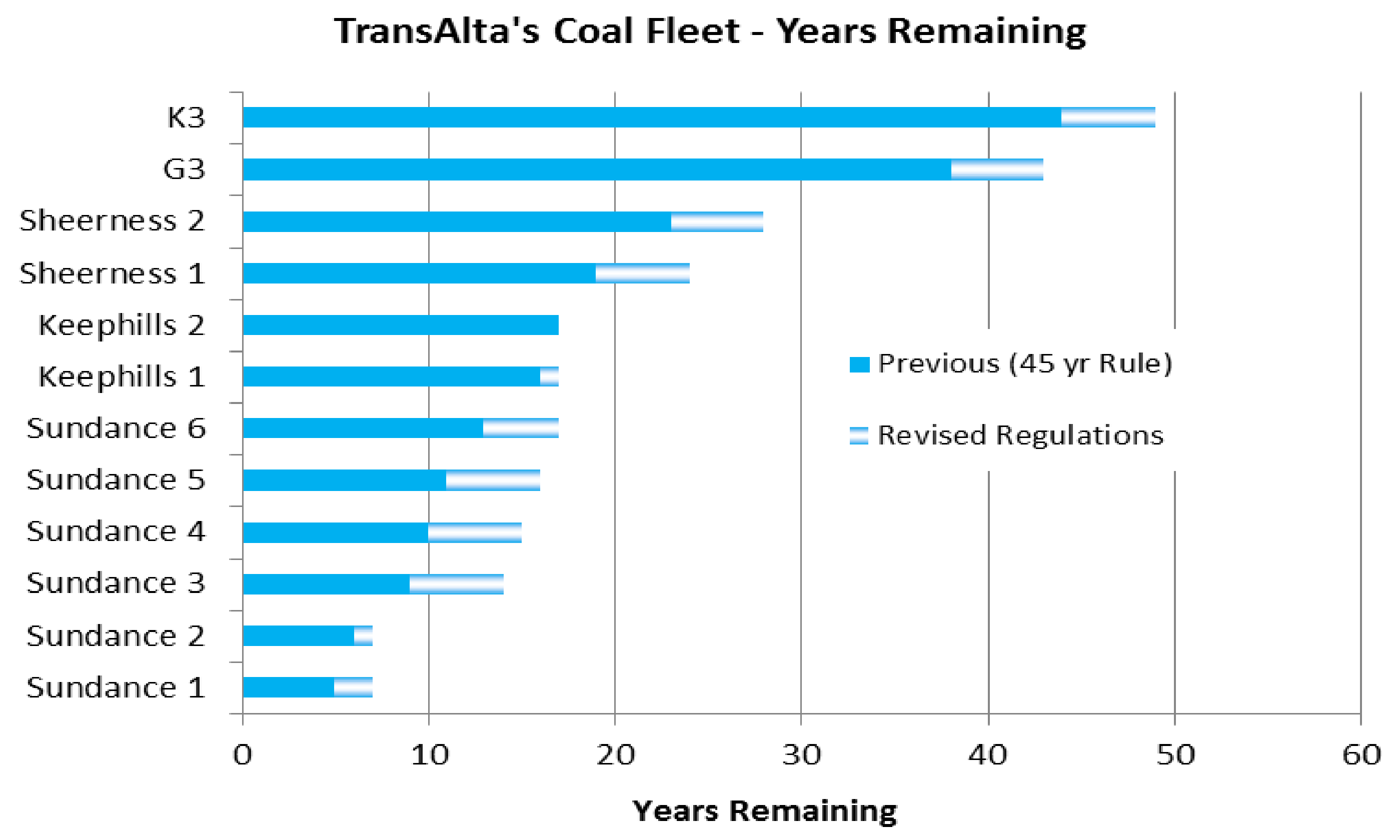
- Restructured plant operations to lower operating costs
  - Renegotiating delivered coal costs
  - Reduced labor force
  - Reduced capital costs

