CIBC 2017 Institutional Investor Conference

Donald Tremblay

Chief Financial Officer

TransAlta CLEAN POWER TODAY AND TOMORROW

Forward Looking Statements

This presentation may include forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. All forward-looking statements are based on our beliefs as well as 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, as well as other factors deemed appropriate in the circumstances. Forward-looking statements are not facts, but only predictions and generally can be identified by the use of statements that include phrases such as "may", "will", "believe", "expect", "anticipate", "intend", "plan", "project", "forecast", "foresee", "potential", "enable", "continue", or other comparable terminology. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other important factors that could cause our actual performance to be materially different from that projected. In particular, this presentation contains forward-looking statements pertaining to our business strategy and goals, including our strategy and position to grow gas-fired and renewable generation; the anticipated benefits of shifting to a capacity market structure; the repositioning of our capital structure by pursuing project-level debt; anticipated future financial performance, including as it pertains to comparable earnings before interest, taxes, depreciation, and amortization ("EBITDA"), comparable funds from operations ("FFO"); the timing and the completion and commissioning of projects under development, including the South Hedland power project and its associated costs and benefits; the coal-to-gas conversions of Sundance 3 to 6 and Keephills 1 and Keephills 2; development of a pump-storage project at Brazeau, including the anticipated benefits, total investment costs, the increase to capacity and the timing of construction; attributes of coal-to-gas conversions, including the anticipated capital costs, investment life, reduction in emissions and operating costs; expectations related to future earnings and cash flow from operating and contracting activities, including estimates of comparable EBITDA, comparable funds from operations FFO, and comparable free cash flow ("FCF"); expectations in respect of financial ratios and targets, including dividend payout ratio; the Corporation's plans and strategies relating to repositioning its capital structure and strengthening its balance sheet, including the allocation of debt between the Corporation and TransAlta Renewables Inc. as well as the debt reductions that are expected to occur; the potential drop-down candidates from TransAlta Corporation to TransAlta Renewables Inc.; and the Corporation's ownership level of TransAlta Renewables Inc..

Factors that may adversely impact our forward-looking statements include risks relating to: fluctuations in market prices and the availability of fuel supplies required to generate electricity; our ability to contract our generation for prices that will provide expected returns; the regulatory and political environments in the jurisdictions in which we operate; adverse regulatory developments, including unanticipated impacts on existing generation and coal-to-gas conversions; 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; the effects of weather; disruptions in the source of fuels, water, or wind required to operate our facilities; natural or man-made disasters; the threat of domestic terrorism and cyberattacks; equipment failure and our ability to carry out, or have completed, repairs in a cost-effective manner or timely manner; commodity risk management; industry risk and competition; fluctuations in the value of foreign currencies and foreign political risks; the need for additional financing; structural subordination of securities; counterparty credit risk; insurance coverage; our provision for income taxes; legal, regulatory, and contractual proceedings involving the Corporation; outcomes of investigations and disputes; reliance on key personnel; labour relations matters; risks associated with development projects and acquisitions, including delays in the construction of or increased costs associated with the South Hedland power project; and any market disruption, including any actions taken by the Balancing Pool as the buyer under the power purchase arrangements. The foregoing risk factors, among others, are described in further detail in the Risk Management section of our Management Discussion and Analysis and under the heading "Risk Factors" in our Annual Information Form. Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this document are made only as of the date hereof and we do not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise, except as required by applicable laws. In light of these risks, uncertainties, and assumptions, the forward-looking events might occur to a different extent or at a different time than we have described, or might not occur. We cannot assure that projected results or events will be achieved.

Certain financial information contained in this presentation, including comparable FFO and comparable FCF, may not be standard measures defined under International Financial Reporting Standards ("IFRS") and may not be comparable to similar measures presented by other entities. These measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. For further information on non-IFRS financial measures we use, see the section entitled "Non-IFRS Measures" contained in our Management Discussion and Analysis, filed with Canadian securities regulators on www.sedar.com.

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

TransAlta's Platform

Coal: 4,931 MW

6 facilities in Alberta and the Pacific Northwest

Gas: 1,323 MW

12 facilities in Canada and Australia; also 270km pipeline

RNW owns an economic interest in all Australian gas assets (425 MW) and the 506 MW gas facility in Ontario

Wind & Solar: 1,400 MW

27 facilities in Canada and the U.S

RNW owns ~90% of the wind facilities[1]

