Talen Energy Corp
Form 424B3
November 03, 2015
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Filed pursuant to Rule 424(b)(3)
Registration No. 333-207033

PROSPECTUS

44,974,658 Shares

TALEN ENERGY CORPORATION

Common Stock

This prospectus relates solely to the offer and sale from time to time of up to 44,974,658 shares of Talen Energy Corporation common stock, $0.001 par value per share, by the selling stockholders identified in this prospectus. See Selling Stockholders. The registration of the shares of common stock to which this prospectus relates does not require the selling stockholders to sell any of their shares of our common stock nor does it require us to issue any shares of common stock.

We will not receive any proceeds from the sale of the shares by the selling stockholders, but we have agreed to pay certain registration expenses, other than underwriting discounts and commissions. The selling stockholders from time to time may offer and sell the shares held by them directly or through underwriters, agents or broker-dealers on terms to be determined at the time of sale, as described in more detail in this prospectus. For more information, see Plan of Distribution.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol TLN. On November 2, 2015, the closing sales price of our common stock as reported on the NYSE was $8.95 per share.

Because all of the shares of our common stock offered under this prospectus are being offered by the selling stockholders, we cannot currently determine the price or prices at which our shares may be sold under this prospectus.

Investing in our common stock involves risks. Before making a decision to invest in our common stock, you should carefully consider the matters described under Risk Factors beginning on page 22 of this prospectus.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 3, 2015.

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This prospectus is part of a shelf registration statement that we have filed with the SEC using a shelf registration process. Under this shelf registration process, the selling stockholders may, from time to time, offer and sell the shares described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the shares the selling stockholders may offer. Each time the selling stockholders sell our shares using this prospectus, to the extent necessary, we will provide a prospectus supplement that will contain specific information about the terms of that offering, including the number of shares being offered, the manner of distribution, the identity of any underwriters or other counterparties and other specific terms related to the offering. The prospectus supplement may also add, update or change information contained in this prospectus. To the extent that

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any statement made in an accompanying prospectus supplement is inconsistent with statements made in this prospectus, the statements made in this prospectus will be deemed modified or superseded by those made in the accompanying prospectus supplement. You should read both this prospectus and any prospectus supplement together.

Neither we nor the selling stockholders have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. Neither we nor the selling stockholders take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the selling stockholders have authorized any other person to provide you with different or additional information, and neither of us are making an offer to sell the shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of the prospectus or any sale of the ordinary shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

For investors outside of the United States, neither we nor the selling stockholders have done anything that would permit the offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to the offering and the distribution of this prospectus outside of the United States.

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SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before deciding to purchase shares of our common stock. You should read this entire prospectus including the risk factors, management s discussion and analysis of financial condition and results of operations, historical financial statements, and our unaudited pro forma condensed combined financial information and the respective notes to the financial statements and pro forma financial information, before making an investment decision to purchase shares of our common stock.

Unless otherwise indicated or the context otherwise requires, we, us, our, Talen Energy, Talen and the Company refers to Talen Energy Corporation and its subsidiaries. Capitalized terms not otherwise defined in this prospectus have the meanings assigned to them under Glossary included elsewhere in this prospectus.

Talen Energy

Talen Energy Corporation is a leading competitive energy and power generation company in North America. We produce and sell electricity, capacity and related products from our fleet of power plants totaling approximately 15,000 MW of generating capacity as of June 30, 2015. Through our subsidiaries, we own and operate a portfolio of generation assets principally located in PJM and ERCOT, which we consider to be two of the most attractive power markets in the United States. Within these markets, our portfolio benefits from technological and fuel diversity, enabling us to respond to changing market conditions and regulatory developments. We believe stockholder value creation is built on a foundation of excellence in operations and skillful commercial management of our generation fleet with a strong focus on cash returns. Our strategy is to embrace these core concepts and optimize our operations so as to support scale-enhancing growth and focus on robust cash flow generation.

