

TransAlta Signs New Agreement for Mississauga Cogeneration Facility

CALGARY, ALBERTA--(Marketwired - Dec. 22, 2016) - TransAlta Corporation ("TransAlta" or the "Company") (TSX:TA)(NYSE:TAC) announced today that it has signed a Non-Utility Generator (NUG) Enhanced Dispatch Contract (the "New Contract") with the Ontario Independent Electricity System Operator (the "IESO") for its Mississauga Cogeneration Facility (the "Facility"). The New Contract will come into effect on January 1, 2017. In conjunction with the execution of the New Contract, TransAlta has agreed to terminate, effective December 31, 2016, the Facility's existing contract (the "Existing Contract") with the Ontario Electricity Financial Corporation, which would have otherwise terminated in December 2018. The New Contract provides TransAlta a fixed monthly payment until December 31, 2018, with no delivery obligations and maintains TransAlta's operational flexibility to pursue opportunities for the Facility to meet power market needs in the Northeast, including Ontario. Additionally, the New Contract provides an immediate reduction in the Greenhouse Gas emissions in Ontario, and will reduce power costs for Ontario ratepayers. TransAlta has committed to working with the employees of the Facility during this transition. We expect the accounting for the New Contract and the termination of the Existing Contract will have no impact to 2016 earnings on a comparable basis as the transaction will be recognized in future periods as payments from the IESO are received.

About TransAlta Corporation:

TransAlta Corporation ("TransAlta") is a power generation and wholesale marketing company focused on creating long-term shareholder value. TransAlta maintains a low-to-moderate risk profile by operating a highly contracted portfolio of assets in Canada, the United States and Australia. TransAlta's focus is to efficiently operate wind, hydro, solar, natural gas and coal facilities in order to provide customers with a reliable, low-cost source of power. For over 100 years, TransAlta has been a responsible operator and a proud contributor to the communities in which it works and lives. TransAlta has been recognized on CDP's Canadian Climate Disclosure Leadership Index (CDLI), which includes Canada's top 20 leading companies reporting on climate change, and has been selected by Corporate Knights as one of Canada's Top 50 Best Corporate Citizens and is recognized globally for its leadership on sustainability and corporate responsibility standards by FTSE4Good.

For more information about TransAlta, visit our web site at transalta.com, or follow us on Twitter @TransAlta.

Cautionary Statement Regarding Forward Looking Information

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly, and without limitation, this news release contains forward-looking statements and information relating to: receipt of fixed monthly payments under the New Contract; the obligations of TransAlta under the New Contract; opportunities for the Facility to meet power market needs in the North East, including Ontario; reduction in the Greenhouse Gas emissions in Ontario and power costs for Ontario ratepayers; and the impact to 2016 earnings on a comparable basis. By their nature, forward-looking information requires us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking information will not prove to be accurate and readers are cautioned not to place undue reliance on our forward-looking information as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information. Some of the factors that could cause such differences include: operational risks involving the Facility; the ability of the Company to satisfy the conditions to the New Contract; increased competition; and market conditions in the North East, including Ontario. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect TransAlta's expectations only as of the date of this news release. TransAlta disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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