Hydro: 926 MW

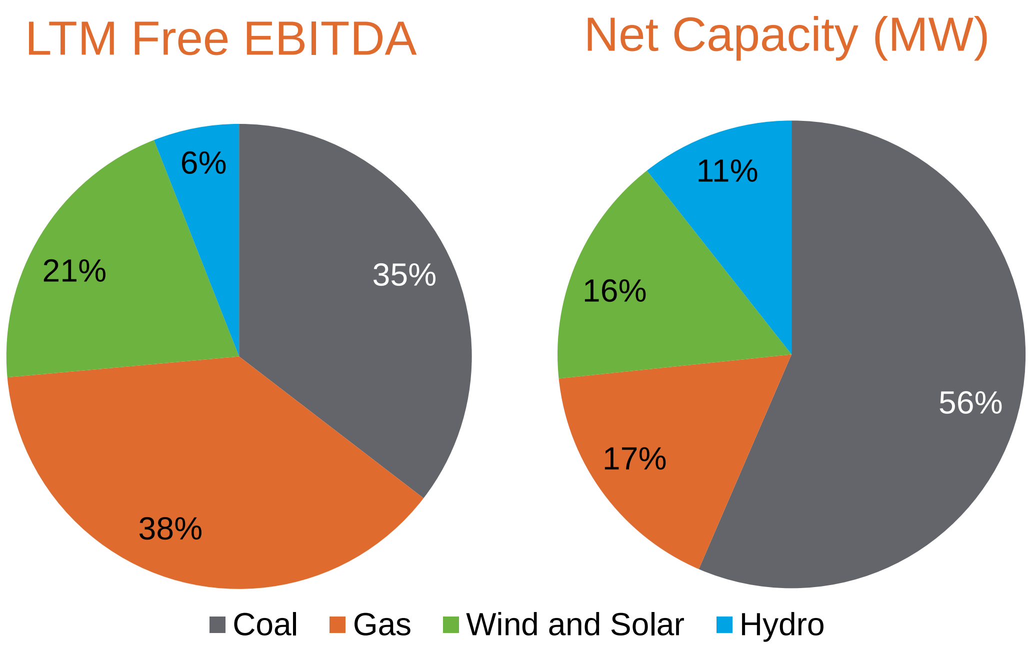
27 facilities in Canada and the U.S.

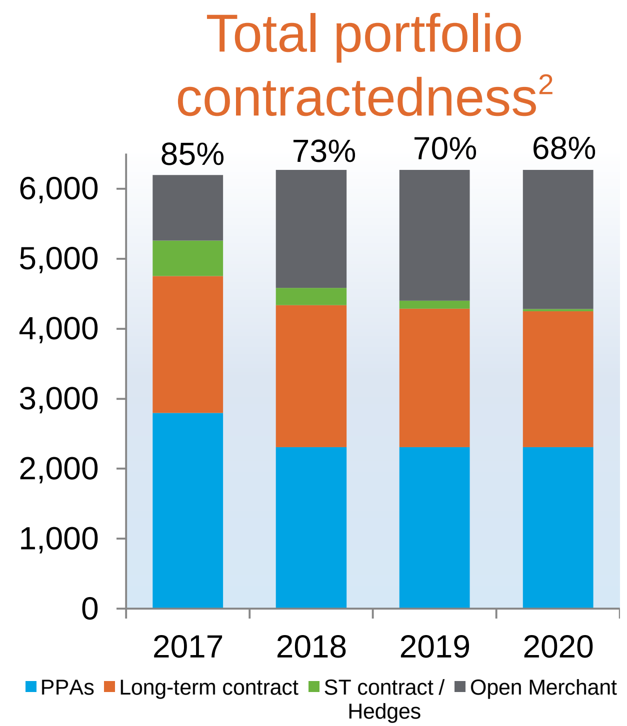
TA owns the majority of the Alberta hydro facilities

(1) Including TransAlta Renewables economic interest in the 144MW Wyoming wind farm and 98MW Le Nordais wind facility

Diversified and Contracted Portfolio

- Highly diversified cash flows from five fuel types with facilities located in Canada, the United States and Australia
- TransAlta is Canada's largest generator of wind power and the largest generator of renewable energy in Alberta
- Gas-fired and renewable assets accounted for approximately 64% of total LTM Free EBITDA(1)





(1) *Free EBITDA = EBITDA less Sustaining Capital, and excluding Energy Marketing and Corporate segments. 2015 Free EBITDA from Canadian Coal excludes a $59 million adjustment to provisions relating mostly to prior years*

