

TRANSALTA CORP  
Form 40-F  
April 01, 2004

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C 20549

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**FORM 40-F**

**ANNUAL REPORT**

**under**

**THE SECURITIES EXCHANGE ACT OF 1934**

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**TransAlta Corporation**

(Exact name of the Registrant as specified in its charter)

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**UNITED STATES**

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 40-F**

[Check one]

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REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

**S**

ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003.

Commission file number: 001-15214

TRANSALTA CORPORATION

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English (if applicable))

Canada

(Province or other jurisdiction of incorporation or organization)

4911

(Primary Standard Industrial Classification Code Number (if applicable))

None

(I.R.S Employer Identification Number (if applicable))

110-12<sup>th</sup> Avenue S.W., Box 1900, Station "M", Calgary, Alberta, T2P 2M1, (403) 267-7110

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 111 8<sup>th</sup> Avenue, 13<sup>th</sup> Floor, New York, New York, 10011, (212) 894-8400

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
<u>Common Shares, no par value</u>	<u>New York Stock Exchange</u>
<u>Common Share Purchase Rights</u>	<u>New York Stock Exchange</u>

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Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Common Shares

Common Share Purchase Rights

(Title of Class)

For annual reports, indicate by check mark the information filed with this form:

**S**

Annual information form

**S**

Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 190,687,228 common shares.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.

Yes  82-\_\_\_\_\_

No  **T**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

### **INCORPORATION BY REFERENCE**

Exhibits 1, 2 and 3 to this Form are incorporated by reference.

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### **DISCLOSURE CONTROLS AND PROCEDURES**

TransAlta (the "Company") has designed disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer and Chief Financial Officer by others within the Company, including its consolidated subsidiaries, on a regular basis, in particular during the period in which its Annual Report on Form 40-F relating to financial results for the fiscal year ended December 31, 2003 are being prepared. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the disclosure controls and procedures as of a date within 90 days of the date of this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded, as of that evaluation date, that the Company's disclosure controls and procedures were effective to ensure that material and information relating to the Company, including its consolidated subsidiaries, was made known to them by others within those entities during the period in which this report was being prepared. There have been no significant changes in the internal controls or in other factors that could significantly affect internal controls subsequent to the date of the most recent evaluation by the Chief Executive Officer and Chief Financial Officer, including any corrective actions with regard to significant deficiencies and material weaknesses.

### **AUDIT COMMITTEE FINANCIAL EXPERT**

The Company's board of directors has determined that it has at least one audit committee financial expert serving on its audit and environment committee (the "AE Committee"). Mr. William D. Anderson and Mr. John T. Ferguson have been determined to be such audit committee financial experts, within the meaning of Section 407 of the United States Sarbanes-Oxley Act of 2002, and each of them is independent, as that term is defined by the New York Stock Exchange's listing standards applicable to the Company. The SEC has indicated that the designation of Mr. William D. Anderson and Mr. John T. Ferguson as an audit committee financial expert does not make Mr. Anderson or Mr. Ferguson an "expert" for any purpose, impose any duties, obligations or liability on Mr. William D. Anderson or Mr. John T. Ferguson that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee.

### **CODE OF ETHICS**

The Company has adopted a code of ethics (the "Corporate Code of Conduct") that applies to all employees and officers, including its Chief Executive Officer, Chief Financial Officer, principal accounting officer and persons performing similar functions. The Corporate Code of Conduct is available on the Company's Internet website, [www.transalta.com](http://www.transalta.com).

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### **PRINCIPAL ACCOUNTANT FEES AND SERVICES**

For the years ended December 31, 2003 and 2002, Ernst & Young LLP and its affiliates were paid approximately \$2.37 million and \$2.5 million, respectively, as detailed below:

## Year-ended December 31

	2003	2002
Ernst & Young LLP		
Audit Fees	\$ 1,015,916	\$ 929,875
Audit-Related Fees	\$ 143,521	\$ 93,249
Tax Fees	\$ 322,496	\$ 1,340,231
All Other Fees	\$ 886,644	\$ 127,000
<b>Total</b>	<b>\$ 2,368,577</b>	<b>\$ 2,490,355</b>

No other audit firms provided audit services in 2002 or 2003.

