

FINAL TRANSCRIPT

TransAlta Corporation

Annual and Special Meeting of Shareholders

Event Date/Time: April 20, 2018 — 12:00 p.m. E.T.

Length: 85 minutes

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CORPORATE PARTICIPANTS

Ambassador Gordon Giffin

TransAlta Corporation — Chairman of the Board

John Kousinioris

TransAlta Corporation — Chief Legal and Compliance Officer

Dawn Farrell

TransAlta Corporation — President and Chief Executive Officer

CONFERENCE CALL PARTICIPANTS

Robert Millard

TransAlta Corporation — Shareholder

Alex McNichol

TransAlta Corporation — Shareholder

Todd Stack

TransAlta Corporation — Shareholder

Brian Baudais

TransAlta Corporation — Shareholder

Marcy Cochlan

TransAlta Corporation — Shareholder

Ammon Sribney

Shareholder

Bill Manoleck

Beneficial Shareholder

Ross Gurly

Beneficial Shareholder

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PRESENTATION

Ambassador Gordon Giffin — Chairman of the Board, TransAlta Corporation

Good morning. Thank you for coming on this beautiful Alberta day. It's a delight to be with you and to have our annual general meeting. And I particularly want to welcome our shareholders to this meeting. Our board and management and all the employees of our company are honoured by your investment and by your presence.

My name is Gordon Giffin. I have the honour of chairing the Board of TransAlta, and I will chair this meeting.

Our Chief Legal and Compliance Officer and Corporate Secretary, John Kousinioris, to my far right, will act as secretary of the meeting. I also point out that our Chief Executive Officer and President, Dawn Farrell, is with us this morning, and you will hear from her a little bit later in the program after we complete the formal business of this meeting. Our meeting is also being webcast live, and we certainly welcome those joining us by way of the internet. No telling where they are.

Before we begin, just a few procedural reminders. We welcome anyone who is here or listening in who is not a shareholder, but I remind you that only eligible shareholders or their proxy holders can participate in the meeting, either in addressing the meeting or in voting. At such as time as anyone would like to speak, as we get to that portion of the agenda, if you would state your name and whether you're a shareholder and if you're a proxy holder, and whose name, which shareholder you are acting. And if you would direct all of your comments to me as chair.

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The views of all comments of all shareholders are welcome and important in this meeting. Out of respect for everyone here, however, I encourage you to, if you have comments or interventions, to try and keep them brief and focused on the business at hand for this meeting. At the conclusion of our formal process, I'll make a few comments on behalf of the Board of Directors, and of course, we will hear from our Chief Executive Officer on her report about the operations of the Company.

As we get started, just a quick safety message to make sure that everyone's familiar with the emergency exits. Hopefully, they won't be necessary. There are exits on the sides and back of the room. The doors can be opened in the event of an emergency. And in the event that we have one, please just move calmly to the doors and to the outside. At this point, I would like to ask you to turn off any electronic devices so that they don't interrupt us during the meeting.

I now call this meeting, TransAlta Corporation Annual and Special Meeting of Shareholders, to order. The first piece of business is that we will appoint Kirsten Dillon and Gloria Gherasim of AST Trust Company, the Corporation's transfer agent, who I believe are in attendance today. You all here? Oh, in the back. Hi, there. And I appoint them to act as our scrutineers for this meeting.

The notice of this meeting was mailed on March 21, 2018 to all shareholders of record at the close of business on March 6, 2018. I hereby ask Mr. Kousinioris to file, with the records of this meeting, the proof of service and notice of this meeting.

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The scrutineers have provided me with a preliminary report on attendance, and the count indicates that there are 545 shareholders present in the meeting or by proxy representing 144.8 million common shares. Accordingly, 50.3 percent of the common shares outstanding are currently represented at this meeting. I, therefore, declare that a quorum is present and that this meeting is properly constituted for the transaction of business. A copy of the scrutineers' report will be filed with the records of this meeting.

In order to make sure that we move along smoothly, we have asked a number of TransAlta employees, who are also shareholders, to move and second motions to be put before the meeting. If you would like to discuss a motion before the vote, please raise your hand and identify whether you're a shareholder or a proxy holder, and I will recognize you for that purpose.

Starting with the minutes of the last annual meeting of shareholders, which was held on April 20, 2017—that's interesting; same date. I declare that the minutes have been verified and signed and are filed with the Corporation's minute book. Anyone wishing a copy of the minutes may pick one up from the table located outside this room.

The next item of business is the receipt of the annual consolidated financial statements of the Corporation and the auditor's report thereon for the year ending December 31, 2017. The annual consolidated financial statements of the Corporation and the auditor's report are contained on pages F1 through F97 of our annual report and were made available to shareholders together with the notice of this meeting on March 31, 2018. Copies are also available in the lobby outside this meeting

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room, and I request that the secretary also file a copy of the annual report with the minutes of this meeting.

Mr. Greg Boone, a representative of Ernst & Young LLP, the auditors of the Corporation, is available at this meeting to answer questions with respect to the annual consolidated financial statements of the Corporation during our general question period.

The next item of business is the election of directors. The Board has set the number of directors to be elected at this meeting at 10. We are satisfied that this number of directors is appropriate to provide a significant range and depth of expertise and to meet the corporate governance requirements of our company. Before I introduce those who are standing for election at this meeting, I want to take a moment to acknowledge and recognize a member of our board who is not seeking to be reelected, Mr. Tom Jenkins.

Tom has been a member of TransAlta's Board since 2014. I have to say, as a personal matter, I found Tom—and find Tom—to be one of Canada's leading innovators and has one of the most active and provocative minds of anyone that I've ever encountered. Tom made a material contribution to our board and he will be missed. Tom's not with us today, but I do want to recognize the contribution that he has made during his service on our board.

Now I'll briefly introduce each of our directors who is standing for election to the board. If you don't mind, just stand up and wave, and then you can sit back down.

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The Honourable Rona Ambrose, who is—anyone from Alberta knows is a national treasure. She's a national leader in Canada, former Leader of Canada's Official Opposition in the federal parliament. She's a resident of Calgary, Alberta and has been a director since last year.

As a key member of the federal cabinet for a decade, Rona solved problems as a minister of the crown across multiple government departments. And as a former environment minister was very involved in thinking through greenhouse gas regulations and how that will affect the industrial and energy sectors. So she brings a particular set of skills and experience in that arena. Her public policy experience and her demonstrated ability to bring people together with divergent views for a common purpose will strengthen our Board and assist our company.

Rona's currently a member of the Audit and Risk Committee and the Human Resources Committee.