Centralia Gross Margin Sensitivity
2013 - 2016 Average Annual Gross Margin ($M)



Canadian GHG emissions certainty

- September of 2012 the Canadian Federal Government finalized coal GHG legislation
- Revised regulations added 43 additional years to TransAlta’s fleet
- Weighted average life of TransAlta’s Alberta coal fleet is 19 years under revised regulations



2013 Estimated excess cash flow and dividend coverage

TransAlta

Significant excess cash flow available for debt retirement and/or growth (including funding of Sundance A)

2013 Estimated Cash Flow/Dividend Coverage Sensitivity Analysis

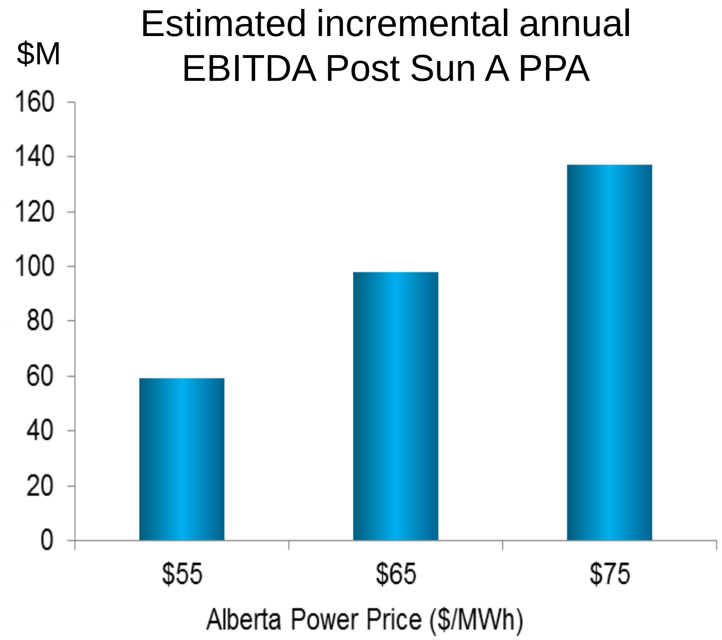
FFO Scenario	$ 750	$ 800	$ 850	$ 900	$ 950
Sustaining Capex (mid point)	$ (315)	$ (315)	$ (315)	$ (315)	$ (315)
Pfd share dividends and other distributions	$ (90)	$ (90)	$ (90)	$ (90)	$ (90)
Free cash flow before common dividends	$ 345	$ 395	$ 445	$ 495	$ 545
Common share dividends[1]	$ (305)	$ (305)	$ (305)	$ (305)	$ (305)
Net Cash Flow before Dividend Reinvestment Plan (DRP)	$ 40	$ 90	$ 140	$ 190	$ 240
DRP at approximately 70% participation[1]	$ 215	$ 215	$ 215	$ 215	$ 215
Net Cash Flow after DRP for Debt Repayment/Growth	$ 255	$ 305	$ 355	$ 405	$ 455
Common Share Dividend Payout					
Without DRP	88%	77%	69%	62%	56%
With DRP at a 70% participation rate	26%	23%	20%	18%	17%

