Form 5500	Annual Return/Report of Employee Benefit Plan		OMB Nos. 12		
	This form is required to be filed for employee benefit plans under sections 104	1210-0089			
Department of the Treasury Internal Revenue Service	and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).		2012		
Department of Labor Employee Benefits Security	Complete all entries in accordance with		2012		
Administration the instructions to the Form 5500.					
r ension benefit Guaranty Corporation		This	Form is Open to Pu Inspection	ıblic	
Part I Annual Report Ider	ntification Information				
For calendar plan year 2012 or fiscal	plan year beginning 01/01/2012 and ending 12/31/2	2012			
A This return/report is for:	a multiemployer plan; a multiple-employer plan; or				
	x a single-employer plan; a DFE (specify)				
B This return/report is:	the first return/report; the final return/report;				
B This return/report is.					
			. M		
	ed plan, check here	_			
D Check box if filing under:	Form 5558; automatic extension;	th	e DFVC program;		
	special extension (enter description)				
Part II Basic Plan Inform	nation—enter all requested information				
1a Name of plan TRANSALTA RETIREMENT SAVING	S PLAN	1b	Three-digit plan number (PN) ▶	002	
		1c	Effective date of pla 07/01/2000	an	
2a Plan sponsor's name and addres TRANSALTA USA, INC.	s; include room or suite number (employer, if for a single-employer plan)	2b	Employer Identifica Number (EIN) 98-0220829	tion	
		2c	Sponsor's telephon number 403-267-3673		
913 BIG HANAFORD ROAD913 BIG HANAFORD ROADCENTRALIA, WA 98531-9101CENTRALIA, WA 98531-9101			2d Business code (see instructions) 221100		

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN	Filed with authorized/valid electronic signature.	10/01/2013	PAUL TAYLOR	
HERE	Signature of plan administrator	Date	Enter name of individu	al signing as plan administrator
SIGN HERE				
	Signature of employer/plan sponsor	Date	Enter name of individu	al signing as employer or plan sponsor
SIGN HERE				
	Signature of DFE	Date	Enter name of individu	al signing as DFE
Preparer	's name (including firm name, if applicable) and address; include r	room or suite numbe	r. (optional)	Preparer's telephone number (optional)
	erwork Reduction Act Notice and OMB Control Numbers, see	41	- Form (200	Form 5500 (2012)

Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

	Form 5500 (2012)		Page 2		
3a	Plan administrator's name and address	Same as Plan Sponsor Name	Same as Plan Sponsor Address		Iministrator's EIN
TR	ANSALTA USA, INC.				ministrator's telephone
	3 BIG HANAFORD ROAD NTRALIA, WA 98531-9101				umber 403-267-3673
4	If the name and/or EIN of the plan sponse EIN and the plan number from the last re		rn/report filed for this plan, enter the name,	4b EI	N
а	Sponsor's name			4c PI	N
5	Total number of participants at the beginn	ning of the plan year		5	433
6	Number of participants as of the end of the	ne plan year (welfare plans compl	ete only lines 6a, 6b, 6c, and 6d).		
а	Active participants			6a	278
b	Retired or separated participants receiving	ng benefits		6b	7
С	Other retired or separated participants er	ntitled to future benefits		6c	108
d	Subtotal. Add lines 6a, 6b, and 6c			6d	393
е	Deceased participants whose beneficiarie	es are receiving or are entitled to	receive benefits	6e	3
f	Total. Add lines 6d and 6e			6f	396
g	Number of participants with account bala complete this item)			6g	389
h	Number of participants that terminated er less than 100% vested			6h	12
7	Enter the total number of employers oblig	pated to contribute to the plan (onl	y multiemployer plans complete this item)	7	
8a	If the plan provides pension benefits, enter 2E 2F 2G 2J 2K 2S 2T	er the applicable pension feature	codes from the List of Plan Characteristics Co	des in the	instructions:

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a	a Plan funding arrangement (check all that apply)			9b Plan benefit arrangement (check all that apply)			
	(1)		Insurance		(1)		Insurance
	(2)		Code section 412(e)(3) insurance contracts		(2)		Code section 412(e)(3) insurance contracts
	(3)	X	Trust		(3)	X	Trust
	(4)		General assets of the sponsor		(4)		General assets of the sponsor
10	Check	all ap	plicable boxes in 10a and 10b to indicate which schedules are at	ttache	d, and, w	/her	re indicated, enter the number attached. (See instructions)
а	Pensio	on <u>S</u> ci	hedules	b	General	l Sc	chedules
	(1)	×	R (Retirement Plan Information)		(1)	X	H (Financial Information)
	(2)	\square	MB (Multiemployer Defined Benefit Plan and Certain Money		(2)		I (Financial Information – Small Plan)
			Purchase Plan Actuarial Information) - signed by the plan		(3)		A (Insurance Information)
			actuary		(4)	X	C (Service Provider Information)
	(3)	\square	SB (Single-Employer Defined Benefit Plan Actuarial		(5)	X	D (DFE/Participating Plan Information)
			Information) - signed by the plan actuary		(6)		G (Financial Transaction Schedules)

SCHEDULE C	Service Provide	er Information		OMB No. 1210-0110
(Form 5500)		inder section 104 of the Employee		204.2
Department of the Treasury Internal Revenue Service	This schedule is required to be filed u Retirement Income Securi			2012
Department of Labor Employee Benefits Security Administration	File as an attachm	▶ File as an attachment to Form 5500.		
Pension Benefit Guaranty Corporation For calendar plan year 2012 or fiscal pla	an vear beginning 01/01/2012	and ending 12/31	/2012	Inspection.
A Name of plan TRANSALTA RETIREMENT SAVINGS		B Three-digit plan number (PN)	•	002
Plan sponsor's name as shown on lin TRANSALTA USA, INC.	ne 2a of Form 5500	D Employer Identificati 98-0220829	ion Number	(EIN)
Part I Service Provider Info	ormation (see instructions)			
or more in total compensation (i.e., n plan during the plan year. If a persor answer line 1 but are not required to	ordance with the instructions, to report the in noney or anything else of monetary value) n received only eligible indirect compensat include that person when completing the r	in connection with services rendered to tion for which the plan received the requiremainder of this Part.	the plan or	the person's position with the
If you answered line 1a "Yes," enter received only eligible indirect comper	plan received the required disclosures (see r the name and EIN or address of each per nsation. Complete as many entries as nee	rson providing the required disclosures eded (see instructions).	for the servi	ce providers who
(D) Enter na FIDELITY INVESTMENTS INSTITUTIO	ame and EIN or address of person who pro	ovided you disclosures on eligible indire	ct compensa	ation
04-2647786				
(b) Enter na	ame and EIN or address of person who pro	ovided you disclosure on eligible indirec	t compensat	iion
(b) Enter na	ame and EIN or address of person who pro	vided you disclosures on eligible indired	ct compensa	tion
(b) Enter no				
(D) Enter na	ame and EIN or address of person who pro	vided you disclosures on eligible indired	ct compensa	tion

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b)	(c)	(d)	(e)	(f)	(g)	(h)				
Service Code(s)	Relationship to employer, employee	by the plan. If none,	Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	Did the service provider give you a formula instead of an amount or estimated amount?				
64 37 65 60	RECORDKEEPER	5436	Yes 🕺 No 🗌	Yes 🕺 No 🗌	0	Yes 🗙 No 🗌				
	(a) Enter name and EIN or address (see instructions)									

(b)	(c)	(d)	(e)	(f)	(g)	(h)			
Service Code(s)	Relationship to employer, employee	Enter direct	Did service provider receive indirect	Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	Enter total indirect	Did the service provider give you a formula instead of an amount or			
			Yes 🗌 No 🗌	Yes No		Yes 🗌 No 🗌			
	(a) Enter name and EIN or address (see instructions)								

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	
		Yes 🗌 No 🗌	Yes 🗌 No 🗌		Yes 🗌 No 🗌

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

	(a) Enter name and EIN or address (see instructions)								
(b) Service Code(s)	(C) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	(h) Did the service provider give you a formula instead of an amount or estimated amount?			
			Yes No	Yes No		Yes 🗌 No 🗌			
		(a) Enter name and EIN or	address (see instructions)					
(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	(h) Did the service provider give you a formula instead of an amount or estimated amount?			
			Yes 🗌 No 🗌	Yes No		Yes 🗌 No 🗌			
		(a) Enter name and EIN or	address (see instructions)					
(b) Service Code(s)	(C) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	(h) Did the service provider give you a formula instead of an amount or estimated amount?			
			Yes 🗌 No 🗌	Yes 🗌 No 🗌		Yes 🗌 No 🗌			