John Dielwart. John also is a distinguished resident of Calgary, Alberta and has been a director since 2014. A former CEO of ARC Resources, which, as many of you know, is an owner and operator of oil and gas properties in Canada, he is currently Vice Chairman of ARC Financial Corporation, Canada's leading energy-focused private equity manager.

He's a past Chairman of the Boards of the Canadian Association of Petroleum Producers, and in 2015, he was inducted to Calgary's Business Hall of Fame. John brings to the board extraordinary executive experience and knowledge of the energy industry and corporate governance.

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John is currently a member of our Audit and Risk Committee as well as the Governance, Safety and Sustainability Committee.

Tim Faithfull, who was unable to be with us today. Tim is a resident of London, England and has been a director since 2003. He's a 36-year veteran of Royal Dutch Shell and was formerly President and CEO of Shell Canada Limited, and during that period was a resident of Alberta.

Tim has extensive experience with commodity exposure, risk management from his experience directing the global crude oil trading operation of Shell International Trading and Shipping Company. His experience of many years of leading a large energy, oil and gas company and part of that experience in Alberta is particularly of value to our board.

Tim is currently a member of the Audit and Risk and the Governance, Safety and Sustainability Committee.

Dawn Farrell, our President and Chief Executive Officer, also a resident of Calgary—there's a theme here—was appointed to the board in January of 2012 when she became our CEO. Prior to her appointment, she was the Corporation's Chief Operating Officer and has diverse experience in multiple roles throughout the energy industry over the course of 30 years.

I must say that beyond her experience and professional skills, Dawn brings tremendous devotion to this company and the people who work here, which makes a difference in her contribution every day.

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Alan J. Fohrer. Al? Al is a resident of Arcadia, California and has been a director since 2013. He was Chairman and CEO of Southern California Edison Company, a subsidiary of Edison International, one of the largest electric utilities in the United States. He also served as Vice President, Treasurer, and Chief Financial Officer of Edison prior to becoming CEO of Southern California Edison. So obviously his experience both as a finance executive and as a CEO in the electric industry brings substantial experience to our board.

Al currently serves as Chairman of the Audit and Risk Committee.

Yakout Mansour. Yakout, a resident of El Dorado Hills, California, has been a director since 2011. A professional engineer, he was President and CEO of California's Independent System Operator Corporation from 2005 to 2011. Prior to that, he held several different executive positions in the electricity industry. His specialized knowledge in market design, market administration, generation transmission, both in a regulated and deregulated market, is almost unique, and consequently, a great resource to those of us on the board and to the Company itself.

He currently serves as a member of the Audit and Risk Committee and the Governance Safety and Sustainability Committee.

Georgia Nelson. A resident of Chicago, Illinois, director since 2014, she is President and CEO of PTI Resources, an independent consulting firm. She has a 35-year career in the power generation industry and was President of Midwest Generation Edison Mission Energy from 1999 until her

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retirement in 2005. She brings a combined set of experiences in operating power generation companies as well as extensive experience in the human resources management field.

She currently serves as Chair of our Human Resources Committee.

Beverlee Park. Bev is a resident of West Vancouver, British Columbia. Had been a director since 2015. She has held roles, including CEO, COO, and CFO of publicly traded and private corporations in a range of industries. She has also acted as a board member on numerous public and private boards.

She is a fellow of the chartered professional accountants and a fellow of the Institute of Chartered Accountants of British Columbia. So Bev brings extensive experience to us in the finance and accounting realm as well as leadership experience in corporate management, including in the power sector.

She currently serves on the Audit and Risk Committee and the Human Resources Committee.

Bryan Pinney. Bryan, a resident of Calgary, Alberta, a new nominee for our board. He is the Principal of the Bryan D. Pinney Professional Corporation, which provides financial advisory and consulting services. Bryan has over 30 years experience serving as an auditor to many of Canada's largest corporations, primarily in energy and resources and construction. He's a Fellow of the Institute of Chartered Accounts and a chartered business valuator.

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Bryan will bring extensive business experience to our board and importantly, that high-level accounting and financial and audit experience.

Lastly, Gordon Giffin. I'm a resident of Atlanta, Georgia. We have no snow on the ground where I come from. I've been a director since 2002. I am a partner in a law firm named Dentons LLP that operates in Canada and the United States and 78 other countries around the world.

Prior to serving as United States Ambassador in Canada from '97 to 2001, I practised law in private practice, substantially focusing on energy, to which I returned after I left government.

Those are the 10 individuals who are now standing for election as directors to your company.

I'd now like to open the meeting for nominations of directors to serve for the following year.

Robert Millard — Shareholder, TransAlta Corporation

My name is Robert Millard, and I'm the shareholder of the Corporation, and at the direction of the Board, I nominate the following: the Honourable Rona H. Ambrose, John P. Dielwart, Timothy W. Faithfull, Dawn L. Farrell, Alan J. Fohrer, Yakout Mansour, Georgia R. Nelson, Beverlee F. Park, Bryan D. Pinney, Ambassador Gordon D. Giffin to be elected as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

Ambassador Gordon Giffin

Thank you, Robert. This motion does not require a seconder. Is there any discussion on the nominations? Okay. Thank you again, Robert, and we will move on with the business.

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The voting for directors of the Corporation is pursuant to the policies of the Corporation by individual director and not by way of a slate. On this basis, I request the motion that each of the nominees be elected as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

Alex McNichol — Shareholder, TransAlta Corporation

My name is Alex McNichol. I am a shareholder, and I so move.

Ambassador Gordon Giffin

Thank you. May I have a second?

Todd Stack — Shareholder, TransAlta Corporation

My name is Todd Stack. I am a shareholder, and I second the motion.

Ambassador Gordon Giffin

Thank you, Todd. We will conduct this vote by a show of hands. All in favour, please signify by raising your hand.

All opposed? Thank you.

I declare the motion carried.

Appointment of auditors is our next piece of business. I request the motion that Ernst & Young LLP be appointed auditors of the Corporation to hold office until the close of the next annual meeting of shareholders at such remuneration as shall be fixed by the Board of Directors.

Brian Baudais — Shareholder, TransAlta Corporation

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My name is Brian Baudais. I am a shareholder, and I so move.

Ambassador Gordon Giffin

Thank you, Brian. Is there a second?

Robert Millard

My name is Robert Millard. I am a shareholder, and I second the motion.

Ambassador Gordon Giffin

Any discussion? I'll also pursue a vote on this motion by a show of hands, please. All in favour?

Any opposed?

I declare the motion carried. Thank you.

The next item of business is consideration and approval to reduce the stated capital account of the common shares of TransAlta to \$2 billion. The text of the special resolution is specifically set out on Page 29 of our management proxy circular dated March 6, 2018, which was already made available, as stated earlier. To be effective, the special resolution approving the reduction of stated capital must be passed by not less than 66 2/3 of the votes cast by shareholders present in person or by proxy at this meeting.