Talen Energy was formed on June 1, 2015 by the spinoff of Talen Energy Supply, LLC (Talen Energy Supply, then known as PPL Energy Supply, LLC), the competitive power generation business owned by PPL Corporation, and the subsequent combination of that business with RJS Generation Holdings LLC (RJS Power), the competitive power generation business controlled by Riverstone Holdings LLC, to form an independent, publicly traded company (collectively, the Talen Transactions). For a more detailed description of the Talen Transactions, see The Talen Transactions.

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Organization Structure

The following chart illustrates our simplified organizational structure as of June 30, 2015.

Our Operations

Our generation fleet is diverse in terms of fuel, technology, dispatch characteristics and location. A majority of our generation revenue comes from our efficient low-cost baseload and intermediate generation facilities. We also expect to capture additional value by selling power during periods of peak demand from our quick-start peaking facilities. We seek to further enhance margins by selling capacity within the PJM markets, both in the three-year forward PJM base residual auction and through bilateral agreements with power purchasers, as well as by providing ancillary services to support transmission system reliability.

We believe our assets are strategically positioned in what we view as the two most attractive power markets in the United States, each of which is characterized by strong and improving fundamentals and a regulatory framework supportive of competitive generators. Our generation facilities are predominantly located in PJM, an RTO, and ERCOT, an ISO, which are regional organizations formed, in part, to provide reliable wholesale power marketplaces. PJM is the largest wholesale energy market in the United States and ERCOT is the oldest ISO in the country. PJM is characterized by improving fundamentals due to limited import capacity, significant anticipated capacity retirements, an improving demand outlook and a forward capacity market that provides future cash flow visibility for generation asset owners. Specific efforts are being undertaken by PJM to support and potentially increase capacity prices for existing generation to ensure the availability of adequate resources. ERCOT is an attractive wholesale electricity market with historically above-average demand growth, increasing price caps and an increasing reliance on flexible and quickly-dispatchable natural gas-fired assets. Additionally, the ERCOT sub region in which we operate, ERCOT-South, has historically experienced premium energy pricing relative to the average price for the broader ISO. We consider PJM and ERCOT to be two of the most well-developed power markets in the United States, providing significant price transparency, market liquidity and support to competitive generators, including recent proposed reforms that we believe will enhance the value of our portfolio.

The competitive dispatch costs and operating flexibility of our generation fleet position us favorably to generate attractive cash margins in a wide variety of market conditions. In an effort to support our operations and stabilize future cash flows, we enter into forward physical and financial transactions to hedge energy, capacity

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and related products and to hedge fuel and fuel transportation. We sell the output of our generation facilities to a diverse group of wholesale customers, including RTOs and ISOs, utilities, cooperatives, municipalities, power marketers, and financial counterparties. We also sell the output of our generation facilities to commercial, industrial and residential retail customers.

Our wholly owned indirect subsidiary, Talen Energy Supply, through its subsidiaries, Talen Generation, LLC (Talen Generation), Raven Power Generation Holdings LLC (Raven), Jade Power Generation Holdings LLC (Jade) and Sapphire Power Generation Holdings LLC (Sapphire), owns and operates generating facilities. Talen Energy Supply s wholly owned subsidiary, Talen Energy Marketing, LLC (Talen Energy Marketing), sells electricity produced by many of our facilities, participates in wholesale market load-following auctions, and markets various energy products and commodities such as: capacity, transmission, financial transmission rights, coal, natural gas, oil, uranium, emission allowances, renewable energy credits and other commodities in competitive wholesale and competitive retail markets, primarily in the northeastern and northwestern United States. Talen Energy Marketing also focuses on entering into energy and energy-related physical and financial contracts to hedge the variability of expected cash flows associated with our facilities and marketing activities, as well as for trading purposes.