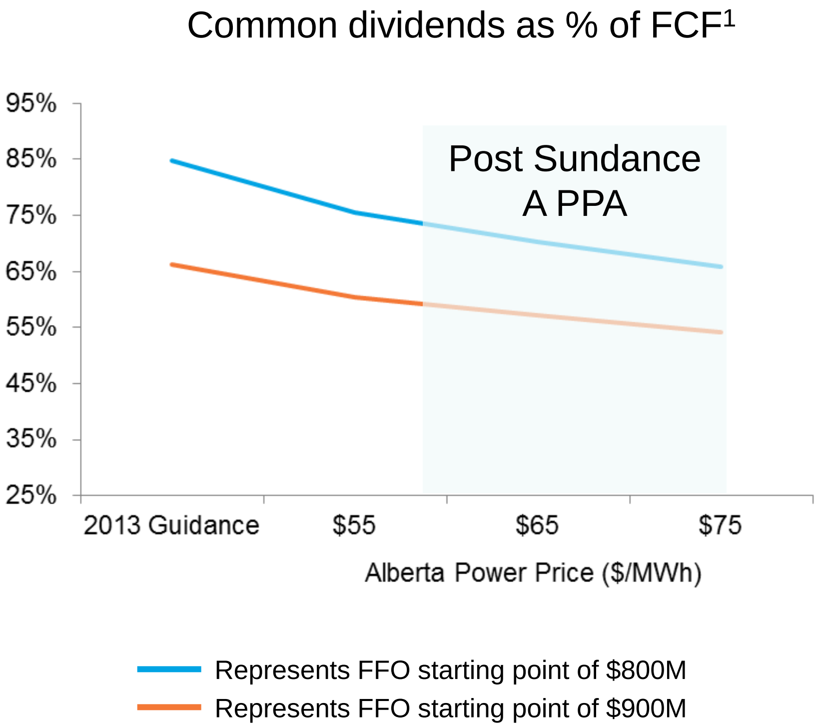
Free cash flow more than enough to cover dividends

1 Based on 262 million shares outstanding to account for DRP (numbers rounded)

Medium-term upside potential from Sundance A

Sundance A expected to generate cumulative incremental EBITDA in the range of $120 to $280 million in the 2018-2019 timeframe once the PPA expires





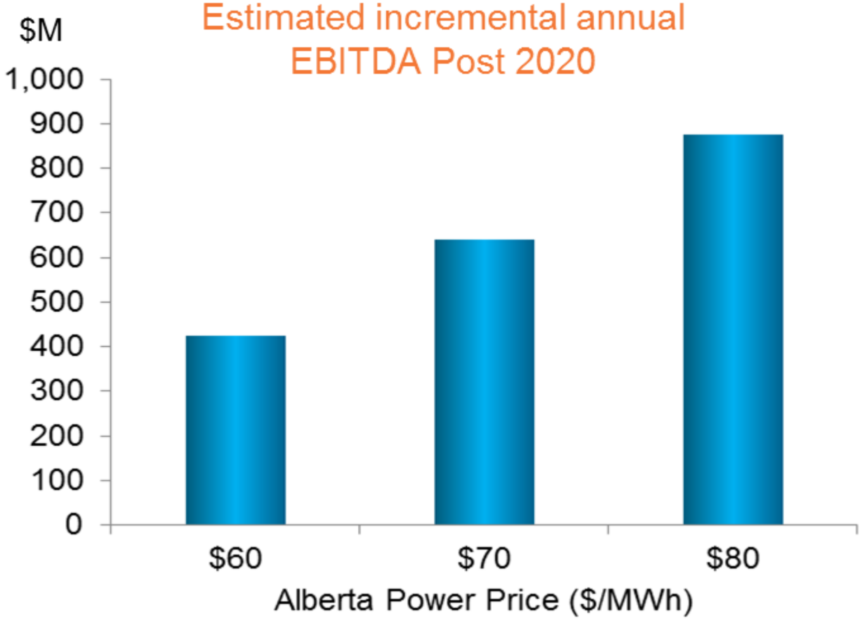
[1] Free Cash Flow (FCF) defined as Funds from Operations (FFO) less sustaining capital less preferred share dividends less other distributions.
Dividend coverage assumes no change to current FFO, current common and preferred share dividend amounts.
The dividend coverage shown post PPA assumes no additional assets added or divested
Annual incremental EBITDA is available for 2018 and 2019 only as Sun A is scheduled to shut-down at end of 2019 under new Federal Government GHG legislation.