The nature of each category of fees is described below.

***Audit Fees***

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements or services provided in connection with statutory and regulatory filings or engagements.

***Audit-Related Fees***

The audit-related fees were primarily the out-of-pocket expenses of the auditors related to the annual audits performed.

***Tax Fees***

The tax fees were primarily related to compliance services provided, including for services relating to the filing of tax returns of the Company and its subsidiaries.

***All Other Fees***



The other services performed and referred to in the "All Other Fees" category were primarily related to services performed by the auditors in specific transaction involving the Company including the acquisition of an interest in CE Generation LLC, the sale of the Company's head office building, assistance in various regulatory proceedings involving the Company and the translation from English to French of the company's financial statements and other documents for various statutory filings.

***Pre-Approval Policies and Procedures***

The AE Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence. In May 2002, the AE Committee adopted a policy that prohibits the Company from engaging the auditors for "prohibited" categories of non-audit services and requires pre-approval of the AE Committee for other permissible categories of non-audit services, such categories as determined under the United States Sarbanes Oxley Act of 2002. This policy is set forth in Exhibit 10.

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***Percentage of Services Approved by the AE Committee***

For the year ended December 31, 2003, none of the services described above were approved by the AE Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

**OFF-BALANCE SHEET ARRANGEMENTS**

See page 45 of Exhibit 2 and pages 89 to 91 of Exhibit 3.

**TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS**

See page 43 of Exhibit 2 and pages 77 to 93 of Exhibit 3.

#### **IDENTIFICATION OF THE AUDIT COMMITTEE**

See pages 29 and 30 of Exhibit 1.

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#### **UNDERTAKING AND CONSENT TO SERVICE OF PROCESS**

TransAlta Corporation undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

#### **SIGNATURES**

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant:

**TRANSALTA CORPORATION**

By:

/s/ Ian A. Bourne

Ian A. Bourne

Executive Vice President and Chief Financial Officer

And:

/s/ Alison T. Love

Alison T. Love

Corporate Secretary

Dated: March 29, 2004.

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**EXHIBITS**

Exhibit 1

Renewal Annual Information Form of TransAlta Corporation for the year ended December 31, 2003, dated March 31, 2004.

Exhibit 2

Annual Report for the fiscal year ended December 31, 2003, containing Management's Discussion and Analysis for the fiscal year ended December 31, 2003.

Exhibit 3

Audited Consolidated Financial Statements of TransAlta Corporation for the fiscal years ended December 31, 2003 and 2002 found in the Annual Report for the fiscal year ended December 31, 2003 (see note 27 for Differences between Canadian and United States Generally Accepted Accounting Principles for the year ended December 31, 2003).

Exhibit 4

Consent of Ernst & Young LLP.

Exhibit 5.1

Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 5.2

Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 5.3

Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 5.4

Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10

Audit & Environmental Committee Pre-Approval Policies and Procedures.

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Exhibit 4

**CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS**

We consent to the incorporation by reference in this Annual Report (Form 40-F) of TransAlta Corporation of our report dated February 11, 2004, included in the 2003 annual report to shareholders of TransAlta Corporation. In addition, we consent to the incorporation by reference of such report in TransAlta Corporation's Registration Statements on Form S-8 (File Number 333-72454 and File Number 333-101470) pertaining to TransAlta Corporation's Share Option Plan and Form F-10 (File Number 333-87762) pertaining to the registration of Debt and Equity Securities of TransAlta Corporation, previously filed with the Securities and Exchange Commission.