Our Fleet

Asset	Location	Fuel Type	Ownership	Owned Capacity (MW) (1)	Commercial Operation Date	Region/ ISO
Ironwood (2)	PA	Natural Gas	100%	660	2001	PJM
Lower Mt. Bethel	PA	Natural Gas	100%	538	2004	PJM
York	PA	Natural Gas	100%	47	1989	PJM
Martins Creek 3 & 4	PA	Natural Gas / Oil	100%	1,700	1975 1977	PJM
Peakers	PA	Natural Gas / Oil	100%	354	1967 1973	PJM
Bayonne	NJ	Natural Gas / Oil	100%	164	1988	PJM
Camden	NJ	Natural Gas / Oil	100%	145	1993	PJM
Pedricktown (3)	NJ	Natural Gas / Oil	100%	118	1992	PJM
Newark Bay	NJ	Natural Gas / Oil	100%	123	1993	PJM
Elmwood Park	NJ	Natural Gas / Oil	100%	71	1989	PJM
Susquehanna	PA	Nuclear	90%	2,245	1983 1985	PJM
Montour	PA	Coal	100%	1,504	1972 1973	PJM
Brunner Island	PA	Coal	100%	1,411	1961 1969	PJM
Brandon Shores	MD	Coal	100%	1,284	1984 1991	PJM
C.P. Crane (4)	MD	Coal	100%	404	1961 1967	PJM
Conemaugh	PA	Coal	16%	278	1970 1971	PJM
Keystone	PA	Coal	12%	211	1967 1968	PJM
H.A. Wagner	MD	Coal / Natural Gas / Oil	100%	982	1956 1972	PJM
Eastern Hydro (5)	PA	Hydro	100%	293	1910 1926	PJM
Colstrip 1 & 2	MT	Coal	50%	307	1975 1976	WECC
Colstrip 3	MT	Coal	30%	222	1984	WECC
Dartmouth	MA	Natural Gas / Oil	100%	83	1996	ISO-NE
Nueces Bay 7	TX	Natural Gas	100%	648	2010	ERCOT
Barney Davis 2	TX	Natural Gas	100%	646	2010	ERCOT
Barney Davis 1	TX	Natural Gas	100%	318	1974	ERCOT

Laredo 4	TX	Natural Gas	100%	92	2008	ERCOT
Laredo 5	TX	Natural Gas	100%	89	2008	ERCOT
Renewables (6)	NH, NJ, PA, VT	Renewables	100%	25	Various	Various
		Total		**14,962**		

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(1) Summer Rating at June 30, 2015. The capacity of generation units is based on a number of factors, including the operating experience and physical conditions of the units, and may be revised periodically to reflect changed circumstances. Does not reflect the sale or other disposition of between 1,300 and 1,400 MW of generating capacity that is required to obtain regulatory approval for the Talen Transactions. See The Talen Transactions Mitigation Plans.
(2) We have agreed to sell our Ironwood plant. Subject to receipt of regulatory approvals and other customary closing conditions, we expect to close the sale of the Ironwood plant in the first quarter of 2016. See Recent Developments Ironwood Sale.
(3) Pedricktown capacity includes capacity dedicated to serving landlord load (which has historically averaged 9 MW).
(4) We have agreed to sell our C.P. Crane (Crane) plant. Subject to receipt of regulatory approvals and other customary closing conditions, we expect to close the sale of the Crane plant in the first quarter of 2016. See The Talen Transactions Crane Sale.
(5) Reflects Holtwood and Lake Wallenpaupack. We have agreed to sell our Holtwood and Lake Wallenpaupack facilities. Subject to receipt of regulatory approvals and other customary closing conditions, we expect to close the sale of the Holtwood and Lake Wallenpaupack facilities in the first quarter of 2016. See Recent Developments Holtwood and Lake Wallenpaupack Sale.
(6) We have agreed to sell our renewables plants representing approximately 19 MW of capacity as shown herein. Subject to customary closing conditions, we expect to close the sale of these plants by the end of 2015. See Management s Discussion and Analysis of Financial Condition and Results of Operations Overview Other Financial and Operational Developments Anticipated Disposition of Renewable Energy Business.