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provid	er name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL		60	0
(d) Enter name and EIN (addre	ess) of source of indirect compensation	formula used to determine	compensation, including any the service provider's eligibility the indirect compensation.
ABF SM CAP VAL INV - STATE STREET B	225 FRANKLIN STREET BOSTON, MA 02111	0.40%	
(a) Enter service provid	er name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL		60	0
(d) Enter name and EIN (addr	ess) of source of indirect compensation	· · ·	compensation, including any

MFS VALUE R3 - MFS SERVICE CENTER I

04-2865649 (b) Service Codes (a) Enter service provider name as it appears on line 2 (C) Enter amount of indirect (see instructions) compensation FIDELITY INVESTMENTS INSTITUTIONAL 60 0 (d) Enter name and EIN (address) of source of indirect compensation (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. MFS VALUE R4 - MFS SERVICE CENTER I 0.15% 04-2865649

0.50%

for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determin	compensation, including any e the service provider's eligibility the indirect compensation.
MSIF ACTIVE INTL I - MORGAN STANLEY	0.15%	
13-3799749		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
MSIF INTL EQUITY I - MORGAN STANLEY	0.15%	
13-3799749		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determin	compensation, including any e the service provider's eligibility the indirect compensation.
MSIF INTL EQUITY P - MORGAN STANLEY	0.40%	
13-3799749		

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determin	t compensation, including any e the service provider's eligibility the indirect compensation.
PERKINS MID CP VAL I - JANUS SERVIC	0.10%	
43-1804048		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PERKINS MID CP VAL T - JANUS SERVIC	0.35%	
43-1804048		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determin	t compensation, including any e the service provider's eligibility the indirect compensation.
PIM HIGH YIELD INST - BOSTON FINANC P.O. BOX 8480 BOSTON, MA 02266	0.02%	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determine	compensation, including any e the service provider's eligibility the indirect compensation.
PIM TOTAL RT INST - BOSTON FINANCIA BOSTON, MA 02266	0.02%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	formula used to determine	compensation, including any the service provider's eligibility the indirect compensation.
PIMCO HIGH YIELD ADM - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.27%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determine	compensation, including any the service provider's eligibility the indirect compensation.
PIMCO TOT RETURN ADM - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.27%	

(a) Enter service provid	ler name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL		60	0
(d) Enter name and EIN (addr	ess) of source of indirect compensation	formula used to determine	compensation, including any the service provider's eligibility the indirect compensation.
RAINIER SM/MID CAP - U.S. BANCORP F	P.O. BOX 701 MILWAUKEE, WI 53201	0.35%	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect	compensation, including any
		e the service provider's eligibility the indirect compensation.
ROYCE PA MUTUAL INV - BOSTON FINANC P.O. BOX 8480 BOSTON, MA 02266	0.20%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(C) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determine	compensation, including any e the service provider's eligibility the indirect compensation.

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Ρ	Part II Service Providers Who Fail or Refuse to Provide Information			
4	Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.			
	(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(C) Describe the information that the service provider failed or refused to provide	
_	(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(C) Describe the information that the service provider failed or refused to provide	
	(a) Enter name and EIN or address of service provider (see	(b) Nature of Service	(C) Describe the information that the service provider failed or refused to	
	instructions)	Code(s)	provide	
	(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(C) Describe the information that the service provider failed or refused to provide	
	(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(C) Describe the information that the service provider failed or refused to provide	
	(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(C) Describe the information that the service provider failed or refused to provide	

Pa	art III Termination Information on Accountants and Enrolled Actuaries (see instructions) (complete as many entries as needed)		
а	Name		b EIN:
С	Positic	n:	
d	Addre	SS:	e Telephone:
Ex	planatio):	

а	Name:	b EIN:
С	Position:	
d Address:		e Telephone:

Explanation:

Explanation:

а	Name:	b EIN:
С	Position:	
d	Address:	e Telephone:

Explanation:

а	Name:	b EIN:
С	Position:	
d	Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500)	OMB No. 1210-0110				
Department of the Treasury Internal Revenue Service		s required to be filed under section 104 of the ement Income Security Act of 1974 (ERISA).	Employee	2012	
Department of Labor Employee Benefits Security Administration		File as an attachment to Form 5500.	This Form is Open to Public Inspection.		
For calendar plan year 2012 or fiscal	plan year beginning	01/01/2012 and	ending 12/3	31/2012	
A Name of plan TRANSALTA RETIREMENT SAVINGS			B Three-digit plan number	er (PN)	
C Plan or DFE sponsor's name as she TRANSALTA USA, INC.	own on line 2a of Form	n 5500	D Employer Id	entification Number (EIN)	
	entries as needed	Ts, PSAs, and 103-12 IEs (to be con to report all interests in DFEs)	npleted by pla	ans and DFEs)	
b Name of sponsor of entity listed in		NAGEMENT TRUST COMPANY			
C EIN-PN 04-3022712-024	d Entity C code	e Dollar value of interest in MTIA, CCT, P 103-12 IE at end of year (see instructio		4244727	
a Name of MTIA, CCT, PSA, or 103-	12 IE:				
b Name of sponsor of entity listed in					
C EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, P 103-12 IE at end of year (see instruction			
a Name of MTIA, CCT, PSA, or 103-	12 IE:				
b Name of sponsor of entity listed in	(a):				
C EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, P 103-12 IE at end of year (see instruction	'		
a Name of MTIA, CCT, PSA, or 103-	12 IE:				
b Name of sponsor of entity listed in	(a):				
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, P 103-12 IE at end of year (see instruction			
a Name of MTIA, CCT, PSA, or 103-	12 IE:				
b Name of sponsor of entity listed in	(a):	-			
c EIN-PN d Entity code e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103-	12 IE:				
b Name of sponsor of entity listed in	(a):	-			
C EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, P 103-12 IE at end of year (see instruction			
a Name of MTIA, CCT, PSA, or 103-	12 IE:				
b Name of sponsor of entity listed in	(a):				
c EIN-PN d Entity code e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					

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Schedule D (Form 5500) 2	012	Page 2 - 1					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	b Name of sponsor of entity listed in (a):						
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	a Name of MTIA, CCT, PSA, or 103-12 IE:						
b Name of sponsor of entity listed in (a):							
C EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					
a Name of MTIA, CCT, PSA, or 103	-12 IE:						
b Name of sponsor of entity listed in	(a):						
C EIN-PN	d Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)					

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Ρ	Part II	Information on Participating Plans (to be completed by DFEs) (Complete as many entries as needed to report all participating plans)	
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN
а	Plan na	ne	
b	Name o plan spo		C EIN-PN

SCHEDULE H Financial Information						OMB No. 1210-0110			
(Form 5500) Department of the Treasury Internal Revenue Service Department of Labor	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).						2012		
Employee Benefits Security Administration Pension Benefit Guaranty Corporation							orm is Ope Inspectio		
For calendar plan year 2012 or fiscal pla	an year beginning 01/01/2012		and	endir	ng 12/31/20)12		-	
A Name of plan TRANSALTA RETIREMENT SAVINGS	PLAN			В	Three-digit plan numbe	r (PN)	•	002	
TRANSALTA USA, INC.					Employer Ide 98-0220829	Identification Number (EIN)			
Part I Asset and Liability S	Statement								
the value of the plan's interest in a c lines 1c(9) through 1c(14). Do not er benefit at a future date. Round off a and 1i. CCTs, PSAs, and 103-12 IE	bilities at the beginning and end of the plan commingled fund containing the assets of m nter the value of that portion of an insuranc amounts to the nearest dollar. MTIAs, C is also do not complete lines 1d and 1e. Se	nore than one e contract wh CTs, PSAs, a	plan on a ich guarar nd 103-12	line-l ntees IEs o	by-line basis ι , during this p do not comple	nless th an year,	e value is re to pay a sp	portable on ecific dollar	
As	sets		(a) B	eginr	ning of Year		(b) End	of Year	
a Total noninterest-bearing cash		1a							
b Receivables (less allowance for dou	btful accounts):								
(1) Employer contributions		1b(1)			122	96		0	
(2) Participant contributions		1b(2)							
(3) Other		1b(3)							
	money market accounts & certificates	1c(1)			52125	526		4132864	
(2) U.S. Government securities		1c(2)							
(3) Corporate debt instruments (ot									
		1c(3)(A)							
()		1c(3)(B)							
(4) Corporate stocks (other than e									
		1c(4)(A)							
.,		1c(4)(B)							
		1c(5)							
., .,		1c(6)							
	er real property)	1c(7)							
	ts)	1c(8)			13977	65		1460616	
					53865			1460616	
	llective trusts	1c(9)			0000			4244727	
	arate accounts	1c(10)							
	t investment accounts	1c(11)							
(12) Value of interest in 103-12 inve(13) Value of interest in registered in funds)		1c(12) 1c(13)			461295	601		54425570	
(14) Value of funds held in insuranc	e company general account (unallocated	1c(14)							
		1c(15)							