Longer-term upside potential from Alberta PPA plants

TransAlta

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

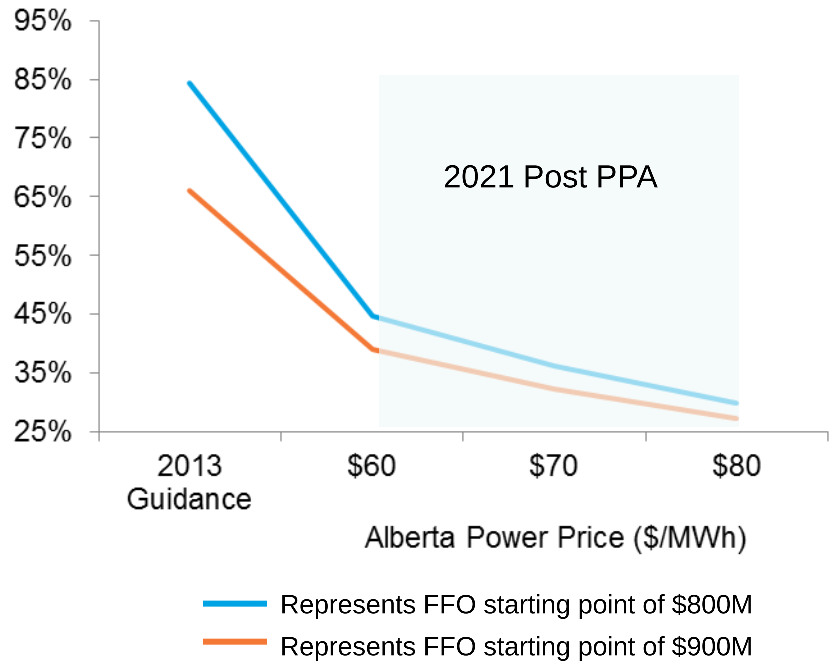
Estimated incremental annual EBITDA Post 2020



Cumulative potential upside (2021 – 2030)

$4.4 - $8.4 billion

Common dividends as % of FCF[1]



[1] Free Cash Flow (FCF) defined as Funds from Operations (FFO) less sustaining capital less preferred share dividends less other distributions
Dividend coverage assumes no change to current FFO, current common and preferred share dividend amounts.
The dividend coverage shown post PPA assumes no additional assets added or divested
Annual incremental EBITDA shown will decline over time as the Alberta PPA plants retire based on the new Federal Government GHG Regulations

Alberta electricity market[1]