The following map illustrates the locations of our generation facilities as of June 30, 2015:

The charts below illustrate the composition and diversity of our portfolio by market and fuel type as of June 30, 2015:

The map and charts above do not reflect (1) the sale or other disposition of between 1,300 and 1,400 MW of generation capacity that is required to satisfy regulatory approvals obtained in connection with the Talen Transactions (in which the announced sales of our Holtwood, Lake Wallenpaupack, Ironwood and Crane facilities would be included), (2) completion of our acquisition of MACH Gen, LLC or (3) the renewables plants we have agreed to sell. As a result, our generation portfolio will not include all of the plants that currently comprise our fleet. See The Talen Transactions Mitigation Plans, Recent Developments and Management s Discussion and Analysis of Financial Condition and Results of Operations Overview Other Financial and Operational Developments Anticipated Disposition of Renewable Energy Business.

Our Competitive Strengths

We believe that we are well-positioned to execute our business strategy and create superior value for our stakeholders based on the following competitive strengths:

Well-positioned in attractive, liquid and transparent energy markets. We believe that the composition and locations of our facilities give us a strategic advantage and offer attractive upside opportunities. The majority of our facilities are located in PJM and ERCOT, which are among the most liquid, well-developed power markets in the United States, each with attractive fundamentals. We believe these markets provide us with ample opportunity to execute our hedge strategy, which is designed to enhance price certainty and cash flow stability in future years.

We believe the PJM market presents attractive value opportunities, driven by a substantial number of announced power plant retirements and limited import capacity. Our PJM assets are highly diverse both in terms of fuel (coal, natural gas/oil dual fuel, uranium, natural gas, oil and hydro) and dispatch (baseload, intermediate/load following and peaking), which provides us with operational flexibility and enables our portfolio to provide reliable generation under a variety of market conditions. A key attribute of PJM is its base residual auction, a long-term capacity market in which power customers pay for capacity three years in advance. These known capacity revenues are expected to be an important component of our gross margins and effectively provide identifiable stable cash flows three years forward. Additionally, we expect that recently proposed market reforms may provide additional revenue opportunities for us in PJM in future capacity auctions. See Business Our Key Markets PJM for information on the recently proposed market reforms in PJM.

We believe the ERCOT market also presents attractive value opportunities, driven by robust demand growth and limited import capacity, which we expect will result in a lower reserve margin. Our generation assets in ERCOT consist of flexible, natural gas-fired units that have the ability to start up quickly and respond to load variability, which positions them well to produce significant margin from ancillary products offered in this market in addition to physical energy sales. All of our ERCOT capacity is located in the ERCOT South Zone, which has historically experienced premium pricing due to favorable supply and demand fundamentals and strong demand driven by growth related to Eagle Ford shale development, the midstream energy sector and petrochemical industry expansion. The ERCOT regulatory framework has addressed resource adequacy concerns through rule changes that have increased generator compensation and pricing floors for ancillary products and increased the state-wide offer cap. ERCOT reserve margins are forecasted to continue to compress over time due to growing demand and limited announced new-build projects, further tightening the supply/demand balance across ERCOT and creating conditions that may generate increased price volatility and higher energy prices until additional resources are added.

Robust cash flow generation potential. We expect to be able to generate substantial free cash flow, which we define as cash from operations less maintenance capital expenditures. A number of factors are expected to contribute to our strong cash flow profile: our focus on lean operations, relatively low financial leverage, efficient baseload units with low dispatch costs, significant ancillary revenue potential of the Texas facilities, the potential for significant synergies resulting from successful execution of our transition plans, and a well-maintained fleet requiring modest maintenance and environmental expenditures. The stability of our cash flows is further supported by forward capacity sales in PJM through May 2018. We believe this cash flow potential provides a competitive advantage by making us more resilient during price fluctuations in the commodity cycles, less reliant on external sources of capital to finance operations and better situated to pursue both organic and acquisition-driven growth opportunities.