(2) *As at Sept. 30, 2016*

2016 Goals and Priorities

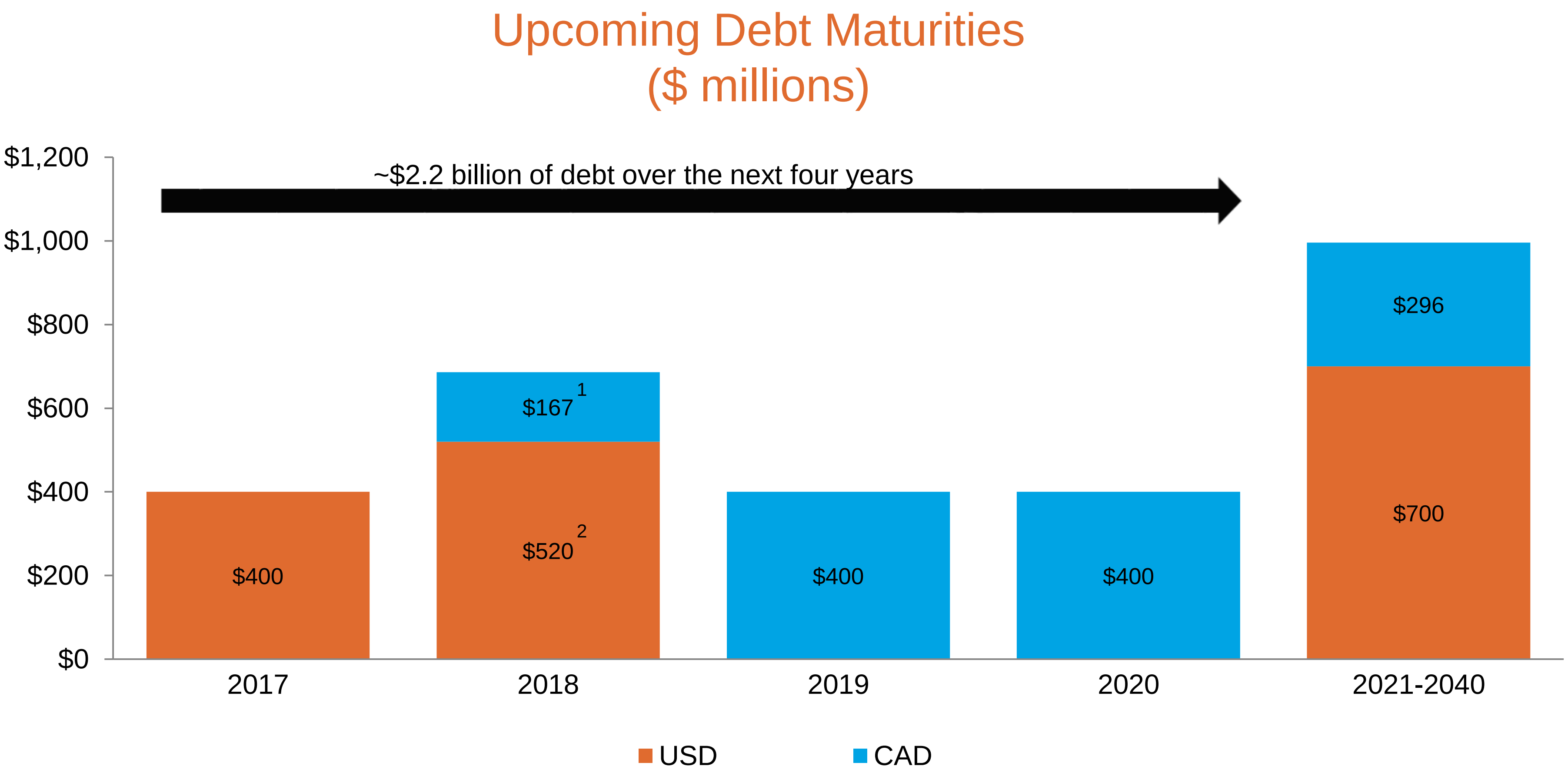
- ☑ Secure a mutually beneficial coal transition arrangement with the Alberta Government
- ☑ Continue to reposition our capital structure
- ☑ Continued focus on delivering strong operational, safety and financial performance

Far-Reaching Industry Changes in Alberta

1. Moving to a Capacity Market
2. Off-coal transition payments
   - Total payment of $524 million comprised of annual payments of ~$37 million commencing in 2017 and terminating in 2030.
3. Support for renewables growth
4. Framework and support for transition to coal-to-gas

Repositioning our Capital Structure

Focus will be on reducing our total outstanding debt and aligning debt repayment to match the life of our assets



(1) *Debt related to RNW.*
(2) *Includes USD$20 million of debt related to RNW.*

2017 Priorities

1. Achieve our financial goals as set out in the 2017 Outlook
2. Continue improving the strength of our balance sheet
3. Advance our investment on Brazeau Pumped Storage and coal to gas conversions
4. Actively engage in discussions on market design in Alberta to ensure a fair outcome for existing generators.