



NEWS RELEASE

CANADIAN HYDRO BOARD OF DIRECTORS REJECTS TRANSALTA'S OPPORTUNISTIC AND INADEQUATE OFFER

CALGARY, ALBERTA – (Marketwire – July 23, 2009) - Canadian Hydro Developers, Inc. (Canadian Hydro or the Company) (TSX:KHD) confirms today that it received a copy of the offer and take-over bid circular for the unsolicited bid being made by TransAlta Corporation through 1478860 Alberta Ltd., a wholly owned subsidiary of TransAlta. Canadian Hydro further announces that its Board of Directors unanimously recommends that shareholders of Canadian Hydro reject TransAlta's unsolicited offer ("TransAlta offer").

The Board of Directors of Canadian Hydro has performed a thorough review and evaluation of the unsolicited TransAlta offer with its independent financial and legal advisors and has concluded that the TransAlta offer is inadequate and contrary to the interests of Canadian Hydro and its shareholders. The Board therefore unanimously recommends that Canadian Hydro shareholders reject the TransAlta offer by not tendering their shares.

"This offer is inadequate and its timing is purely opportunistic," said Kent Brown, Chief Executive Officer of Canadian Hydro. "We're at a key inflection point in our Company's 20-year history as we begin to reap the financial rewards of our significant development investments. We are well positioned financially to weather the current economic downturn and to capitalize on future growth opportunities. This offer does not represent compelling value, and we believe we can do better for our Company and our shareholders through any one of a number of alternatives."

Prior to the TransAlta offer, the only formal proposal to make an offer was received by Canadian Hydro on July 7, 2009. That proposal followed a series of informal and casual conversations and correspondence between TransAlta and Canadian Hydro that began in December 2008 (the full chronology of which will be detailed in the Directors' Circular). The July 7, 2009 non-binding proposal to acquire Canadian Hydro was consistent with the financial terms of the announced TransAlta offer. Upon receipt of the non-binding proposal, a Special Committee of the Board, constituted entirely of independent directors, met to discuss alternatives to enhance shareholder value and consider the non-binding TransAlta proposal. The Board of Directors, consistent with its fiduciary duties, in consultation with its independent financial and legal advisors and upon the recommendation of the Special Committee, determined that the non-binding proposal was inadequate, and that it was not in the best interest of Canadian Hydro and its shareholders to engage in discussions respecting the non-binding proposal at that time.

The Board of Directors has identified two key reasons why shareholders should reject the TransAlta offer. These and other reasons will be fully elaborated in the Directors' Circular now being prepared.

The TransAlta offer is inadequate, as it substantially undervalues Canadian Hydro.

- The TransAlta offer does not fully reflect the value of Canadian Hydro's team, which is the most successful and experienced in the Canadian renewable energy industry.
- The TransAlta offer does not reflect the scarcity value of Canadian Hydro's strategic position as a 100% renewable power producer.
- The TransAlta offer does not reflect the value of Canadian Hydro's substantial inventory of development projects.



- The TransAlta offer does not reflect the current and future value of renewable energy credits and carbon credits.
- The TransAlta offer does not reflect the value of Canadian Hydro's significant tax pools.
- The TransAlta offer does not reflect Canadian Hydro's attractive long-term power purchase agreement (PPA) contracts with strong counterparties.
- Canadian Hydro's shares are trading well above the TransAlta offer price in the current market.

The timing of the TransAlta offer is opportunistic.

- Canadian Hydro has doubled in size in the last eight months, having brought the 132 MW Melancthon II EcoPower[®] Centre on stream in November 2008 and the 198 MW Wolfe Island EcoPower[®] Centre on stream in June 2009.
- Canadian Hydro will soon begin to generate significant free cash flow, facilitating continued growth by enabling the Company to finance the equity portion of projects up to 100 MW per year internally.
- The Company's outstanding portfolio of future projects includes 1,624 MW in various stages of development, including the world-class 100 MW Dunvegan run-of-river hydro prospect on the Peace River.
- In spite of current weakness in the capital markets, Canadian Hydro is in a solid financial position, with no need to access the debt markets in any significant way until the third quarter of 2010, and no equity requirements for its current projects until 2012. Canadian Hydro has the same investment grade credit rating as TransAlta.
- Due to the recent financial crisis, the markets are not fully reflecting Canadian Hydro's intrinsic value. Canadian Hydro's share price has historically tracked the Company's growth.

The Board of Directors of Canadian Hydro advises shareholders to take no action, thereby rejecting the TransAlta offer. The independent Special Committee of the Board of Directors has been established to review and consider various initiatives with the objective of enhancing shareholder value, and as part of this process, the Company's financial advisors, FirstEnergy Capital Corp. and Société Générale have been instructed to open a data room for qualified interested parties.

A copy of the Canadian Hydro Directors' Circular, which sets forth in greater detail the Board's recommendation and the reasons it recommends that shareholders reject the TransAlta offer, will be mailed to all shareholders on or before August 6, 2009. Once it is available, the Directors' Circular will also be available on the Company's website, at www.canhydro.com, and will be filed on SEDAR and with Canadian securities regulators. Shareholders are advised to read the Canadian Hydro Directors' Circular as it will contain important information regarding the TransAlta offer.

About Canadian Hydro

"Recognized as one of Jantzi/Maclean's Top 50 Responsible Corporations in Canada"

Canadian Hydro is committed to Building a Sustainable Future[®]. The Company is the largest and most diversified developer, owner, and operator of 21 renewable energy generation facilities in Canada totaling net 694 MW of capacity in operation, 185 MW in and nearing construction, and 1,624 MW in development. The renewable generation portfolio is diversified across three technologies (water, wind, and biomass) in the provinces of Alberta, British Columbia, Ontario, and Quebec. This portfolio is unique in Canada as all facilities are certified, or slated for certification, under Environment Canada's EcoLogo[™] Program.



For further information, please contact:

Investor Relations
Kathy Boutin
Chief Financial Officer
403.298.0256
KBoutin@canhydro.com

Media Relations
Darryl Warren
Manager, Marketing & Communications
403.806.8143
DWarren@canhydro.com

Questions may also be directed to the information agent:



NORTH AMERICAN TOLL-FREE

1-888-534-1152

Common shares outstanding: 143,661,223

BANKS, BROKERS AND COLLECT CALLS

1-416-637-4661

Internet: www.canhydro.com

Advisory Respecting Forward-Looking Statements:

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws.

The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. The forward looking information or statements in this news release relate to, but are not limited to, statements with respect to the results of any evaluation of the take-over proposal by TransAlta and any course of action Canadian Hydro may undertake in response to the take-over proposal by TransAlta.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements. The forward-looking information and statements contained in this news release speak only as of the date of this news release, and the Company assumes no obligation to publicly update or revised them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.