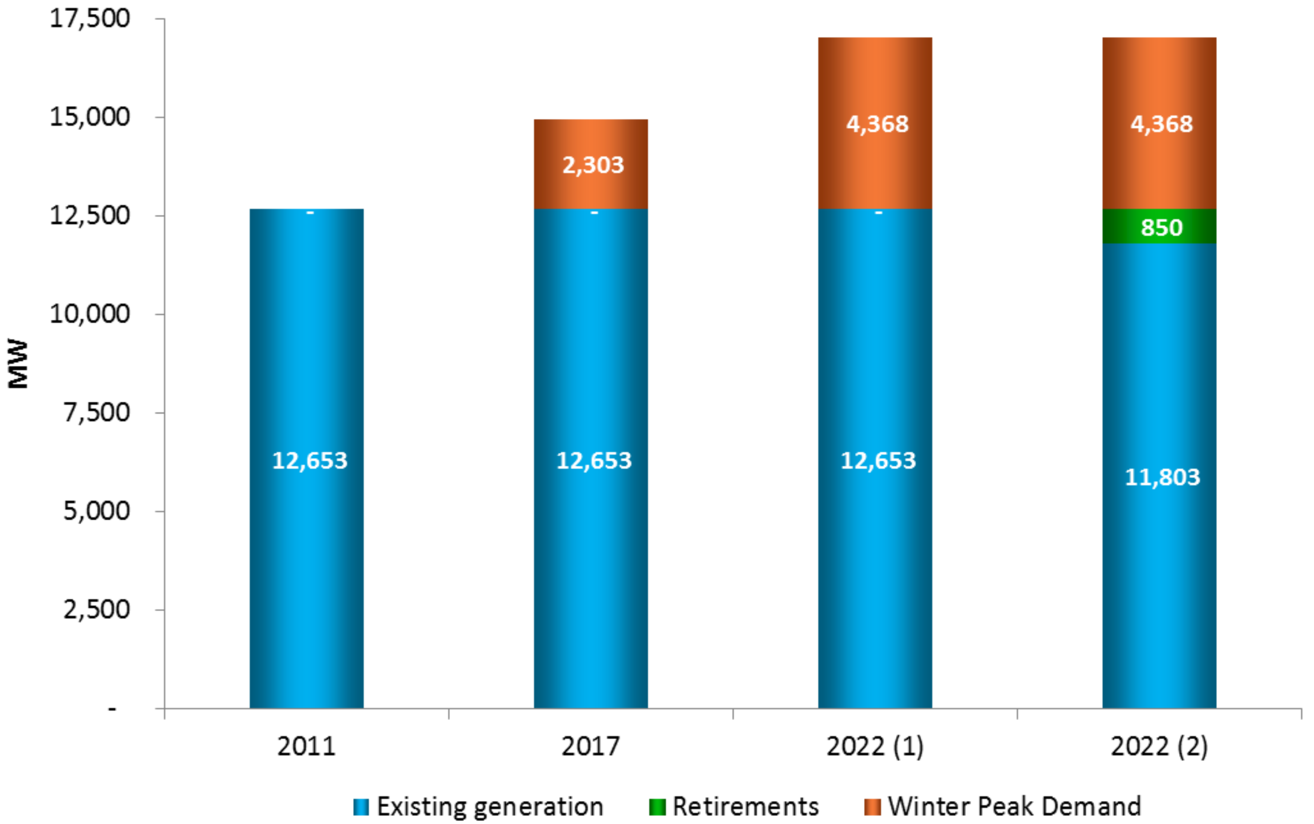
- Load growth has been ~3% per year for last 10 years
- AESO (Alberta Electric System Operator) forecasting similar growth rate going forward
  - Equivalent to the need of 300-400 MW of new capacity each year
- Load largely driven by industrial/commercial customers which generally require power 24/7
- Over 800 MW of coal expected to retire in 2020
- Power prices have averaged $65/MWh during last ten years since deregulation
- Prices need to be >$60/MWh to attract new combined cycle generation

[1] Source: AESO 2012 Long-range Plan

Alberta supply & demand fundamentals[1]

TransAlta

At least 5,200 MW's of additional generating capacity required to meet forecasted peak demand over the next 10 years.