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500

1d	Employer-related investments:		(a) Beginning of Year	(b) End of Year
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
е	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	58138594	64263777
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
I	Net assets (subtract line 1k from line 1f)	11	58138594	64263777

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a Contributions	:			
(1) Received c	or receivable in cash from: (A) Employers	2a(1)(A)	2810038	
(B) Partic	ipants	2a(1)(B)	2565062	
(C) Others	s (including rollovers)	2a(1)(C)	152139	
(2) Noncash c	ontributions	2a(2)		
(3) Total contri	ibutions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)		5527239
b Earnings on in	nvestments:			
(1) Interest:				
	st-bearing cash (including money market accounts and cates of deposit)	2b(1)(A)	459	
(B) U.S. C	Sovernment securities	2b(1)(B)		
(C) Corpo	rate debt instruments	2b(1)(C)		
(D) Loans	o (other than to participants)	2b(1)(D)		
(E) Partic	ipant loans	2b(1)(E)	65083	
(F) Other		2b(1)(F)		
(G) Total i	interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		65542
(2) Dividends:	(A) Preferred stock	2b(2)(A)		
(B) Comm	non stock	2b(2)(B)		
(C) Regis	tered investment company shares (e.g. mutual funds)	2b(2)(C)	1634282	
(D) Total	dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)		1634282
(3) Rents		2b(3)		
(4) Net gain (lo	oss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggre	gate carrying amount (see instructions)	2b(4)(B)		
(C) Subtra	act line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized a	ppreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other		2b(5)(B)		
	unrealized appreciation of assets. nes 2b(5)(A) and (B)	2b(5)(C)		

				(a)	Amount			(b) T	otal	
	(6) Net investment gain (loss) from common/collective trusts	2b(6)							47015	
	(7) Net investment gain (loss) from pooled separate accounts	2b(7)								
	(8) Net investment gain (loss) from master trust investment accounts	2b(8)								
	(9) Net investment gain (loss) from 103-12 investment entities	2b(9)								
((10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)							4991312	
С	Other income	2c								
d	Total income. Add all income amounts in column (b) and enter total	2d							12265390	
	Expenses									
е	Benefit payment and payments to provide benefits:									
	(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)			6	19918				
	(2) To insurance carriers for the provision of benefits	2e(2)								
	(3) Other	2e(3)								
	(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)							6119918	
f	Corrective distributions (see instructions)	2f								
g	Certain deemed distributions of participant loans (see instructions)	2g							14752	
h	Interest expense	2h								
i	Administrative expenses: (1) Professional fees	2i(1)								
-	(2) Contract administrator fees	2i(2)					1			
	(2) Contract administrator recommentation and the second s	2i(3)					1			
	(4) Other	2i(4)				5537	1			
		2i(5)							5537	_
;	 (5) Total administrative expenses. Add lines 2i(1) through (4) Total expenses. Add all expense amounts in column (b) and enter total 	2j							6140207	
J	Net Income and Reconciliation	-,								—
k	Net income (loss). Subtract line 2j from line 2d	2k							6125183	
r I	Transfers of assets:						-			
•		2l(1)								_
	(1) To this plan	21(1)								
	(2) From this plan	21(2)								
Ра	rt III Accountant's Opinion									
	Complete lines 3a through 3c if the opinion of an independent qualified public ac attached.	ccountant is a	attache	ed to th	iis Form 5	500. Com	plete l	ine 3d if an	opinion is no	t
a	The attached opinion of an independent qualified public accountant for this plan	is (see instru	uctions):						
	(1) Unqualified (2) Qualified (3) X Disclaimer (4)	Adverse								
b	Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-	8 and/or 103	8-12(d)?	?			>	Yes	No	
C Enter the name and EIN of the accountant (or accounting firm) below:										
	(1) Name: ERNST & YOUNG LLP (2) EIN: 34-6565596									
d The opinion of an independent qualified public accountant is not attached because: (1) This form is filed for a CCT, PSA, or MTIA. (2) It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.										
Ра	rt IV Compliance Questions									_
4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.										
During the plan year:					Yes	No		Amo	unt	
а	Was there a failure to transmit to the plan any participant contributions within									
	period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any pr until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction	•			Х				13953	9
b	Were any loans by the plan or fixed income obligations due the plan in defaul	0,	,	4a						-
U U	close of the plan year or classified during the year as uncollectible? Disregard		loans							
	secured by participant's account balance. (Attach Schedule G (Form 5500) Pa	art I if "Yes" i	is	16		Х				
	checked.)			4b						

			Yes	No	Amo	unt
С	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X		
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		×		
е	Was this plan covered by a fidelity bond?	4e	Х			1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		Х		
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		Х		
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X		
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	Х			
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		×		
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X		
Ι	Has the plan failed to provide any benefit when due under the plan?	41		X		
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X		
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X		
5a	Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year	Yes	s 🗙 No	Amour	nt:	
5b	If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), transferred. (See instructions.) 5b(1) Name of plan(s)	ident	fy the pla	n(s) to wh	ich assets or liabi	lities were
				5b(2) EIN	(s)	5b(3) PN(s)
						ļ

		5b(2) EIN(s)	5b(3) PN(s)
Part V	Trust Information (optional)		

6a Name of	ftrust	6b Trust's EIN

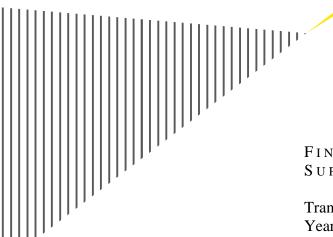
SCHEDULE R			Retirement Plan Information			C	MB No. 1210-011	0		
	Depar	orm 5500) tment of the Treasury nal Revenue Service	This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section			2012 This Form is Open to Public Inspection.				
Department of Labor Employee Benefits Security Administration			6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.							
		nefit Guaranty Corporation plan year 2012 or fiscal p	an year beginning 01/01/2012 and ei	nding	12/31/2	2012				
	ame of p	lan RETIREMENT SAVINGS	PLAN		ee-digit n numbo N)	er ▶	002			
		sor's name as shown on li USA, INC.	ne 2a of Form 5500	-	bloyer Id 8-02208		tion Number (El	N)		
Pa	rt I 🛛	Distributions								
All r	eference	es to distributions relate	only to payments of benefits during the plan year.							
1			property other than in cash or the forms of property specified in the					0		
2			baid benefits on behalf of the plan to participants or beneficiaries duri		1	ro thon t	wo optor EINo			
2		who paid the greatest dolla		ing the yea	u (ii moi	e man i	wo, enter Eins	or the two		
	EIN(s)	04-6568107								
	Profit-s	haring plans, ESOPs, an	d stock bonus plans, skip line 3.							
3			eceased) whose benefits were distributed in a single sum, during the		3					
Pa	art II		on (If the plan is not subject to the minimum funding requirements of		of 412 of	the Inte	ernal Revenue C	ode or		
4	Is the pla		election under Code section 412(d)(2) or ERISA section 302(d)(2)?			Yes	No	N/A		
	If the pl	an is a defined benefit p	lan, go to line 8.							
5			g standard for a prior year is being amortized in this ter the date of the ruling letter granting the waiver. Date: Moni	th	D	ау	Year			
			te lines 3, 9, and 10 of Schedule MB and do not complete the rer			-				
6	a Ente	er the minimum required co	ontribution for this plan year (include any prior year accumulated fund	ding	6a					
		, ,	by the employer to the plan for this plan year		6b					
	C Sub	tract the amount in line 6b	from the amount in line 6a. Enter the result							
		-	of a negative amount)		6c					
7	-	ompleted line 6c, skip lin			_		_	_		
7	will the	minimum runding amount	reported on line 6c be met by the funding deadline?			Yes	No	N/A		
8	authority	y providing automatic appi	od was made for this plan year pursuant to a revenue procedure or o roval for the change or a class ruling letter, does the plan sponsor or ge?	plan		Yes	No	N/A		
Pa	rt III	Amendments	5							
9			plan, were any amendments adopted during this plan							
5	year tha	it increased or decreased	the value of benefits? If yes, check the appropriate	ase	Decre	ease	Both	No		
Par	rt IV	ESOPs (see instrustion skip this Part.	uctions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the	e Interna	al Rever	nue Code,			
10			ities or proceeds from the sale of unallocated securities used to repa			וייייייייייייייייייייייייייייייייייייי	Yes	No		
11			ferred stock?				Yes	No		
	b If t		ing exempt loan with the employer as lender, is such loan part of a "l				Yes	No		
12	,		n of "back-to-back" loan.)at is not readily tradable on an established securities market?				····· <u> </u>	 No		