Strong balance sheet, poised for growth. We believe that our expected financial leverage provides multiple competitive advantages. First, our strong balance sheet and credit profile are expected to enhance our ability to pursue both organic and acquisition-driven growth by offering favorable access to capital markets and maximum financial flexibility. We also believe a strong balance sheet positions us well to manage through periods of commodity price volatility which may require collateral posting and credit support that could challenge a more levered competitive power company. We believe we will be able to use our strong balance sheet to grow through acquisitions, taking an opportunistic approach when others in the sector may face financial stresses during those periods. Finally, we expect our low level of financial leverage will allow us to absorb a greater degree of operating cash flow volatility, enabling our margin hedging program to have a shorter-term focus. We believe this reduces hedging transaction volume and expenses, liquidity needs and hedge book complexity, which we believe results in lower operating costs and greater financial transparency.

Competitive scale. As a leading competitive power generating company in North America, with approximately 15,000 MW of operating capacity as of June 30, 2015, we benefit from the multiple competitive advantages attendant to a large scale portfolio. We have a scale presence in our key markets, allowing us to operate integrated portfolios within each of PJM and ERCOT and offering us beneficial dispatch and operational synergies. These benefits include improved leverage of our fixed costs, enhanced procurement opportunities and diversity of cash flows. These advantages combined with a strong balance sheet and significant liquidity, enable us to operate with more financial flexibility and, as such, enable us to utilize our competitive scale to grow and further expand our already-robust generation platform.

Significant historical environmental control investments. We believe our assets are substantially compliant with current environmental regulations and are well-positioned relative to the current trend of tightening environmental legislation and regulations. Because of significant prior investments and the composition of our fleet, we expect that future environmental capital expenditures for known requirements will be a relatively modest $160 million dollars

through 2019, representing less than 10% of total capital expenditures for the same period.

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Proven, experienced management team. Our management team has significant experience and expertise operating power generating facilities, marketing electricity and ancillary services and managing the risks of a competitive power generation business. Our management team has a strong track record of value creation through the execution of strategic initiatives, capital expenditures and exceptional asset management, which positions us optimally to enhance and expand the Talen Energy platform. We strongly believe that our proven leadership team will successfully execute our business strategy and deliver superior operating and financial performance.

Our Business Strategy

Our business strategy is to maximize value to our customers and stockholders with particular emphasis on:

Excellence in operations. We believe that value is built on a foundation of operational excellence. Safety is a core value of ours and is critical to maintaining a platform for strong, reliable plant performance. We inherit robust safety programs from our predecessor companies which have demonstrated dedication to sustaining safe cultures by achieving VPP Star status at a majority of our facilities.

We also believe value is a function of disciplined investment and continuous improvement in operating efficiency. We intend to make prudent investments to enable our plants to run at the most profitable times while ensuring safe, reliable operations. Additionally, we plan to continue our commitment to asset optimization and reducing operating costs. We believe that persistent focus on process improvement and innovative cost management is a key component to success.

Focus on cash returns. We run our business with a focus on producing strong cash flows in order to sustain our operations and fund growth opportunities. Capital allocation decisions are made on a cash return basis, as we believe this discipline is necessary to drive consistent long-term value creation for our stockholders. We believe that our proven management team, reliable, low-cost operating structure and strong commercial management of our plants enables us to invest in and grow the existing platform while enhancing overall cash flows and achieving attractive returns on investment.