I request the motion that the special resolution to reduce the stated capital account of the common shares of TransAlta to \$2 billion, as set out on Page 29 of the management proxy circular of the Corporation dated March 6, 2018, be approved.

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**Todd Stack**

My name is Todd Stack. I'm a shareholder, and I so move.

Ambassador Gordon Giffin

Thank you, Todd. Any discussion on the motion? No discussion, then I ask for a second.

Marcy Cochlan — Shareholder, TransAlta Corporation

My name is Marcy Cochlan. I am a shareholder, and I second the motion.

Ambassador Gordon Giffin

Thank you, Marcy. The vote on reducing the stated capital account of TransAlta's common shares will be conducted by a ballot. Mr. Kousinioris, would you please briefly describe the ballot procedure?

John Kousinioris — Chief Legal and Compliance Officer, TransAlta Corporation

Certainly. Registered shareholders and proxy holders received a pink ballot when they registered with the scrutineers prior to the meeting. All registered shareholders that are entitled to vote should mark on the ballot whether they are in favour of the resolution.

If you completed your ballot upon registration when you entered the meeting or if you voted your shares by proxy prior to the meeting, your vote has been counted and it's not necessary for you to vote by ballot now. If you are completing the ballot now, please ensure that you sign the ballot and print your name above your signature. Please note that you are not required to fill in the bottom portion of the ballot. The scrutineers will complete that for you indicating your shareholdings.

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Please raise your hand after you've marked your vote on your ballot so that a scrutineer can pick up your completed ballot for tabulation. And is there anyone that hasn't voted that would require a ballot now?

Ambassador Gordon Giffin

Anyone else need a ballot?

John Kousinioris

Okay.

Ambassador Gordon Giffin

Thank you very much. Make sure one last time no one else needs a ballot. We will continue with the remainder of the business of the meeting, and I'll advise you as to the voting results prior to the conclusion of the meeting.

The next item of business is the consideration and approval on an advisory basis of an ordinary resolution approving TransAlta's approach to executive compensation. The text of that resolution is specifically set out on Page 30 of your management proxy circular dated March 6, 2018, which was made available to shareholders with the materials for this meeting.

I request a motion that the resolution to accept the Corporation's approach to executive compensation, as set out on Page 30 of the proxy circular, be approved on an advisory basis.

Marcy Cochlan

My name is Marcy Cochlan. I am a shareholder, and I so move.

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**Ambassador Gordon Giffin**

Thank you, Marcy. Any discussion on the motion? May I have a seconder for the motion, please?

Alex McNichol

My name is Alex McNichol. I am a shareholder, and I second the motion.

Ambassador Gordon Giffin

Thank you, Alex. The vote on TransAlta's approach on executive compensation will also be conducted by ballot. Mr. Kousinioris, please describe.

John Kousinioris

Certainly. Registered shareholders and proxy holders received an orange ballot when they registered with the scrutineers prior to the meeting. All registered shareholders that are entitled to vote should mark on the ballot whether they are in favour of the resolution.

If you completed your ballot upon registration when you entered the meeting or if you voted your shares by proxy prior to the meeting, your vote has been counted and it is not necessary for you to vote by ballot again. If you are completing the ballot now, please ensure that you sign the ballot and print your name above your signature. Please note that you're not required to fill in the bottom portion of the ballot. Scrutineers will complete that for you indicating your shareholdings.

Please raise your hand after you've marked your vote on your ballot so that a scrutineer can pick up your completed ballot for tabulation.

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**Ambassador Gordon Giffin**

Does anyone else need a ballot? So I've got the report from the scrutineers on the stated capital reduction resolution. The vote in favour was 98 percent, and on the resolution to accept management's approach to executive compensation, the vote was 89 percent in favour.

Ammon Sribney — Shareholder, TransAlta Corporation

Point of order, sir. That ballot was just taken. How could they already have the tabulation?

Ambassador Gordon Giffin

Well, sir, because there were only, I think, a handful of ballots, two or three ballots that were cast and that the proxies were already registered, so it was pretty easy to add the two or three ballots to the already existing base of votes that were tabulated. Thank you for your question.

Let's see. Do I have a final report on the attendance? There's no change from the attendance that I announced at the beginning of the meeting, so that's the final attendance tabulation for the meeting.

The formal business to come before the meeting is now concluded. And at this point, I will declare that the formal part of this meeting is terminated. As I mentioned earlier, we'd like now to move to some brief comments by myself on behalf of the board and then Dawn, as CEO of the Company. Following that, we will open the floor for questions from shareholders and proxy holders.

I do want to begin again by saying how honoured we are to have our shareholders present either in person or virtually. And I thank you for your patience and participation in the formal part of

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the meeting. We are delighted that those of you are here with us and took the time to participate, and now to hear about our performance in 2017, and importantly, our vision for the Company's future. At this point, just a few thoughts from me on behalf of the Board.

Let me take a moment to circle back to last year's AGM, during which the board received a message from our shareholders through the say-on-pay vote. Let me assure you that we received and listened to the message we received last year.

Furthermore, the board is firmly committed, importantly, to a compensation philosophy and a consistent program with the principle of say-on-pay for performance—or, excuse me, pay for performance at its core. Since last year, the board engaged in an extensive outreach program and created an ongoing dialogue with shareholders to ensure we remain current on your thinking. We value your feedback. We acted on that feedback, and the result this year, 89 percent of our shareholders, as I just reported, voted in favour of our approach to executive compensation.

On behalf of the board, let me say we appreciate your support. We learned from our experience and will continue to maintain an active shareholder engagement program.

Moving on to corporate operations. This year, TransAlta employees company-wide made substantial progress to improve the Company's performance and position it for success in the new and evolving power sector of the future. Our CEO, Dawn Farrell, as I mentioned, will provide more detail on those initiatives and achievements.

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As public policy evolved in Alberta and Canada around carbon pricing and power market redesign, in early 2017, TransAlta stated its strategic mission to become Canada's leading clean power company. This 21st-century business model is designed to create value for our shareholders, customers, employees, and other stakeholders in the decades ahead.

With strong operational and financial performance in 2017 and a positive outlook for the future, we remain confident in the vision of our business. Our cash flows are strong, our program to reduce debt is on track, and our operations are smooth. Further, we have confidence in the way the regulatory environment in Alberta and in Canada is evolving. With all this in mind, we believe that in the foreseeable future, we can turn our attention to more capital allocation options, including growth and returns to shareholders.

As always, the board and management are focused on the future, requiring putting in place the building blocks today that support enhanced service and profitability next year and beyond.