v. 120126

	-	-
Page	2 -	1
	_	

Pa	Part V Additional Information for Multiemployer Defined Benefit Pension Plans											
13		Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.										
	а	Name of contributing employer										
	b	EIN C Dollar amount contributed by employer										
	d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box										
	е	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise,										
		complete lines 13e(1) and 13e(2).) (1) Contribution rate (in dollars and cents)										
		(2) Base unit measure: Hourly Weekly Unit of production Other (specify):										
	а	Name of contributing employer										
	b	EIN C Dollar amount contributed by employer										
	d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year										
	е	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise,										
		 complete lines 13e(1) and 13e(2).) (1) Contribution rate (in dollars and cents) 										
		(2) Base unit measure: Hourly Weekly Unit of production Other (specify):										
	а	Name of contributing employer										
	b	EIN C Dollar amount contributed by employer	-									
	d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year										
	е	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise,										
		complete lines 13e(1) and 13e(2).)										
		(1) Contribution rate (in dollars and cents) (2) Base unit measure: Hourly Weekly Unit of production Other (specify):										
	а	Name of contributing employer										
	b	EIN C Dollar amount contributed by employer										
	d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year										
	е	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise,										
		complete lines 13e(1) and 13e(2).) (1) Contribution rate (in dollars and cents)										
		 (1) Contribution rate (in dollars and cents) (2) Base unit measure: Hourly Weekly Unit of production Other (specify):										
	a b	Name of contributing employer EIN C Dollar amount contributed by employer										
	d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box										
	ŭ	and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year										
	е	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise,										
		complete lines 13e(1) and 13e(2).) (1) Contribution rate (in dollars and cents)										
		(2) Base unit measure: Hourly Weekly Unit of production Other (specify):										
	а	Name of contributing employer										
	b	EIN C Dollar amount contributed by employer										
	d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year										
	е	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise,										
	-	complete lines 13e(1) and 13e(2).)										
		 (1) Contribution rate (in dollars and cents)										

	participant for:							
	a The current year	14a						
	b The plan year immediately preceding the current plan year	14b						
	C The second preceding plan year	14c						
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to ma employer contribution during the current plan year to:	ike an						
	a The corresponding number for the plan year immediately preceding the current plan year	15a						
	b The corresponding number for the second preceding plan year	15b						
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:							
	a Enter the number of employers who withdrew during the preceding plan year	16a						
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b						
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, c supplemental information to be included as an attachment.							
P	art VI Additional Information for Single-Employer and Multiemployer Defined Benef	it Pens	ion Plans					
18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see ir information to be included as an attachment	nstructior	s regarding supplemental					
19	 a Enter the percentage of plan assets held as: Stock:% Investment-Grade Debt:% High-Yield Debt:% Real Estate:% Other:% b Provide the average duration of the combined investment-grade and high-yield debt: 0-3 years 3-6 years 6-9 years 9-12 years 12-15 years 15-18 years 18-21 years 21 years or more c What duration measure was used to calculate line 19(b)? 							
	Effective duration Macaulay duration Modified duration Other (specify):							



FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

TransAlta Retirement Savings Plan Years Ended December 31, 2012 and 2011 With Report of Independent Auditors

Ernst & Young LLP

UERNST&YOUNG

Financial Statements and Supplemental Schedules

Years Ended December 31, 2012 and 2011

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Statements of Net Assets Available for Benefits Statements of Changes in Net Assets Available for Benefits Notes to Financial Statements	4
Supplemental Schedules	
Schedule H, Line 4(a) – Schedule of Delinquent Participant Contributions Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)	



Ernst & Young LLP Suite 3500 999 Third Avenue Seattle, WA 98104-4086 Tel: +1 206 621 1800 Fax: +1 206 654 7799 www.ey.com

Report of Independent Auditors

The Retirement Committee TransAlta Retirement Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the TransAlta Retirement Savings Plan, which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified investment information described in Note 4, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the entity that certified the investment information meets the requirements of 29 CFR 2520.103-8. The plan administrator has obtained certifications as of December 31, 2012 and 2011, and for the years then ended, stating that the investment information provided to the plan administrator is complete and accurate.



Disclaimer of Opinion on Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Disclaimer of Opinion on Supplemental Schedules

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2012, and delinquent participant contributions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Compliance of Form and Content with Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the certified investment information, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst + Young LLP

July 16, 2013

Statements of Net Assets Available for Benefits (U.S. Dollars)

		r 31		
		2012		2011
Assets				
Receivables:				
Contributions receivable	\$	3,425	\$	12,296
Notes receivable from participants (Notes 1 and 2)		1,460,616		1,397,765
Total receivables		1,464,041		1,410,061
Investments at fair value (Note 3):				
Mutual funds		54,425,570		46,129,501
Common collective trust fund		4,244,727		5,386,506
Money market fund		4,132,864		5,212,526
Total investments at fair value		62,803,161		56,728,533
Adjustments from fair value to contract value for interest in common collective trust fund with fully benefit-responsive				
investment contracts (Note 5)		(121,473)		(132,852)
Net assets available for benefits	\$	64,145,729	\$	58,005,742
See accompanying notes.				

Statements of Changes in Net Assets Available for Benefits (U.S. Dollars)

	Year Ended December 31				
	2012			2011	
Additions to (deductions from) net assets attributed to: Investment income					
Interest and dividends ¹	\$	1,793,592	\$	1,265,906	
Net appreciation (depreciation) in fair value of investments		4,991,314		(1,630,234)	
Net investment income (loss)		6,784,906		(364,328)	
Contributions:					
Participants		2,565,062		2,753,356	
Employer		2,813,463		2,824,633	
Rollovers		152,139		_	
Benefit payments		(6,170,046)		(4,101,669)	
Administrative expenses		(5,537)		(4,867)	
Net increase in net assets		6,139,987		1,107,125	
Net assets available for benefits, beginning of year		58,005,742		56,898,617	
Net assets available for benefits, end of year	\$	64,145,729	\$	58,005,742	

¹ Includes \$100,700 of interest on notes receivable from participants (2011 – \$68,344).

See accompanying notes.

Notes to Financial Statements

December 31, 2012 (Tabular Amounts are in U.S. Dollars)

1. Description of the Plan

The following description of the TransAlta Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan that was established by TransAlta USA, Inc. (the "Company") effective July 1, 2000. It was established for those employees who were employed by certain PacifiCorp Centralia facilities purchased by the Company on July 1, 2000. Employees in the PacifiCorp K Plus Employee Savings and Stock Ownership Plan (the "PacifiCorp Plan") were given the option of transferring their PacifiCorp pension and/or PacifiCorp Plan benefits to the Plan. Assets for those employees were transferred from the PacifiCorp Plan to the Plan on July 1, 2000. The Plan is for the benefit of substantially all employees of the Company, TransAlta Centralia Mining LLC, TransAlta Centralia Generation LLC, and TransAlta Energy Marketing (U.S.), Inc. ("TEMUS"). In February 2001, the Retirement Committee approved a resolution to permit both IPP Energy employees (Binghamton) and TEMUS employees (Portland) to join the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Eligibility

Participation in the Plan is voluntary. Employees of the Company, or a participating company, are eligible to participate in the Plan on the first day of the month following completion of one hour of service. Eligibility requirements at the inception of the Plan on July 1, 2000, provided that employees who were eligible to participate on July 1, 2000, became participants on July 1, 2000. Prior to December 31, 2010, at which time the TransAlta Retirement Pension Plan (the "Pension Plan") was frozen, employees, who were also active participants in the Pension Plan, participated under the basic provisions of the Plan (the "Basic Plan"). All other participating employees participated under the enhanced provisions of the Plan (the "Enhanced Plan"). As of January 1, 2011, due to the Pension Plan freeze, the distinction between provisions associated with the Basic Plan and the Enhanced Plan is no longer required.