Active hedging and commercial management. Hedging the fuel and output of our plants is primarily focused on providing margin and cash flow visibility on a one-year forward basis. We execute hedging and marketing strategies for the output of our facilities in both the wholesale and retail energy markets. We execute asset-based portfolio strategies to monetize inherent market volatility. We believe our hedging and commercial management strategy, in combination with a strong balance sheet, will provide a long-term advantage through cycles of higher and lower commodity prices. Finally, our lower level of financial leverage will allow us to absorb a greater degree of operating cash flow volatility, which will further allow our margin hedging program to have a shorter-term focus. We believe this will reduce hedging transaction volume and expenses, liquidity needs and hedge book complexity, which results in lower operating costs and greater financial flexibility.

Growth posture. We believe scale in the competitive power generation sector is an element of value creation. We expect to be able to leverage our management and operational systems to integrate additional assets and activities with relatively modest incremental cost. We intend to grow value through development and acquisitions that are complementary to our competitive strengths, with a focus on developed competitive markets that offer liquidity and price transparency. Additionally, as Talen Energy grows, our goal is to maintain a multi-fuel and multi-dispatch profile, as we believe this type of diversity is inherently valuable and provides an added measure of risk mitigation. We believe that our strong balance sheet and cash flow generation, combined with our current presence in attractive markets and our experienced, disciplined management team, positions Talen Energy favorably in its pursuit of value-enhancing growth opportunities.

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Our Key Markets

The substantial majority of our generation capacity is located in either PJM or ERCOT. We consider these regions to be among the most well-developed, transparent and liquid energy markets in the United States.

PJM

PJM is an RTO that coordinates the movement of wholesale electricity in all or parts of thirteen states and the District of Columbia. It is the largest competitive wholesale electricity market in the United States, dispatching more than 180,000 MW to more than 60 million people. The current mix of generating capacity within PJM is largely coal-dominated, with a significant number of nuclear and natural gas power plants rounding out the dispatch curve. As is the case in many markets in the United States, generating capacity within PJM is transitioning from a coal-dominated generation base to a mix that incorporates larger amounts of natural gas and renewable units, driven in large part by current and impending EPA regulations. The following map illustrates PJM by regions.

PJM benefits from a combination of stable demand growth, liquid trading hubs, limited energy import capacity and a wide range of available market products. Generation owners in PJM may earn energy, capacity and ancillary revenues. The PJM energy market consists of day-ahead and real-time markets. The day-ahead market is a forward market in which hourly prices are calculated for the next operating day based on offers, bids and bilateral obligations. The real-time market is a spot market in which energy is continuously bought and sold based on actual grid operating conditions.

The PJM capacity market, known as the Reliability Pricing Model (RPM   ), is intended to ensure that resources are available when needed to keep the power grid operating reliably for customers. Under the RPM,

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PJM conducts a series of auctions. Most capacity is procured in the base residual auctions each May for the sale of generating capacity three years in advance of the delivery year. In these auctions, prices are set based on available capacity and other factors such as transmission constraints. The capacity market construct provides generation owners the opportunity for some revenue visibility on a multi-year basis.

Recent developments have the potential to be supportive of future revenue opportunities for generation owners in PJM, including:

- PJM added an enhanced Capacity Performance product to the capacity market structure to permit additional compensation for generation owners/operators to make the necessary investments to maintain system reliability in exchange for stronger performance requirements. The intent of the Capacity Performance product is to improve operational availability during periods of peak power system demand, such as extreme weather. Specifically, PJM s stated objectives of this product include fuel security through dependable fuel sources, high availability of generation resources and operational diversity. As it was approved by the FERC, Capacity Performance is expected to benefit generation owners like Talen Energy that own assets supplied by firm fuel commitments and have demonstrated reliability during peak load and extreme weather conditions;

- PJM s recent changes to the Variable Resource Requirement (VRR) curve. The VRR curve is a downward-sloping demand curve used by PJM to model sufficient capacity resources for PJM and set capacity prices. The VRR curve supports PJM s objective of attracting and retaining adequate capacity resources to ensure grid reliability, providing an indication of incremental reliability and economic value of capacity at different planning reserve levels. PJM s recent changes include a shift in the VRR curve, which signifies an increase in demand and therefore price, offering potential upside to future capacity prices for PJM generators;

- Recent developments that increase uncertainty associated with demand response s ability to participate in future capacity auctions, offering potential upside to future capacity prices for PJM generators; and

- Potential rule changes affecting price formation including offer cap changes which may lead to higher energy market prices.