The board believes that TransAlta's executive team, under Dawn Farrell's leadership, is well suited and prepared to deliver on our strategy for the benefit of all stakeholders. A substantial amount of work over the past two or three years has laid the foundation for the future success of TransAlta.

In closing, the board and the dedicated team of employees have been diligent in the rigorous pursuit of actions and policies to make TransAlta the leading clean power generator and a company that consistently delivers values to shareholders. This is a marathon, not a sprint, and the board is confident that our management has its eyes on the finish line and is on an inexorable path to cross it.

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Thank you very much. And at this point, I'll ask Dawn to take over the podium.

Dawn Farrell — President and Chief Executive Officer, TransAlta Corporation

Thank you very much, Ambassador Giffin. And thanks to our Board of Directors, who have provided tremendous support to management as we've turned our ship towards becoming Canada's leading clean power company by 2025.

Welcome to all of you shareholders that have joined us here today in Calgary and, of course, to the many of you that are on the webcast. Now, as always, when we speak publicly we need to first note the forward-looking statements. I won't go over this in detail, John will. No, we won't. It is available to review by accessing this presentation from our website.

So today, I want to share my optimism for our business by quickly reviewing our results for 2017 and our accomplishments, by walking you through our goals for 2018, and by laying out TransAlta's strategy to meet the needs of our customers in what is a highly complex, extremely competitive, and rapidly changing electricity market.

I'll also share our views on the transformation our industry is currently undergoing. There are some pretty exciting challenges and changes on the horizon, and I'm here today to talk to you about how your company is competitively positioned to take advantage of these emerging opportunities. We're very optimistic about how we can take the strengths of our people, our know-how, and navigate through an industry that's really in rapid transition.

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Now before I get too deep into it, I'd like to introduce our management team. I'm not going to introduce them by name, they're sitting here in the front row. Their pictures are on the screen. And they're going to be available after the meeting to answer any questions that you have, and I'll be here as well.

This team has worked extremely hard over the past several years, and particularly in 2017 they delivered some excellent operational, safety, and financial results. I'm personally grateful to all of you for the time and the energy that you put into TransAlta's success and our people.

I would like to take a moment and to acknowledge, you'll have to stand up so they can see you—your picture's too small—to personally thank our Chief Financial Officer, Donald Tremblay. Donald advised me just a week or so ago of his decision to return back home to his family in Eastern Canada. We couldn't keep him here in the West. The four years that he invested here at TransAlta were pivotal to our company's success, and they helped us reposition our debt.

We still have some work to do to finish the financial plan that Donald set for us, and we will complete that, Donald. You'll be able to—I'll report it to you when it's done in 2020. Thank you. On behalf the management team and the board, we're going to miss your great French-Canadian energy, optimism, and of course your sense of humour. And the whole management team doesn't know who's going to buy them coffee, but Donald was a big coffee drinker.

Our mission at TransAlta is to deliver 100 percent clean power to our customers by 2025. And we know that customers want low-cost, clean, reliable, and firm power and that we have the

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assets and expertise to deliver on this target. Now for us to arrive in 2025 with a healthy balance sheet and the right assets and the right peoples and skills, we set our goals in 2017 to pay down debt, to grow TransAlta Renewables, to advance our coal-to-gas strategy, and to continue to strengthen our safety, operational, and environmental performance. We are proud of the 2017 results, and here are some of the metrics that we use to track our progress. And this is just a small number of them; not all of them.

Our 2017 free cash flow of 328 million increased 28 percent over 2016. Our funds from operation of 804 million increased 9.5 percent over 2016, and the EBITDA from generation, excluding our Canadian coal—so this is the EBITDA that we've grown in our gas and renewables business—was up by 13 percent over 2016.

The great news, and this was thanks to Donald's plan, our net debt was reduced by \$530 million. As a result, we entered 2018 with a funds from operations to debt ratio of above 20 percent, which is the best that we've seen in the Company since 2011. We are well on our way to reducing our debt to less than three times debt to EBITDA in TransAlta by 2021, and this will put us ahead of all of our peers and give us a huge competitive advantage.

We did deliver the Company's best ever safety and environmental performance, and we grew TransAlta Renewables by finishing our commissioning of South Hedland last summer. We also expanded the Kent Hills wind farm by 17 megawatts and extended the life of the PPA there, and that

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little project is now under construction. And early in 2018, we acquired two new wind farms in the US Northeast and will begin construction on those wind farms later this year.

On coal-to-gas here in Alberta, the engineering is done for a number of our units, and we're well on our way to turning sod with the person who's working for us, Tidewater Pipeline.

Now 2017 went very well, and we were happy with the results. But of course, there's always more to do. So today, we're building on that momentum, and we're coming out of 2017—we're building on the momentum we created in 2017, and as we move through 2018, we've now set a new set of goals.

Our first goal in 2018 is to support the development of the capacity market that encourages investment in Alberta based on a level playing field and a reasonable return on capital, and in particular for the coal-to-gas investments that we want to make here in the province.

Our second goal is to advance the work on the gas pipeline to our coal plants here in Alberta, and we will make final investment decisions on our coal-to-gas conversions hopefully later this year, and that's to ensure that we have adequate gas supply to the plants.

Third, we've decided to get even more ambitious about safety. We have a great safety record, but our team has set a goal to reduce our total injury frequency rate by another 20 percent this year. That's a very tough goal.

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Fourth, our financial goal is to increase free cash flow by 5 to 10 percent over what we delivered in 2017, and to be able to do this on a long-term basis. We will reduce the net debt by 200 million to \$300 million, and we will end the year again with an even stronger balance sheet.

Now, our high degree of confidence in that goal comes from the improved work that we've done on our execution capabilities through a project that we call in the Company Greenlight. This Greenlight project supported our success in 2017, and it continues to be a strong muscle for us as we go into 2018. The success of our Greenlight program, our execution skills, and our improved free cash flow are the cornerstones for our fifth goal, which is to invest in the future and grow our customer base.

So let me take a moment now to talk about how we're leveraging our strength to extend our competitive advantage to our customers. This is where I'm going to talk about our strategy and how we're seeing the future.

Our strategy is really quite simple. We've worked hard at TransAlta to understand what customers want. We've taken the time to understand their business and their needs, and we are, today, uniquely positioned to meet them. We've positioned TransAlta to offer customers energy solutions that meet their competitive priorities by growing and diversifying the Company to leverage TransAlta's size, breadth, and experience. We are well-positioned across a wide range of gas and renewable assets, with a broad geographic reach and decades of execution experience, to deliver on what our customers are demanding; low-cost, clean, reliable, and firm power.