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Contributions

All employees participating in the Plan can contribute from 1% to 25% of their eligible compensation, subject to the annual limitations prescribed by the Internal Revenue Service (the "IRS"). Nonunion employees who have completed three months of service are eligible to receive an employer matching and fixed contribution. All other participants who have completed six months of service are eligible to receive an employer matching and fixed contribution.

Within the Plan, the Company contributes, as a matching contribution, 100% of the first 5% of straight-time compensation that a participant contributes. The Company also makes a fixed contribution on behalf of each participant in the Plan equal to 5% of such participant's straight-time compensation for each contribution period.

Members who were active within the Pension Plan as of December 31, 2010, receive top-up contributions each payroll commencing on January 1, 2011 based on straight-time compensation. The top-up contributions will continue until the earlier of December 31, 2027, or the date the member is no longer active in the Plan.

Participant Accounts

Each participant's account is credited with the participant's contributions, rollovers, company matching and/or fixed contributions, and top-up contributions if applicable; and an allocation of each investment fund's investment income and security gains and losses. Participants may direct the investment of their respective account balances to any combination of the investment fund options provided by the Plan. Investment funds may be changed by the participants at any time.

Vesting

Participants are immediately vested in their voluntary contributions and rollover amounts, plus earnings thereon. Vesting in the remainder of their account is based on years of service to the Company. All non-union employees vest 20% per year over five years of service for fixed contributions, and vest immediately for matching contributions. For union employees, matching contributions vest 20% per year over five years of vesting service; and the employer fixed contributions become fully vested after the completion of two years of vesting service. If a

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

participant resigns or is terminated, any unvested Company contributions are forfeited, except where the participant is re-employed within a specified time frame. Unvested fixed or matching contributions are forfeited back to the Plan and the funds are used to reduce Company contributions. Such forfeitures were not significant during 2012 or 2011.

Benefit Payments

In accordance with the Plan document and as allowed under the Internal Revenue Code (the "Code"), distribution of a participant's vested account is available upon the participant's retirement, death, disability (certain conditions apply), termination of employment, or attainment of age 59½. Distribution is also available to satisfy a financial hardship meeting the requirements of the Code. Participants may receive a lump-sum amount equal to the vested value of their account, or elect to receive annual or more frequent installments over a period not longer than 10 years.

Notes Receivable From Participants (Participant Loans)

Participants may borrow from their accounts up to a maximum amount equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loans are secured by the participants' respective account balances. The interest rate is determined by the Company when the loan is granted based on prevailing market rates for similar types of loans. Principal and interest payments are paid through payroll deductions. Loan terms are five years, unless the participant acquires a new principal residence, in which case the loan term may be up to 15 years.

Administrative Expenses

The Plan pays for certain transactional fees. Other administrative expenses, such as audit fees, are paid by the Company.

Administration

The Plan is administered by the Retirement Committee, which consists of members appointed by the Company.

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan. In the event of the Plan's termination, benefits under the Plan would be distributed based upon participants' account balances accumulated on the date of termination of the Plan, subject to the provisions of ERISA. The account of each participant shall be fully vested and nonforfeitable as of the effective date of a complete termination of the Plan.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that could affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement and Disclosures* ("ASC 820"). ASC 820 establishes a framework for measuring fair value in U.S. GAAP where fair value is considered to be the relevant measurement attribute. Part of the framework involves the establishment of a three-level hierarchy for categorizing the inputs used to measure fair value. For Level 1 categorized fair values, the inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Plan can access at the measurement date. Level 2 categorized fair values use inputs, other than quoted prices included within Level 1, that are observable, either directly or indirectly. Level 3 categorized fair values are determined using unobservable inputs. Additional disclosures are required for Level 3 items due to the use of unobservable market inputs in the fair value determination (Note 3).

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The fair values of the investments in mutual funds are based on quoted market prices to sell multiplied by the number of units or shares owned by the Plan. The fair values of the common collective trust fund and the mutual funds have been estimated using the unadjusted net asset value per unit as determined by the funds' issuer on the last business day of the Plan's year-end multiplied by the number of units or shares owned by the Plan (Notes 3 and 5). Redemptions of the common collective trust funds require 12-months written notice; however, such redemptions may be completed before the 12-month expiration at the discretion of the common collective trust fund issuer.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Notes Receivable From Participants

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is accrued as earned. Related fees are recorded as administrative expenses when incurred. No allowance for credit losses has been recorded as of December 31, 2012 or 2011. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant's loan balance is reduced and a benefit payment is recorded (Note 1).

Risks and Uncertainties

The Plan provides for various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, market volatility, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the value of the participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Current Year Accounting Changes

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"). ASU 2011-04 amended ASC 820, to converge fair value measurement guidance in U.S. GAAP and IFRS. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle for measuring fair value in ASC 820. ASU 2011-04 also requires additional disclosures about Level 3 fair value measurements. The amendments have been applied prospectively from January 1, 2012. The impact of adopting ASU 2011-04 on the financial statements of the Plan was not significant.

3. Investments

The Retirement Committee has chosen institutional funds offered by Fidelity Investments and all investments are maintained by Fidelity Management Trust Company, the trustee of the Plan. All investment information disclosed in the accompanying financial statements and supplemental schedule of assets (held at end of year), including investments held at December 31, 2012 and 2011, net appreciation (depreciation) in the fair value investments, and interest and dividend income, for the years then ended, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the trustee.

Notes to Financial Statements (continued)

3. Investments (continued)

The fair values of individual investments that represent 5% or more of the Plan's net assets are as follows:

	December 31			
	2012			2011
Fidelity Balanced Fund	\$	11,539,149	\$	10,344,606
Fidelity Contrafund	•	3,528,276		3,382,399
Fidelity Growth Company		5,076,635		3,755,840
Fidelity Diversified International Fund		3,468,346		2,979,236
Fidelity Freedom 2020 ¹		3,654,622		_
Fidelity Money Market Trust – Retirement Money				
Market Portfolio		4,132,864		5,212,526
Fidelity Managed Income Portfolio		4,244,727		5,386,506
Spartan 500 Index Fund ¹		3,216,153		_
PIMCO Total Return Fund		6,634,322		4,613,956
¹ The fair value of this investment at December 31, 20	11 is	less than 5%.		

Investments, by level as described in Note 2, are as follows as of December 31, 2012:

	Level 1		Level 2	Level 3		Total
Money market fund	\$	- \$	4,132,864	5	- \$	4,132,864
Common collective trust fund	Ψ -	- ¥	4,244,727	٢	- ⁴	4,244,727
Mutual funds						
U.S. Large Cap	14,512,464	4	_		_	14,512,464
U.S. Mid-Cap	2,990,98	0	_		_	2,990,980
U.S. Small Cap	1,443,914	4	_		_	1,443,914
International Equity	3,636,07	6	_		_	3,636,076
U.S. Equity and Fixed						
Income	21,902,272	2	_		_	21,902,272
U.S. Bonds	9,939,864	4	_		_	9,939,864
Total fair value of investments	\$ 54,425,57	0\$	8,377,591 9	5	- \$	62,803,161

Notes to Financial Statements (continued)

3. Investments (continued)

	Level 1	Level 2	Level 3	Total
Money market fund	\$ –	\$ 5,212,526 \$	_	\$ 5,212,526
Common collective trust fund	_	5,386,506	_	5,386,506
Mutual funds				
U.S. Large Cap	12,734,126	_	_	12,734,126
U.S. Mid-Cap	3,275,241	_	_	3,275,241
U.S. Small Cap	1,345,114	_	_	1,345,114
International Equity	3,096,417	_	_	3,096,417
U.S. Equity and Fixed				
Income	19,136,149	_	_	19,136,149
U.S. Bonds	6,542,454	_	_	6,542,454
Total fair value of investments	\$46,129,501	\$10,599,032 \$	_	\$ 56,728,533

Investments, by level as described in Note 2, are as follows as of December 31, 2011:

4. Income Tax Status

The Plan has received a determination letter from the IRS, dated January 6, 2011, stating that the Plan, as amended and restated, is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its tax-qualified status. The plan sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax exempt. The plan sponsor has indicated that it will take the necessary steps, if any, to maintain the tax-qualified status of the Plan.

The plan administrator believes the Plan is no longer subject to income tax examinations for the years prior to 2009.