Calgary, Canada

March 29, 2004

Chartered Accountants

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Exhibit 5.1

**CERTIFICATION**

I, Stephen G. Snyder, certify that:

1.

I have reviewed this annual report on Form 40-F of TransAlta Corporation;

2.

Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3.

Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4.

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a.

Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the periods in which this annual report is being prepared;

b.

Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c.

Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;

5.

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (and persons performing the equivalent function);

a.

All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b.

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6.

The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 26, 2004.

By: /s/ Stephen G. Snyder

Stephen G. Snyder

President and Chief Executive Officer

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Exhibit 5.2

**CERTIFICATION**

I, Ian A. Bourne, certify that:



1.

I have reviewed this annual report on Form 40-F of TransAlta Corporation;

2.

Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3.

Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4.

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a.

Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the periods in which this annual report is being prepared;

b.

Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c.

Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;

5.

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (and persons performing the equivalent function);

a.

All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b.

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6.

The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 26, 2004.

By: /s/ Ian A. Bourne

Ian A Bourne

Executive Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of TransAlta Corporation (the "Company") on Form 40-F for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the dated hereof (the "Report"), I, Stephen G. Snyder, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1.

The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2.

The information contained in the Report fairly presents, in all materials respects, the financial condition and result of operations of the Company.

By: /s/ Stephen G. Snyder

Stephen G. Snyder

President and Chief Executive Officer

Dated: March 26, 2004.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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Exhibit 5.4

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of TransAlta Corporation (the "Company") on Form 40-F for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the dated hereof (the "Report"), I, Ian A. Bourne, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1.

The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable of the Securities Exchange Act of 1934, as amended; and

2.

The information contained in the Report fairly presents, in all materials respects, the financial condition and result of operations of the Company.

By: /s/ Ian A. Bourne

Ian A. Bourne

Executive Vice President and Chief Financial Officer

Dated: March 26, 2004.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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Exhibit 10

**205: Policy for the Provision of Non-Audit Services by the Corporation's Auditors**

**INTRODUCTION**

The intent of this policy is to outline the services TransAlta will and will not seek to be provided from its auditors to ensure compliance with statutory and regulatory requirements. The underlying principle shall be that the auditors will not be engaged to perform services on which they will ultimately be required to provide an audit opinion on.

## **RESPONSIBILITY**

Vice President and Comptroller is responsible for ensuring the policy is in compliance with statutory and regulatory requirements.

Director of Financial Operations and Country Financial Controllers are responsible for ensuring their respective business units / countries comply with the policy.

All staff should be aware of the policy and be in compliance.

## **POLICY**

In general, audit, audit-related and tax compliance services may be provided by the corporation's auditors. Consulting engagements will not be provided by the corporation's auditors, nor will engagements where fees are contingent on success. Specific examples are set out below.

Non-audit fees in total generally should not exceed audit and audit-related fees in total in any one financial year.

#### **APPROVAL PROCESS**

All audit or non-audit services to be performed by the corporation's auditors require **pre-approval** by the Vice President and Comptroller, Executive Vice President and Chief Financial Officer or the Audit and Environment Committee, TransAlta Corporation, in accordance with the approval levels below, **before any work is started.**

<u>Approval By</u>	<u>Fee Level for Specific Work Items</u>
VP & Comptroller	\$25,000
EVP & CFO	\$50,000
Chairman of the Audit Committee	\$100,000
Audit Committee	\$100,000

For non-Canadian subsidiary companies, local Board of Directors are required to approve **all** services, irrespective of fee level, to be performed by the auditor **subject to ultimate shareholder approval**.

Approvals shall be evidenced in writing and maintained by the VP & Comptroller. Subsidiary companies are required to submit their approvals to the VP & Comptroller for filing and presentation to the Audit and Environment Committee.

## **REPORTING PROCESS**

A summary of all approved work shall be presented to the Audit Committee at each quarterly meeting.

The Vice President and Comptroller is responsible for preparing and presenting this information