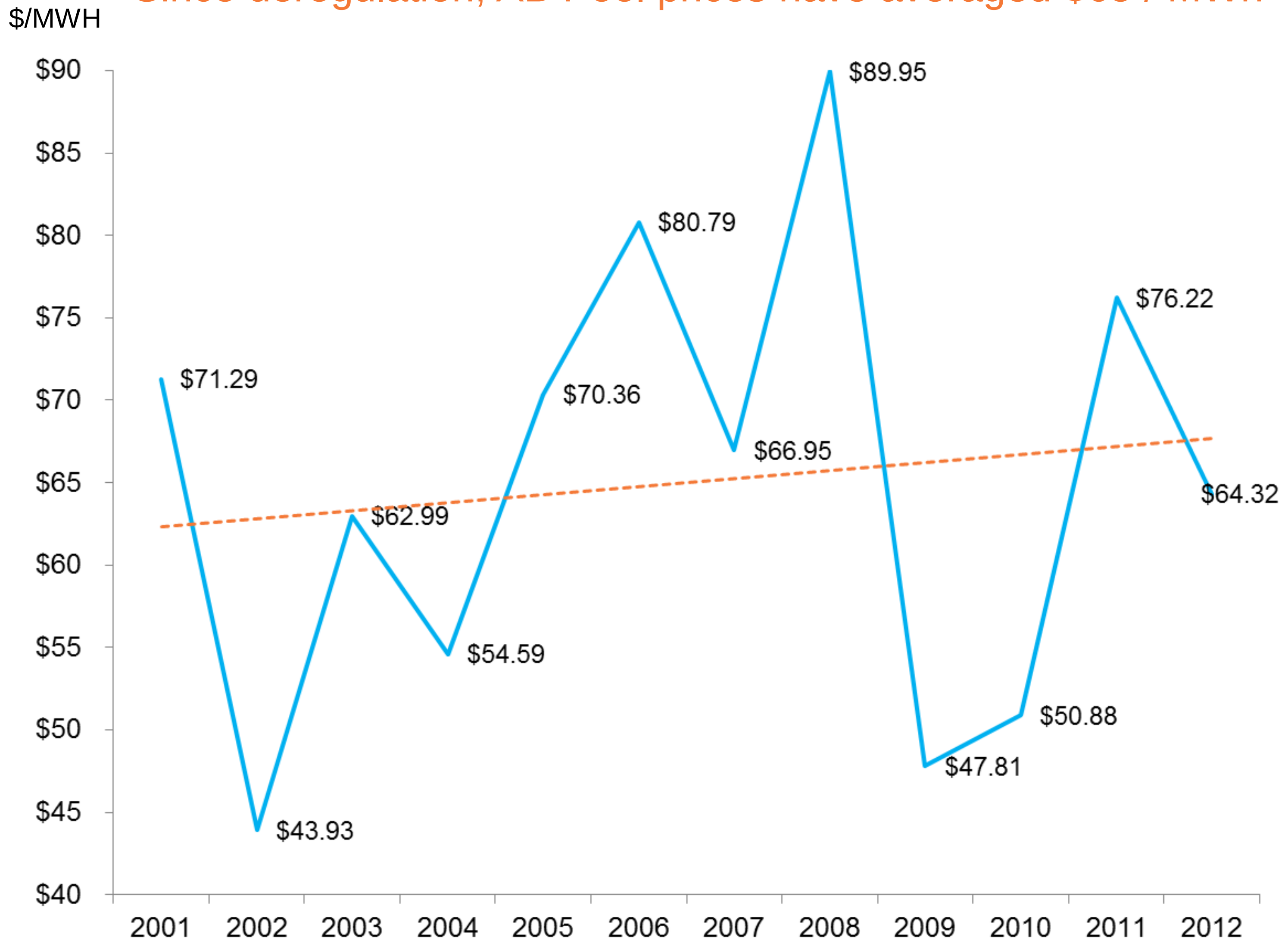


[1]Above MW's exclude future retirements
[2]Above MW's include ~850 MW's of retirements