The Plan follows U.S. GAAP to evaluate uncertain tax positions, which are recognized when the position is more-likely-than-not based upon the technical merits to be sustained upon examination by the IRS. As of December 31, 2012, there are no uncertain tax positions taken or expected to be taken by the Plan. The Plan has not recognized interest or penalties related to uncertain tax positions.

Notes to Financial Statements (continued)

5. Reconciliation of Financial Statements to Form 5500

Investment contracts held by a defined contribution plan are required to be reported at fair value under FASB ASC Topic 962, *Plan Accounting – Defined Contribution Pension Plans*. However, contract value is the relevant measurement attribute for fully benefit-responsive investment contracts as contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in these types of investment contracts through a common collective trust fund, Fidelity Managed Income Portfolio ("MIP Fund"). The fair value of the Plan's interest in the MIP Fund is based on information reported by the issuer of the common collective trust fund at year-end. The contract value of the MIP Fund represents contributions plus earnings, less participant withdrawals and administrative expenses.

The following is a reconciliation of net assets available for benefits per the statements of net assets available for benefits at December 31, 2012 and 2011, to the Form 5500:

	December 31			
		2012 2011		
Net assets available for benefits per the statements of net assets available for benefits Plus: adjustments from fair value to contract value for interest in a common collective trust fund with fully	\$	64,145,729	\$	58,005,742
benefit-responsive investment contracts		121,473		132,852
Net assets available for benefits per the Form 5500	\$	64,267,202	\$	58,138,594

The following is a reconciliation of net investment income per the financial statements for the year ended December 31, 2012 to the Form 5500:

Net investment income per the statements of changes in net assets	
available for benefits	\$ 6,784,906
Add: current year adjustment from fair value to contract value for	
interest in common collective trust fund with fully benefit-responsive	
investment contracts	121,473
Deduct: prior year adjustment from fair value to contract value for	
interest in common collective trust fund with fully benefit-responsive	
investment contracts	(132,852)
Net investment income per the Form 5500	\$ 6,773,527

Notes to Financial Statements (continued)

6. Plan Amendment

As of December 31, 2010, benefits available under the Pension Plan have been frozen. As of January 1, 2011, all active employees whose benefits under the Pension Plan were frozen began participating in the enhanced provisions of the Plan. Employees who were members of the Pension Plan as of December 31, 2010, are provided top-up contributions within the Plan, for the period while they are active employees, or up to December 31, 2027.

7. Subsequent Events

Subsequent events have been evaluated through July 16, 2013, which represents the date the financial statements were available to be issued.

Supplemental Schedules

EIN: 98-0220829

Plan Number: 002

Schedule H, Line 4(a) – Schedule of Delinquent Participant Contributions

Year Ended December 31, 2012

Participant Contributions Transferred Late to Plan	at Constitute No hibited Transact	Total Fully Corrected Under VFCP and PTE	
Check here if Late Participant Loan Repayments are included:	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	2002–51
\$139,539	\$139,539		

EIN: 98-0220829

Plan Number: 002

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2012

(b) Identity of Issue, Borrower, (a) Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(e) Current Value
Mutual funds		
Fidelity Balanced Fund ¹	572,095 shares	\$ 11,539,149
PIMCO Total Return Fund ¹	590,242 shares	6,634,322
Fidelity Growth Company ¹	54,424 shares	5,076,635
Fidelity Freedom 2020 Fund ¹	272,937 shares	3,654,622
Fidelity Contrafund ¹	45,520 shares	3,528,276
Fidelity Diversified International Fund ¹	116,037 shares	3,468,346
Fidelity Spartan 500 Index Fund ¹	63,699 shares	3,216,153
Rainier Small/Mid Cap Equity Portfolio	53,808 shares	2,009,206
Fidelity Dividend Growth Fund ¹	64,534 shares	1,928,275
Vanguard Inflation-Protected Securities Fund Admira	Shares 59,035 shares	1,684,867
PIMCO High Yield Fund – Institutional Class	168,120 shares	1,620,675
Fidelity Freedom 2025 Fund ¹	108,736 shares	1,476,635
Fidelity Freedom 2010 Fund ¹	109,696 shares	1,412,885
Fidelity Freedom 2030 Fund ¹	82,908 shares	1,137,491
Royce Pennsylvania Mutual Fund - Institutional Class	82,296 shares	948,055
Fidelity Freedom 2040 Fund ¹	57,175 shares	795,302
MFS Value Fund Class R4	30,104 shares	763,125
Fidelity Freedom 2035 Fund ¹	53,147 shares	737,143
Spartan Extended Market Index Fund	16,771 shares	669,344
American Beacon Small Cap Value Fund Class Institu	ational 23,280 shares	495,859
Fidelity Freedom 2045 Fund ¹	32,512 shares	458,096
Perkins Mid Cap Value – Class T ¹	14,641 shares	312,430
Fidelity Freedom 2000 Fund ¹	22,433 shares	265,155
Fidelity Freedom 2015 Fund ¹	13,693 shares	177,458
Morgan Stanley Institutional International Equity	11,689 shares	167,730
Fidelity Freedom 2050 Fund ¹	9,983 shares	140,954
Fidelity Freedom Income Fund ¹	8,685 shares	101,437
Fidelity Freedom 2005 Fund ¹	471 shares	5,945
Total mutual funds		\$ 54,425,570

EIN: 98-0220829

Plan Number: 002

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) (continued)

December 31, 2012

(b) Identity of Issue, Borrower,) Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(e) Current Value
Common collective trust fund		
Fidelity Managed Income Portfolio ¹	4,123,255 units	\$ 4,244,727
Money market fund		
Fidelity Money Market Trust – Retirement Money		
Market Portfolio ¹	4,132,864 units	4,132,864
Total investments		\$ 62,803,161
Participant loans	Interest rates range from 4.0% to 9.25%, maturing	
	through 2026	\$ 1,460,616
¹ Indicates party in interact to the Dian		

¹ Indicates party-in-interest to the Plan.

Column (d), Cost, is not applicable as investments are participant directed.

Ernst & Young LLP

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EIN: 98-0220829

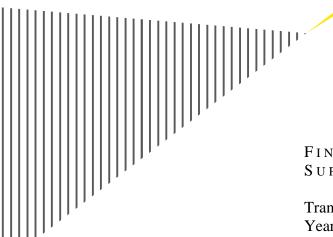
Plan Number: 002

Schedule H, Line 4(a) - Schedule of Delinquent Participant Contributions

Year Ended December 31, 2012

Participant Contributions Transferred Late to Plan	Total the Pro	Total Fully Corrected Under VFCP and PTE		
Check here if Late Participant Loan Repayments are included: [X] \$139,539	Not Corrected	Corrected Outside VFCP	Contributions Pending Correction in VFCP	2002–51

Participant contributions and loan repayments for the June 7, 2012 payday should have been deposited in each participant's account on June 8, 2012. However, due to an internal error, the contributions and loan repayments were not deposited in participants' accounts until June 22, 2012. The lost earnings on these late contributions and loan repayments were calculated using the DOL online calculator and were deposited in the participants accounts on October 3, 2012. The sponsor is in the process of filing an IRS Form 5330 to report the excise tax.



FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

TransAlta Retirement Savings Plan Years Ended December 31, 2012 and 2011 With Report of Independent Auditors

Ernst & Young LLP

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Financial Statements and Supplemental Schedules

Years Ended December 31, 2012 and 2011

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Ernst & Young LLP Suite 3500 999 Third Avenue Seattle, WA 98104-4086 Tel: +1 206 621 1800 Fax: +1 206 654 7799 www.ey.com

Report of Independent Auditors

The Retirement Committee TransAlta Retirement Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the TransAlta Retirement Savings Plan, which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified investment information described in Note 4, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the entity that certified the investment information meets the requirements of 29 CFR 2520.103-8. The plan administrator has obtained certifications as of December 31, 2012 and 2011, and for the years then ended, stating that the investment information provided to the plan administrator is complete and accurate.



Disclaimer of Opinion on Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Disclaimer of Opinion on Supplemental Schedules

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2012, and delinquent participant contributions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Compliance of Form and Content with Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the certified investment information, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst + Young LLP

July 16, 2013

Statements of Net Assets Available for Benefits (U.S. Dollars)

	December 31			r 31
		2012		2011
Assets				
Receivables:				
Contributions receivable	\$	3,425	\$	12,296
Notes receivable from participants (Notes 1 and 2)		1,460,616		1,397,765
Total receivables		1,464,041		1,410,061
Investments at fair value (Note 3):				
Mutual funds		54,425,570		46,129,501
Common collective trust fund		4,244,727		5,386,506
Money market fund		4,132,864		5,212,526
Total investments at fair value		62,803,161		56,728,533
Adjustments from fair value to contract value for interest in common collective trust fund with fully benefit-responsive				
investment contracts (Note 5)		(121,473)		(132,852)
Net assets available for benefits	\$	64,145,729	\$	58,005,742
See accompanying notes.				