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Now at TransAlta, we have customers across Canada, now in a number of US jurisdictions and in Australia. And our customers and new customers want highly tailored offerings that mix renewable alternatives, including wind, solar, and renewable credits, with the necessary dispatchable resources like natural gas, all at affordable costs. So just to stand back from it, they want both. They want green and they want brown. They want brown dispatchable resources.

Our trading and marketing and development teams have the depth and the track record to serve customers who want maximum choice in how they both buy and use electricity in a world where a digital transformation is offering new opportunities for our industry.

Today, the digital transformation is impacting all three pillars of the power industry. The supply of power is changing to incorporate increasingly cost-efficient, intermittent renewable generation with firm power from dispatchable gas plants. The grid system is adapting to enable multidirectional flows of energy and is incorporating storage systems. And as we all know, as we look in our everyday lives, whether it's how we use our phones or how we see the new coming cars, the consumption patterns of customers are absolutely evolving. And at the same time, the values people hold today are shifting away from either/or, brown or green, to both/and. They expect clean and affordable power.

Now looking at out at the opportunity set, we see solar farms, batteries, pump storage, and customers who want to own their own wind farms. We also see many industrial customers who are again looking carefully at cogeneration to both reduce emissions and costs. Environmental costs are

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being incorporated into economic decisions in all regions across North America and in Australia, whether these regions have a carbon price or not. When people make 25-year decisions, they simply must account for the price of carbon. They have no choice.

Now over the past 40 years, there have been phenomenal reductions in the cost of wind and solar generation. Green and expensive, which was really what happened over the last 10 years, is now becoming green and affordable. And while battery costs have also dropped dramatically, the technology and the costs still have a long ways to go for them to be in position for the power grid. So the future vision of a power grid that is run solely by batteries and solar and wind is still a long ways off, which means for us at TransAlta that our investments in coal-to-gas are still going to be needed and will still support the grid for a long time to come. And that's very good news because we're positioned in both renewables and in gas generation.

So as I've said, we've got much greater confidence that our coal-to-gas investments will pay off over the longer term, and we are evaluating a range of battery storage options. However, we also know that solid-state batteries are much more likely to go to the transportation sector and will be far too expensive to be a real benefit for years to come. That's great news for us because the battery that we can make at our Brazeau pump storage facility is not too expensive, and it has the capacity for the next 100 years, to absorb any excess wind and solar that's dispatched here in the Alberta system. And it can assure customers in Alberta that they can achieve clean and affordable.

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So the only goal that we did not meet last year was to negotiate a long-term contract for our Brazeau pump storage project. We continue to push on this goal in 2018, and we're increasingly optimistic that projects like Brazeau have a strong role to play in the power system of the future, and particularly the power system here in Alberta.

When renewable energy is used to pump water into the Brazeau Reservoir, it is transformed into a water-enabled battery. And when it's released from the reservoir, it turns into energy to operate the hydroelectric turbines and flow electricity into the grid.

We are also seeing a number of good investments in contracted wind, contracted gas, and some solar; all good investments for TransAlta Renewables. Now as we grow TransAlta Renewables, shareholders who prefer contracted assets with stable free cash flow distributions will be attracted to owning that entity.

But all of you here today are shareholders of TransAlta. You own 64 percent of TransAlta Renewables. And in my view, you are not seeing the benefit of that ownership and all the other value that TransAlta brings. And why is that? Well, how markets value companies can be a bit of a mystery, I can say that. But this is what I see when I look at a share of TransAlta, and I own a number of them.

When you own a share of TransAlta, you not only own 64 percent of TransAlta Renewables, but you also own the cash from our position here in Alberta with our existing hydro, never mind the opportunity on Brazeau, which becomes even more valuable after 2020 when the PPAs roll off, and we benefit from those increased cash flows. You also own the cash that is generated from our existing

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coal plants today that now have another additional 75 years of life left when we convert those plants to gas. And we've been able to get the legislation in place to enable us to do that.

You own the cash from the carbon offsets that we were able to achieve through our discussions on the Climate Leadership Plan from the existing wind that we own and the existing hydro. And those will add 30 million to \$50 million annually more to the cash flows of the Company. And of course, the future cash that will come as our proven operating teams develop, build, and operate clean power plants for new customers across Canada, the United States, and Australia.

So when you pull it all together, our strategy looks like this. By combining our skills and building and operating green, with our ability to firm the power grid using assets like gas, we can give customers what they want: affordable, clean power. As a shareholder, you own a company that understands its customers, is well positioned to serve them, and that has the financial strength and the tools to serve their needs. And across the Company, due to the outstanding efforts of TransAlta employees at every level in our company in every business unit, we are very ready to navigate whatever transition our industry delivers us. TransAlta will be 100 percent clean power by 2025 because of our people.

So thank you for staying the course with us. And I will now hand the mic over to Ambassador Giffin who will facilitate our questions. Thank you.

Ambassador Gordon Giffin

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Thank you, Dawn. Makes us proud to be shareholders. Now is our question period. As Rona will tell you, it's not necessarily answer period. She's got experience from question period in parliament. But we will try to be very responsive to any questions you may have for us today. Are there any questions in the audience?

Yes, sir. If you could just go to the microphone. There's one on each side.

Q&A

Ammon Sribney — Shareholder

Good morning, everyone. My name is Ammon Sribney. And I'm acting as a proxy for my wife, Audrey, who is also a shareholder. She's also a shareholder of ATCO. She's proud of the fact that TransAlta and ATCO are led by two ladies. Now this is where it gets dicey—

Dawn Farrell

Ah. I knew it.

Ammon Sribney

—between her and myself. I pointed out that Bloomberg indicated that Ms. Farrell's total compensation is 6.5 million and is substantially less than Nancy Southern's compensation. And yet, the ROE for TransAlta is in the minus category and the ROE of ATCO is very high in the plus category.

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April 20, 2018 — 12:00 p.m. E.T.

TransAlta Corporation Annual and Special Meeting of Shareholders

So her question is how can you justify that compensation when we shareholders have taken a stock hit? A dividend hit? And I don't see from today's meeting that there are any forward prospects of growth.

So personally, over the last five years, my return on investment is minus 32 percent. So what am I to tell Audrey for her to regain confidence in the Company?

Ambassador Gordon Giffin

Okay. Fair question. A number of thoughts. First is I think if you take—and we can get you a copy of what Dawn presented—I think if you take to your wife the presentation that Dawn made, it will help give her a view about the potential for profitable growth for this company going forward and will also provide for her a summary of the information that's in our financial reports of the strong financial performance last year. So it's my belief that if she is able to look at that information, she will feel better about the future.

There is no doubt that over the course of the last three years TransAlta has confronted headwinds in our business. There are a variety of reasons for that. We take responsibility for the governance and administration of this company. So in the first instance, certainly those of us up here have some responsibility for that.