[1] Source: AESO 2012 Long-term Outlook

Historical power prices in Alberta

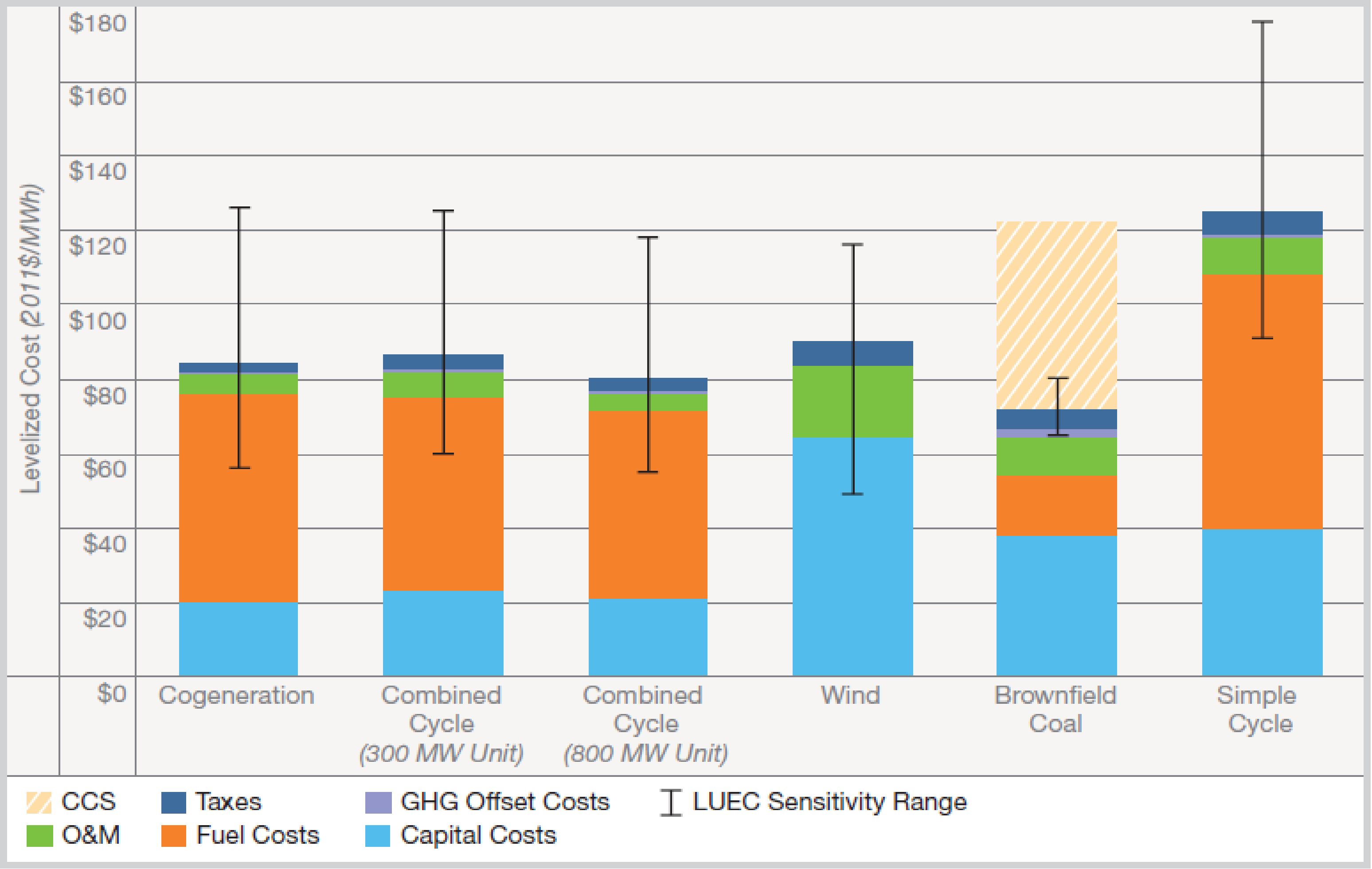
Since deregulation, AB Pool prices have averaged $65 / MWh



[1] Source: AESO

Price required to attract new generation[1]

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



[1] *Source: AESO*

Other markets where TransAlta is positioned to grow

B.C.

- Potential load growth of 3.5% per year depending on LNG development
- Key opportunities for gas powered generation are at Kitimat, Prince Rupert and potentially Fort Nelson (Horn River)
  - All opportunities are expected to be contracted

Western U.S.

- Load growth of ~1.4% / year over next ten years in both PacNW and California
- Based on analysis of PacNW utilities' IRP's, they plan to acquire ~4,400 MW of capacity in the next ten years
- In California, ~14,000 MW of new capacity required during next ten years.
- Coal retirements and nuclear retirements in PacNW and California should strengthen market, but natural gas prices remain a key factor

Ontario

- Ontario is expected to see declining load over the next 5 years (IESO Reserve Margin Outlook)
  - Nuclear retirements/refurbishments expected to drive need for new capacity longer term

Western Australia

- Strong load growth of 5 to 6% per year over next ten years requiring about 3,000 MW of new capacity
- Minerals extraction and oil and gas projects supporting load growth
- Majority of new generation will be contracted directly with customers

Key take-aways

- Highly contracted and diversified asset base, generating strong cash flows
- Focused on delivering shareholder value through a combination of dividend and growth
- Significant upside post PPA
- Well positioned to grow