Statements of Changes in Net Assets Available for Benefits (U.S. Dollars)

	Year Ended December 31			
		2012		2011
Additions to (deductions from) net assets attributed to: Investment income				
Interest and dividends ¹	\$	1,793,592	\$	1,265,906
Net appreciation (depreciation) in fair value of investments		4,991,314		(1,630,234)
Net investment income (loss)		6,784,906		(364,328)
Contributions:				
Participants		2,565,062		2,753,356
Employer		2,813,463		2,824,633
Rollovers		152,139		_
Benefit payments		(6,170,046)		(4,101,669)
Administrative expenses		(5,537)		(4,867)
Net increase in net assets		6,139,987		1,107,125
Net assets available for benefits, beginning of year		58,005,742		56,898,617
Net assets available for benefits, end of year	\$	64,145,729	\$	58,005,742

¹ Includes \$100,700 of interest on notes receivable from participants (2011 – \$68,344).

See accompanying notes.

Notes to Financial Statements

December 31, 2012 (Tabular Amounts are in U.S. Dollars)

1. Description of the Plan

The following description of the TransAlta Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan that was established by TransAlta USA, Inc. (the "Company") effective July 1, 2000. It was established for those employees who were employed by certain PacifiCorp Centralia facilities purchased by the Company on July 1, 2000. Employees in the PacifiCorp K Plus Employee Savings and Stock Ownership Plan (the "PacifiCorp Plan") were given the option of transferring their PacifiCorp pension and/or PacifiCorp Plan benefits to the Plan. Assets for those employees were transferred from the PacifiCorp Plan to the Plan on July 1, 2000. The Plan is for the benefit of substantially all employees of the Company, TransAlta Centralia Mining LLC, TransAlta Centralia Generation LLC, and TransAlta Energy Marketing (U.S.), Inc. ("TEMUS"). In February 2001, the Retirement Committee approved a resolution to permit both IPP Energy employees (Binghamton) and TEMUS employees (Portland) to join the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Eligibility

Participation in the Plan is voluntary. Employees of the Company, or a participating company, are eligible to participate in the Plan on the first day of the month following completion of one hour of service. Eligibility requirements at the inception of the Plan on July 1, 2000, provided that employees who were eligible to participate on July 1, 2000, became participants on July 1, 2000. Prior to December 31, 2010, at which time the TransAlta Retirement Pension Plan (the "Pension Plan") was frozen, employees, who were also active participants in the Pension Plan, participated under the basic provisions of the Plan (the "Basic Plan"). All other participating employees participated under the enhanced provisions of the Plan (the "Enhanced Plan"). As of January 1, 2011, due to the Pension Plan freeze, the distinction between provisions associated with the Basic Plan and the Enhanced Plan is no longer required.

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Contributions

All employees participating in the Plan can contribute from 1% to 25% of their eligible compensation, subject to the annual limitations prescribed by the Internal Revenue Service (the "IRS"). Nonunion employees who have completed three months of service are eligible to receive an employer matching and fixed contribution. All other participants who have completed six months of service are eligible to receive an employer matching and fixed contribution.

Within the Plan, the Company contributes, as a matching contribution, 100% of the first 5% of straight-time compensation that a participant contributes. The Company also makes a fixed contribution on behalf of each participant in the Plan equal to 5% of such participant's straight-time compensation for each contribution period.

Members who were active within the Pension Plan as of December 31, 2010, receive top-up contributions each payroll commencing on January 1, 2011 based on straight-time compensation. The top-up contributions will continue until the earlier of December 31, 2027, or the date the member is no longer active in the Plan.

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Each participant's account is credited with the participant's contributions, rollovers, company matching and/or fixed contributions, and top-up contributions if applicable; and an allocation of each investment fund's investment income and security gains and losses. Participants may direct the investment of their respective account balances to any combination of the investment fund options provided by the Plan. Investment funds may be changed by the participants at any time.

Vesting

Participants are immediately vested in their voluntary contributions and rollover amounts, plus earnings thereon. Vesting in the remainder of their account is based on years of service to the Company. All non-union employees vest 20% per year over five years of service for fixed contributions, and vest immediately for matching contributions. For union employees, matching contributions vest 20% per year over five years of vesting service; and the employer fixed contributions become fully vested after the completion of two years of vesting service. If a

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

participant resigns or is terminated, any unvested Company contributions are forfeited, except where the participant is re-employed within a specified time frame. Unvested fixed or matching contributions are forfeited back to the Plan and the funds are used to reduce Company contributions. Such forfeitures were not significant during 2012 or 2011.

Benefit Payments

In accordance with the Plan document and as allowed under the Internal Revenue Code (the "Code"), distribution of a participant's vested account is available upon the participant's retirement, death, disability (certain conditions apply), termination of employment, or attainment of age 59½. Distribution is also available to satisfy a financial hardship meeting the requirements of the Code. Participants may receive a lump-sum amount equal to the vested value of their account, or elect to receive annual or more frequent installments over a period not longer than 10 years.

Notes Receivable From Participants (Participant Loans)

Participants may borrow from their accounts up to a maximum amount equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loans are secured by the participants' respective account balances. The interest rate is determined by the Company when the loan is granted based on prevailing market rates for similar types of loans. Principal and interest payments are paid through payroll deductions. Loan terms are five years, unless the participant acquires a new principal residence, in which case the loan term may be up to 15 years.

Administrative Expenses

The Plan pays for certain transactional fees. Other administrative expenses, such as audit fees, are paid by the Company.

Administration

The Plan is administered by the Retirement Committee, which consists of members appointed by the Company.

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan. In the event of the Plan's termination, benefits under the Plan would be distributed based upon participants' account balances accumulated on the date of termination of the Plan, subject to the provisions of ERISA. The account of each participant shall be fully vested and nonforfeitable as of the effective date of a complete termination of the Plan.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that could affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement and Disclosures* ("ASC 820"). ASC 820 establishes a framework for measuring fair value in U.S. GAAP where fair value is considered to be the relevant measurement attribute. Part of the framework involves the establishment of a three-level hierarchy for categorizing the inputs used to measure fair value. For Level 1 categorized fair values, the inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Plan can access at the measurement date. Level 2 categorized fair values use inputs, other than quoted prices included within Level 1, that are observable, either directly or indirectly. Level 3 categorized fair values are determined using unobservable inputs. Additional disclosures are required for Level 3 items due to the use of unobservable market inputs in the fair value determination (Note 3).

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The fair values of the investments in mutual funds are based on quoted market prices to sell multiplied by the number of units or shares owned by the Plan. The fair values of the common collective trust fund and the mutual funds have been estimated using the unadjusted net asset value per unit as determined by the funds' issuer on the last business day of the Plan's year-end multiplied by the number of units or shares owned by the Plan (Notes 3 and 5). Redemptions of the common collective trust funds require 12-months written notice; however, such redemptions may be completed before the 12-month expiration at the discretion of the common collective trust fund issuer.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Notes Receivable From Participants

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is accrued as earned. Related fees are recorded as administrative expenses when incurred. No allowance for credit losses has been recorded as of December 31, 2012 or 2011. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant's loan balance is reduced and a benefit payment is recorded (Note 1).

Risks and Uncertainties

The Plan provides for various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, market volatility, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the value of the participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Current Year Accounting Changes

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"). ASU 2011-04 amended ASC 820, to converge fair value measurement guidance in U.S. GAAP and IFRS. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle for measuring fair value in ASC 820. ASU 2011-04 also requires additional disclosures about Level 3 fair value measurements. The amendments have been applied prospectively from January 1, 2012. The impact of adopting ASU 2011-04 on the financial statements of the Plan was not significant.

3. Investments

The Retirement Committee has chosen institutional funds offered by Fidelity Investments and all investments are maintained by Fidelity Management Trust Company, the trustee of the Plan. All investment information disclosed in the accompanying financial statements and supplemental schedule of assets (held at end of year), including investments held at December 31, 2012 and 2011, net appreciation (depreciation) in the fair value investments, and interest and dividend income, for the years then ended, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the trustee.