I will add, though, that the regulatory environment in Canada and Alberta over the course of the last two or three years caused substantial uncertainty around power generators, and particularly power generators with any coal-fired power assets. TransAlta obviously is one of those.

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And that uncertainty, until the carbon policy became more clear and more stable, both federally and provincially, investors, particularly investors from outside of Alberta, were very tentative in their willingness to make investments in our company. I can't speak for anything around ATCO, but certainly, in our company, we saw tentative attitudes towards investing in TransAlta.

As we suggested, the situation with respect to the regulatory environment has evolved and now, in large part, has stabilized. And so there's more certainty around what the regulatory environment will be. And the Company has been able to, as a consequence, develop its strategic planning, as you heard from Ms. Farrell, around becoming a clean power producer in recognition of the regulatory environment. And we have taken material steps towards that.

The requirements to fundamentally close coal-fired plants in a sense was a development that was somewhat out of the blue; was counter to what the regulatory environment that was developed in Alberta in 2000, the so-called deregulation of the generation market. And so almost overnight you had to figure out what to do with respect to plants and facilities that were thought to have a much longer life.

The ability now under the rules to convert coal-fired plants to natural gas and to provide power into the future for Albertans in a much cleaner way again takes away the uncertainty and provides a future cash flow stream that was not clear two years ago. There are incremental growth projects that have been pursued by this company over the course of the last 12 months. Dawn

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referred to some of them in the United States in particular. And as we have more capacity on our balance sheet, we will be looking at other growth opportunities.

So I think the future is bright for the Company. I think the foundation has been built for that profitable future. I do think we've had headwinds over the past two or three years that we have negotiated our way through in a successful fashion and have positioned the Company for success.

Now on compensation, our compensation system, as I said earlier, is fundamentally premised on pay-for-performance. If you look back over the last—take out 2017 for a minute—the prior three or four years, I think, and I've got the statistics here if you want them literally, but I think if you compare what—just using Dawn Farrell as an example in our executive group—if you compare what her target compensation was in any given year with her actual realized compensation, it would run in the 50 percent range. Meaning, she made half of what the target was because the metrics in our pay-for-performance system weren't met.

In 2017, to the contrary, the metrics in our system were met, and in some instances exceeded. So in order to be fair, you can't change the system when the performance is there and reduce the compensation when over the course of the prior four years, the system had paid well below target. So I think we believe that if you look at the performance against compensation, you'll find that in 2017 they matched up quite well.

Lastly, believe me, I want your return and your wife's return to be much better than it's been over the course of the last four or five years. I'm a shareholder of TransAlta, and I continue to

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buy shares in TransAlta because of my belief in this company. Dawn owns a tremendous amount of shares in this company. Executives and employees of TransAlta own a tremendous amount of shares. So we're in it with you. We want the shares to continue to grow in value. We believe they will.

That said, we have no more sense for what moves markets than you or your wife do. We hope, over time, the clarity of the environment in which we're working, the clarity of the definition of our strategic plan going forward, the enthusiasm and talent represented by our employees will begin to penetrate in the investor community, and you will see an increase in the value of the stock, which we believe the fundamentals and the performance of the Company support.

Ammon Sribney

Thank you. However, I want to remind you that ATCO is our competitor and they're in the same playing field. Secondly, the 6.5 million compensation, has Ms. Farrell accomplished the 100 percent proficiency guidelines that you've outlined?

Ambassador Gordon Giffin

Yeah. If you look at the system that's described and what's called the CD&A, the compensation, discussion, and analysis in the proxy circular, I think you will find, in quite some detail, how the system produces the compensation that Ms. Farrell got last year. And recognizing in some respects that compensation is in equity, meaning more skin in the game, more investment in the Company, so how the Company does controls what that ultimate value is. Again, I can't comment

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about ATCO. I don't know what their numbers are. I do know that they're somewhat of a different business. I mean, I see ATCO trailers and we're not in the trailer business, but—

Ammon Sribney

No. I'm referring solely to electricity. Perhaps I'm being unfair to—

Ambassador Gordon Giffin

No, no, I know. I'm this—

Ammon Sribney

—Ms. Farrell. It may be a board problem.

Ambassador Gordon Giffin

Well, by any measure, compensation of large company executives across North America is a meaningful amount of money. So the question is a valid question. Relative to her peers, I think you would find—by her peers I mean comparable companies. We've got a—again, this is published in the CD&A what the Company names are. And we benchmark against those companies. Dawn's compensation would be somewhere in the 50, 55 percentile range meaning she's in the middle of where CEOs of comparable sized and performing companies are. So she's not at the bottom, but she's certainly nowhere near the top.

Dawn Farrell

I think one thing I'd like to add, and I think the Ambassador's done a good job of talking, but I think the key thing that it's worth looking at for TransAlta, and it's a little bit hard to evaluate, you

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talked about return on equity, and I think a good return on equity or return on investment metric is the right way to look over the long term. If you look at TransAlta today, the change in Alberta, which there were three changes that came through the climate leadership plan. The first was that we got a carbon tax of \$30. The second was that there would be 5,000 megawatts of renewables brought into the Company. But the third and the most important was that coal has to be shut down by 2030. And importantly, it's now 2029 by the federal government.

So we had two things that faced us in that moment, and this is when we cut your dividend for the second time. One was we actually had too much debt for that outcome, and so we needed to start to use our cash right away to realign our balance sheet. And the second was we had to depreciate all our coal assets to 2029, 2030.

And so if you look in the proxy or if you look at our financial statements, you'll see that we have enormous depreciation. It's 600 million, \$700 million. We actually only spend \$200 million a year on the assets. So we have this huge difference between our book depreciation and our actual capital spending. Now a lot of people would say, when they see that, you're harvesting the Company. And effectively, we're not. We had to take the hit of what that carbon policy meant. We had to depreciate those coal assets, and effectively, what we had to do is find a way to turn the corner, which was our coal-to-gas transition.

Now once we start to make the transition to gas, we can lengthen some of the life of those assets again, so there'll be some changes there. But right now, return on equity's not your best way

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of thinking about the Company. The ATCO fleet is a much smaller fleet here in Alberta. They really have—and we're partners, of course, with them on Sheerness. Sheerness is owned 50/50 by us and them. When you look at TransAlta, we're 50 percent of G3, K3. We have all the Sundance units, Keephills 1 and 2. It was a very, very, very big hit on the Company.

So the metric that we use is really how we can grow our free cash flow, and it's our free cash flow return to our equity value. That's a better way of looking at TransAlta in the short term. As we go through the transition here, you'll start to go back to being able to use ROE as an indicator of success. And I think as you watch our strategy unfold here and we undertake the work that—we've been on a path of buying renewables since 2000. That has become the thing to do. But we also will have our coal-to-gas.

