



NEWS RELEASE

CANADIAN HYDRO MAILS DIRECTORS' CIRCULAR WITH REASONS FOR REJECTING TRANSALTA'S INADEQUATE OFFER

Calgary, Canada – August 6, 2009 (TSX:KHD) Canadian Hydro Developers, Inc. (“Canadian Hydro” or the “Company”) today mailed its Directors’ Circular to shareholders, in response to the unsolicited take-over offer from TransAlta Corporation through 1478860 Alberta Ltd., a wholly owned subsidiary of TransAlta.

“The Board of Directors is unanimous and adamant in recommending to our shareholders that they reject this offer,” said Dennis Erker, Chairman of the Board of Directors of Canadian Hydro. “The TransAlta offer is inadequate even to reflect the value of Canadian Hydro’s current assets, let alone the value of the Company’s unparalleled growth opportunities. We are actively pursuing other alternatives and we are encouraged by the level of interest. Canadian Hydro is a unique business, run by an exceptional team of people, with great assets and a solid track record. This is not a company to be purchased at a discount.”

The Directors’ Circular lists seven reasons why shareholders should reject the TransAlta offer, with full detail explaining each. In summary, the reasons for rejection include the following.

- The TransAlta offer is inadequate, as it does not reflect Canadian Hydro’s current value or the value of its extensive growth prospects.
- The TransAlta offer of \$4.55 per Common Share is below current trading prices and is lower than premiums typically paid in Canadian take-over offers. Research analysts have stated that the offer is inadequate.
- The timing of the TransAlta offer is opportunistic and is prejudicial to Canadian Hydro and its shareholders.
- The TransAlta offer is not a permitted bid under Canadian Hydro’s Shareholder Rights Plan.
- Superior proposals delivering greater value for shareholders may emerge.
- Each of Canadian Hydro’s financial advisors has delivered a written opinion stating that the offer is inadequate from a financial point of view.
- The TransAlta offer is highly conditional and is not a firm offer.

To reject the TransAlta offer, shareholders do not need to take any action.

The Directors’ Circular provides a full history of the events that led up to TransAlta’s unsolicited offer. That history counters the perception from some media stories that TransAlta pursued Canadian Hydro through a long period of friendly negotiations before deciding to launch a hostile take-over bid.

The Circular also describes the 21 renewable power projects with 694 MW of capacity that Canadian Hydro currently operates, as well as the Company’s 185 MW of projects that are currently in or nearing construction, and its 1,634 MW of future prospects in the development pipeline. Canadian Hydro’s portfolio of renewable power projects consists of long-life, high-quality facilities with low input risk, no fuel price risk, and long-term contracts with creditworthy counterparties.

The Directors’ Circular was mailed to all shareholders today. The Circular is also available on the Canadian Hydro website, at www.canhydro.com, and has been filed on SEDAR and with Canadian securities regulators. Shareholders are advised to read the Canadian Hydro Directors’ Circular in full, as it contains important information regarding the TransAlta offer. Inquiries concerning the information in the



Directors' Circular should be directed to Laurel Hill Advisory Group, the information agent retained by Canadian Hydro, North American toll free at 1-888-534-1152, collect 416-637-4661 or via email at assistance@laurelhillag.com.

Canadian Hydro's executive team, along with the Chairman of the Board of Directors, will host a conference call and webcast presentation to discuss the Directors' Circular at 8:30 a.m. Mountain Time (10:30 a.m. Eastern) today, August 6, 2009.

Details of the conference call and webcast presentation are as follows:

Date: Thursday, August 6, 2009
Time: 8:30 a.m. MT/10:30 a.m. ET
Conference Call Dial-in: 1-888-231-8191 (for participants in North America)
647-427-7450 (Toronto or Overseas participants)
Passcode: 23785085
Webcast: www.canhydro.com
<http://w.on24.com/r.htm?e=158489&s=1&k=6DB62870F8D2EF8A4C27EE222EDFD6CD>

To ensure timely participation in the conference call, callers are encouraged to dial or log in 15 minutes prior to the start time to register for the event. An archive of the webcast presentation will be available through the same link.

A telephone replay will also be available for seven days following the conference call and can be accessed at the following numbers:

Dial-In: 402-220-2889
800-395-0359 (toll free)
Passcode: 23785085

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 1,634 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^M Program.

For further information, please contact:

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Common shares outstanding: 143,661,223

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.