Notes to Financial Statements (continued)

3. Investments (continued)

The fair values of individual investments that represent 5% or more of the Plan's net assets are as follows:

		December 31		
		2012 2011		
Fidelity Balanced Fund	\$	11,539,149	\$	10,344,606
Fidelity Contrafund	·	3,528,276		3,382,399
Fidelity Growth Company		5,076,635		3,755,840
Fidelity Diversified International Fund		3,468,346		2,979,236
Fidelity Freedom 2020 ¹		3,654,622		_
Fidelity Money Market Trust – Retirement Money				
Market Portfolio		4,132,864		5,212,526
Fidelity Managed Income Portfolio		4,244,727		5,386,506
Spartan 500 Index Fund ¹		3,216,153		_
PIMCO Total Return Fund		6,634,322		4,613,956
¹ The fair value of this investment at December 31, 20	11 is	less than 5%.		

Investments, by level as described in Note 2, are as follows as of December 31, 2012:

	Level 1		Level 2	Level 3		Total
Money market fund	\$	- \$	4,132,864	5	- \$	4,132,864
Common collective trust fund	Ψ -	- ¥	4,244,727	٢	- ⁴	4,244,727
Mutual funds						
U.S. Large Cap	14,512,464	4	_		_	14,512,464
U.S. Mid-Cap	2,990,98	0	_		_	2,990,980
U.S. Small Cap	1,443,914	4	_		_	1,443,914
International Equity	3,636,07	6	_		_	3,636,076
U.S. Equity and Fixed						
Income	21,902,272	2	_		_	21,902,272
U.S. Bonds	9,939,864	4	_		_	9,939,864
Total fair value of investments	\$ 54,425,57	0\$	8,377,591 9	5	- \$	62,803,161

Notes to Financial Statements (continued)

3. Investments (continued)

	Level 1	Level 2	Level 3	Total
Money market fund	\$ –	\$ 5,212,526 \$	_	\$ 5,212,526
Common collective trust fund	_	5,386,506	_	5,386,506
Mutual funds				
U.S. Large Cap	12,734,126	_	_	12,734,126
U.S. Mid-Cap	3,275,241	_	_	3,275,241
U.S. Small Cap	1,345,114	_	_	1,345,114
International Equity	3,096,417	_	_	3,096,417
U.S. Equity and Fixed				
Income	19,136,149	_	_	19,136,149
U.S. Bonds	6,542,454	_	_	6,542,454
Total fair value of investments	\$46,129,501	\$10,599,032 \$	_	\$ 56,728,533

Investments, by level as described in Note 2, are as follows as of December 31, 2011:

4. Income Tax Status

The Plan has received a determination letter from the IRS, dated January 6, 2011, stating that the Plan, as amended and restated, is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its tax-qualified status. The plan sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax exempt. The plan sponsor has indicated that it will take the necessary steps, if any, to maintain the tax-qualified status of the Plan.

The plan administrator believes the Plan is no longer subject to income tax examinations for the years prior to 2009.

The Plan follows U.S. GAAP to evaluate uncertain tax positions, which are recognized when the position is more-likely-than-not based upon the technical merits to be sustained upon examination by the IRS. As of December 31, 2012, there are no uncertain tax positions taken or expected to be taken by the Plan. The Plan has not recognized interest or penalties related to uncertain tax positions.

Notes to Financial Statements (continued)

5. Reconciliation of Financial Statements to Form 5500

Investment contracts held by a defined contribution plan are required to be reported at fair value under FASB ASC Topic 962, *Plan Accounting – Defined Contribution Pension Plans*. However, contract value is the relevant measurement attribute for fully benefit-responsive investment contracts as contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in these types of investment contracts through a common collective trust fund, Fidelity Managed Income Portfolio ("MIP Fund"). The fair value of the Plan's interest in the MIP Fund is based on information reported by the issuer of the common collective trust fund at year-end. The contract value of the MIP Fund represents contributions plus earnings, less participant withdrawals and administrative expenses.

The following is a reconciliation of net assets available for benefits per the statements of net assets available for benefits at December 31, 2012 and 2011, to the Form 5500:

	December 31		
	 2012		2011
Net assets available for benefits per the statements of net assets available for benefits Plus: adjustments from fair value to contract value for interest in a common collective trust fund with fully	\$ 64,145,729	\$	58,005,742
benefit-responsive investment contracts	121,473		132,852
Net assets available for benefits per the Form 5500	\$ 64,267,202	\$	58,138,594

The following is a reconciliation of net investment income per the financial statements for the year ended December 31, 2012 to the Form 5500:

Net investment income per the statements of changes in net assets	
available for benefits	\$ 6,784,906
Add: current year adjustment from fair value to contract value for	
interest in common collective trust fund with fully benefit-responsive	
investment contracts	121,473
Deduct: prior year adjustment from fair value to contract value for	
interest in common collective trust fund with fully benefit-responsive	
investment contracts	(132,852)
Net investment income per the Form 5500	\$ 6,773,527

Notes to Financial Statements (continued)

6. Plan Amendment

As of December 31, 2010, benefits available under the Pension Plan have been frozen. As of January 1, 2011, all active employees whose benefits under the Pension Plan were frozen began participating in the enhanced provisions of the Plan. Employees who were members of the Pension Plan as of December 31, 2010, are provided top-up contributions within the Plan, for the period while they are active employees, or up to December 31, 2027.

7. Subsequent Events

Subsequent events have been evaluated through July 16, 2013, which represents the date the financial statements were available to be issued.

Supplemental Schedules

EIN: 98-0220829

Plan Number: 002

Schedule H, Line 4(a) – Schedule of Delinquent Participant Contributions

Year Ended December 31, 2012

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE
Check here if Late Participant Loan Repayments are included:		Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	2002–51
\$139,539		\$139,539		

EIN: 98-0220829

Plan Number: 002

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2012

<u>(a)</u>	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(e) Current Value
Mutual fur	ds		
Fidelity F	Balanced Fund ¹	572,095 shares	\$ 11,539,149
	fotal Return Fund ¹	590,242 shares	6,634,322
	Growth Company ¹	54,424 shares	5,076,635
	reedom 2020 Fund ¹	272,937 shares	3,654,622
	Contrafund ¹	45,520 shares	3,528,276
	Diversified International Fund ¹	116,037 shares	3,468,346
Fidelity S	partan 500 Index Fund ¹	63,699 shares	3,216,153
Rainier S	mall/Mid Cap Equity Portfolio	53,808 shares	2,009,206
Fidelity I	Dividend Growth Fund ¹	64,534 shares	1,928,275
Vanguard	Inflation-Protected Securities Fund Admiral Shares	59,035 shares	1,684,867
PIMCO H	High Yield Fund – Institutional Class	168,120 shares	1,620,675
Fidelity F	reedom 2025 Fund ¹	108,736 shares	1,476,635
Fidelity F	reedom 2010 Fund ¹	109,696 shares	1,412,885
	reedom 2030 Fund ¹	82,908 shares	1,137,491
-	nnsylvania Mutual Fund - Institutional Class	82,296 shares	948,055
Fidelity F	reedom 2040 Fund ¹	57,175 shares	795,302
MFS Val	ue Fund Class R4	30,104 shares	763,125
	reedom 2035 Fund ¹	53,147 shares	737,143
•	xtended Market Index Fund	16,771 shares	669,344
	Beacon Small Cap Value Fund Class Institutional	23,280 shares	495,859
	reedom 2045 Fund ¹	32,512 shares	458,096
	Iid Cap Value – Class T ¹	14,641 shares	312,430
	reedom 2000 Fund ¹	22,433 shares	265,155
	reedom 2015 Fund ¹	13,693 shares	177,458
	tanley Institutional International Equity	11,689 shares	167,730
	reedom 2050 Fund ¹	9,983 shares	140,954
	reedom Income Fund ¹	8,685 shares	101,437
	reedom 2005 Fund ¹	471 shares	5,945
Total mutua	ll funds		\$ 54,425,570

EIN: 98-0220829

Plan Number: 002

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) (continued)

December 31, 2012

(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(e) Current Value	
Common collective trust fund			
Fidelity Managed Income Portfolio ¹	4,123,255 units	\$ 4,244,727	
Money market fund			
Fidelity Money Market Trust – Retirement Money			
Market Portfolio ¹	4,132,864 units	4,132,864	
Total investments		\$ 62,803,161	
Participant loans	Interest rates range from 4.0% to 9.25%, maturing		
	through 2026	\$ 1,460,616	
¹ Indicates next, in interact to the Dian			

¹ Indicates party-in-interest to the Plan.

Column (d), Cost, is not applicable as investments are participant directed.

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