So I think you'll start to see our strategy unfold in a different way. But you have to look at it a little bit differently because that large depreciation really undermines the ability to show real earnings. And it's tricky right now from that perspective.

Ambassador Gordon Giffin

Any other questions? Okay. I'll go over to the left and then come back to the right.

Unknown Speaker

Mr. Giffin, Mrs. Ferrell, question about the Sundance and Keephills projects. Have we started to change over those units yet? I know we released that one was mothballed and the other ones were subject to gas conversion. Have we started that? Or are we waiting on something else?

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**Dawn Ferrell**

Yeah. So I'll take that question. Yeah. So where we are today is, first of all, the biggest issue with converting the units isn't actually doing the conversions. It's getting the gas up there because without the gas, of course, we can't run them on gas.

So we've signed an MOU with a company called Tidewater. We are just in the process of—they're just in the process of getting regulatory approval for the gas. And once they get the gas up to the plants, or once we know that we can see our way through to the gas at the plants, we'll be ready to go with our conversions. We're hoping to get there sometime in 2020. It takes a little bit of time to get that much gas up to those plants.

In the meantime, we've done all the engineering for those units. And this year, we'll make our decisions on who we'll choose to do the work, and we'll make the final investment decisions. So we are very much on the path to—we'll either do our first conversions in 2020 or 2021, or one in 2020 and one in 2021. So we're well on the path to doing that.

Unknown Speaker

Okay. Thank you. Can we go on to—back in December, you made a news release something to do with capturing carbon credits because January 1st we have a carbon tax of \$30 a tonne, and the release indicated that if we can get a hydro project underway, we capture credits to offset our obligation. Now, are we currently paying carbon tax?

Dawn Farrell

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Yes. So let me explain all of that. So the new carbon tax legislation came in January 1st. And the way that carbon tax legislation works is you pay \$30 a tonne, but you also get a what's called a performance standard credit. So effectively, you get some credits just through the regime. So what that does is it translates our carbon tax into about an \$18 to \$20 a tonne payment per megawatt hour.

But as part of the setting up what were called the performance standards, they did allow TransAlta to take our existing hydro and our existing wind and create carbon offsets out of them that are actual instruments that can be sold into the market. So while we will pay a carbon tax out of our coal fleet, our existing hydro and our existing wind fleet get to make carbon credits that can either be used by the coal side of the business or sold into the marketplace. And that's what I was referring to at the end of my speech about the value of 30 million to \$50 million.

Now the reason I say 30 to 50 is we have value today from the existing wind, and then as the PPAs roll off, we get extra value from the hydro fleet.

Ambassador Gordon Giffin

So if you don't mind sir, let me go over here, and we'll come back to you if you've got any follow-ups.

Bill Manoleck — Beneficial Shareholder,

Thank you. I guess I—

Ambassador Gordon Giffin

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Could you state your name and whether you're a shareholder?

Bill Manoleck

Yeah. Bill Manoleck (phon), beneficial shareholder. I guess I think all of this is very bad for the consumer. It seems like we're going down a road that's been gone down before, and it's resulted in nothing but a disaster for consumers and taxpayers.

Now in all of this, I wonder if the experts in the management and on the Board of Directors have considered not only the cost risk but the risk to consumers in this province of having both their heating and their electricity, which are usually different, based on the availability and the price of a single product, natural gas. We have had, in the history of our province, difficulties before with the gas supply and price. And in my view, it will happen again.

So it seems to me that the result of that may be bad not only for the consumers of this province, it may be very bad for this company, one way or another.

Dawn Farrell

Well, let me talk about that because I think you'll be happy to know that everything that TransAlta has done in its strategy around going from coal to gas has been with the consumer in mind because that was our concern as well. The province has been run, as you know, for 50 years on very low-cost coal, and it's very, very, very hard to beat coal. The natural gas has to be less than \$1.90 a gigajoule to compete with the coal plants when there's no carbon tax.

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But what happened is society has set a framework for carbon, and in setting that framework, it created a situation where we had to make a decision about our coal plants because we can run them for another 10 years, but running them uneconomically with a carbon tax will not help the shareholders of this business. And, of course, it won't help the consumers either.

So when we looked at our plan, the lowest cost way of dealing with the carbon tax was to convert to gas, and I'll talk in a minute about the reliability issue, but it was to convert to gas, and as well, it was to dig Brazeau pump storage out of the closet because remember, that project was on the books for TransAlta in the early '60s, and it got put away because coal came. And so we pulled it back out and started looking at it. And it's a very low-cost project. It's actually a very, very innovative way to store the wind and the solar that's going to be built under the Climate Leadership Plan.

Now the thing that's lucky for Alberta in this whole equation is that the costs of wind and solar have come down dramatically. So if you compare us, let's say, to Ontario, when they were doing their program, wind at that time was very expensive. It was over \$100 a megawatt hour. We just saw contracts clear here in Alberta for somewhere between 30 and \$35 a megawatt hour. So the wind turbines have gotten bigger. they've gotten taller. They're capturing more of the wind. They're much more economic.

And so if you put together wind farms with Brazeau pump storage and the coal-to-gas, we can actually keep prices at or below the levels that they were in Alberta for the last 50 years. And

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we've been aiming like crazy at that because we do not want to see consumers pay too much for power.

And then finally on your question about gas, I think that's a very fair question, and the way that we have to cope with that is our Tidewater gas plant comes out of a certain area of Alberta. And Brett Gellner, who's sitting here, has been working on that, and he can take you through this on the break, but we actually will have to have two pipelines to the plants. We'll have one coming from Tidewater, and we'll have another one either coming off the TransCanada system or off the Alliance system. So we have to provide two sources of natural gas to ensure that we meet the reliability standards and don't get into a situation that you're thinking about, which is absolutely something we have to think about.

Ambassador Gordon Giffin

I also want to observe that Alberta's somewhat unique in Canada in that, unlike Ontario, Alberta is a big resource of natural gas. Right? And the availability of natural gas to Alberta businesses is really a very fortunate set of circumstances, and a substantial part of the economy of Alberta is in the oil and natural gas business. So a lot of people in Alberta work in that business. So there's a synergy here, and if we were in Ontario, there'd be more of a challenge on availability.

And the last thing I'll say is, continentally, the availability of natural gas is dramatically greater than it was—

Dawn Farrell

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Yeah.

Ambassador Gordon Giffin

—10, 20 years ago, so the probability of huge spikes in the price of natural gas during any foreseeable period is unlikely.

Bill Manoleck

Yeah. That's how disasters happen. You're not paying attention to the risks. Even if it doesn't happen tomorrow or next year, the risk is still there and you're not paying attention.

I would like to—a point you raised. Perhaps you could help me understand. I didn't look into it when Rachel Notley said that she got those electricity contracts recently for that \$35 you mentioned. I thought when she said it that she mentioned those were capacity contracts. And not that \$35 is not based on the annual power delivery, it's based on the capacity of the plant. And in fact, the actual cost to the consumer annually might be more like 15 or 16.

Dawn Farrell

Yeah. Sorry, I can't comment on that because I didn't see what was said there, and I don't really know what—that doesn't make sense to me what was said. So I'd have to look at it and give you some comments on what they might've been thinking about.

Bill Manoleck

Yeah. I'm a little bit, if I may, concerned again with risk and everybody's always talking—

Ambassador Gordon Giffin

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We'll take this one more question, and then let's let others have it.

Bill Manoleck

Sure. Now you distracted me. You must be an excellent lawyer.

Ambassador Gordon Giffin

I try.

Bill Manoleck

A lot of the price of renewables is based on that industry getting a lot of subsidies. And it would seem to me—I guess in all of this I understand that TransAlta's in a bit of a sticky wicket here, but I think that you're going down the road of supporting bad government policy. And when you subsidize industries, I think it's—any economist will tell you that it makes the industry inefficient. So in fact, having all these renewables grossly subsidized means that they're much less likely to ever lower their costs to fairly compete with oil and gas. So I see that as a detriment to innovation. And—

Dawn Farrell

Yeah. And so I'll just make one comment and then we can—I'd be glad to have this discussion with you after we finish the meeting.

If you look at the—so I absolutely agree that 10 years ago, when wind contracts were coming out across North America, they were extremely high priced, and they required subsidies to get the wind farms built. There was no question of that. But over time as these new contracts—as contracts

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have been offered year after year after year, wind costs have come down dramatically. So they've come from \$150 a megawatt hour to 100 to 80.

I thought when they got to 60 that was kind of the limit. And now we've seen 30. And the reason that that's occurred is because the wind industry has gone from very small turbines, which we had some of, and now we're seeing five-megawatt turbines. They're 80 feet high. They capture 50 percent of the wind. They're as good as the hydro that was built initially to make electricity. They're almost as good as if you had a big hydro project.

So to the contrary, offering the long-term contracts has created a lower cost set of renewables, and, of course, because of the policy of the land, it's turned out that it's actually come at a time where consumers are no longer, I think, going to have to be fearful about asking for clean and green power. They can put it in the mix, and it's not as high cost as people think.

Ambassador Gordon Giffin

So I apologize, I can't see because of these lights. Are you the same gentleman that asked—

Dawn Farrell

Yes.

Ambassador Gordon Giffin

—the question before?

Unknown Speaker

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I was there before, and I'd like to continue. Just a last question to you, please. And I'm referring to the financial statements that was public, and I picked it up this morning. Mrs. Farrell, just like to make a comment here on the consolidated statements of earnings, which is on Page 75 or whatever. It shows here that net earnings lost—we lost \$118 million last year. That's about \$30 million a quarter if you divide it.

Dawn Farrell

Right.

Unknown Speaker

Right? Now we are now, we have finished the first quarter in 2018. Any idea from you people as to how much our losses are in the first quarter?

Dawn Farrell

Well, first of all, I can't tell you the losses in the first quarter because I'd—first of all, there aren't losses in the first quarter. Sorry. And I can't tell you what the net income in the first quarter is because we don't do that until we come out on May 8th. So you will get a good reporting of the first quarter on May 8th.

In terms of the losses last year, and again, Donald is here in the front row, and we can take you through that, you have to remember there were a lot of onetime issues there, and in particular, that new tax legislation in the US, where the income tax rate went from 35 percent to 21 percent, created an over \$100 million change at the net income level because we have NOLs or tax write-offs

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in the States, and we had to write them off. So there's a lot of moving parts in that calculation, but the Company's on very solid footing here as we go into 2018.

Unknown Speaker

When I read this financial, I feel like I've got empty pockets because it says per shareholder, I lost \$0.66. Is that correct?

Dawn Farrell

From an accounting earnings perspective, it is correct. But when if you look at the free cash flow per share, that's where you're seeing the benefit coming from your ownership here.

Unknown Speaker

I guess my dividends haven't increased, or are they going to go down?

Dawn Farrell

No, your dividends are not going to go down.

Ambassador Gordon Giffin

Yeah. We can't answer any questions about the financial performance in the first quarter because we can't do selective disclosure. If you've got any more questions about the financial statements though, Mr. Tremblay will be happy to talk with you after we conclude.

Unknown Speaker

Thank you, Mr. Giffin.

Ambassador Gordon Giffin

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Thank you.

Ross Gurly — Beneficial Shareholder

Good morning. My name's Ross Gurly (phon). I'm a beneficial shareholder. I have two project-related questions. The first one is with respect to the ongoing issue with Fortescue Metals Group in Australia. Just wondering where that sits in terms of resolution as well as if we are unsuccessful—we as the Company—are unsuccessful there, what does that mean to the profitability of that project?

And the second question relates to the Brazeau dam project. Just wondering what the status of the indigenous consultation is there because I remember last year there was a comment from one of the First Nations implying that that was the first they'd ever heard of it. And I'll just sit down, and thank you for your answer.

Dawn Farrell

Okay. So first of all, with Fortescue, that is in the courts, and we don't expect to have a—we do think that that will require a resolution by a judge rather than a negotiated settlement, and we won't have an answer to that until sometime in 2019.

In terms of the actual returns on that project, even without these—remember, 75 percent of that project is contracted, and that contract supports a very good investment in that plant. So getting the rest of it sold just is a good thing to do, but it's solid there today. That particular plant is the lowest-cost plant in the Pilbara because it's the only combined cycle plant, and gas up in that area

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is about \$9 a gigajoule. So there are a number of other customers that would be interested in contracting out of that plant, and we have a team on the ground today who are working on that as a backstop to the legal case. So we'll expect to have some good news for you on that more in the 2019 period.

Brazeau. We have an extensive consultation with all the First Nations on Brazeau right now. I'd have to say very positive. They're all really hoping that we can get to a situation where we would get a contract for that project. It offers a huge number of benefits to the First Nations in that area in terms of jobs and economic development. It would take three or four years to even five years to build it. It's all in their area. So right now, it's very positive.

Ambassador Gordon Giffin

Okay. No other questions? I again thank you for coming, thank you for the questions. Hopefully, our answers were responsive. And we appreciate your investment. We appreciate your attendance. And we look forward to seeing you next year. Thank you.

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