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ERCOT

ERCOT is an ISO that manages the flow of electricity from approximately 75,000 MW of installed capacity to 24 million Texas customers, representing 90% of the state s electric load and covering approximately 75% of its geography. ERCOT is an attractive wholesale electricity market with historically above-average demand growth, increasing price caps and an increasing reliance on flexible and quickly-dispatchable natural gas-fired assets. The Texas population and gross state product are currently expanding at well above the national average rate, spurred in part from significant growth in oil and gas development and associated petrochemical industry growth. ERCOT was established in September 1996 and is the oldest ISO in the United States. The following map illustrates ERCOT by regions.

As an energy-only market, ERCOT s market design is different from other competitive electricity markets in the United States. Other markets, including PJM, maintain a minimum reserve margin through regulated planning, resource adequacy requirements and/or capacity markets. In contrast, ERCOT s resource adequacy is predominately dependent on free market processes and energy market price signals. All electricity prices are subject to a system-wide offer cap, which was $5,000/MWh in 2013. This offer cap increased to $7,000/MWh in 2014 and to $9,000/MWh in June 2015, providing a higher maximum marginal price. The system-wide offer cap has been reached on a number of occasions since 2011.

Transactions in ERCOT take place in two key markets: the day-ahead market and the real-time market. The day-ahead market is a voluntary forward energy market conducted the day before each operating day in which generators and purchasers of power may bid for one or more hours of energy supply or consumption. The day-ahead market also allows ERCOT and generators and purchasers of power to buy and sell ancillary services. The real-time market is a spot market in which energy may be sold in five-minute intervals.

Generation facilities in the region include efficient combined cycle natural gas-fired facilities, a large wind fleet and a mixture of environmentally compliant and older, non-compliant coal-fired assets. The combination of these assets has historically led to lower marginal cost of production during most periods, compared to other markets. However, the region has limited excess capacity to meet high demand days and the marginal facilities have high operating costs. Therefore, the marginal price of supply rapidly increases during periods of high demand. As a result, many generators benefit from these sporadic periods of scarcity pricing in which power prices increase significantly.

In addition to energy, ancillary services, such as non-spinning reserves, responsive reserves and regulation up/down, offer another potential revenue stream for market participants in order to maintain system reliability, which is impacted by the high concentration of wind capacity in ERCOT. These ancillary services provide network support from quick-start generation capacity that is able to reach full load operation in exceptionally short periods of time in order to help manage the impact of wind variability on the electricity grid. Such ancillary services have received increased compensation and exhibited higher offer floors in part because ERCOT has one of the highest concentrations of wind capacity in the United States, with over 12,000 MW of installed capacity.

Market Opportunity

The market for competitive power generation assets has been very robust over the past five years, and we expect a continuation of this trend, providing further opportunities to enhance our competitive scale. From 2010 to 2014, roughly 344 GW of competitive power generation capacity has been sold, with approximately 121 GW and 36 GW in PJM and ERCOT, respectively. The diverse nature of these transactions, encompassing both conventional (predominantly natural gas and coal) and renewable (predominantly wind and solar) generating facilities, aligns with our goal of maintaining a multi-fuel and multi-dispatch profile. The table below illustrates the volume of transactions in dollars and GWs from 2010 through 2014.

We believe that there will continue to be significant acquisition opportunities for competitive power generation assets in the United States, enabling us to grow our fleet and enhance shareholder value. Approximately 81 GW of operating capacity are owned by companies that operate both regulated utilities and

competitive power generation assets, while approximately 40 GW are owned by private equity funds. Given the trend of separating competitive power generation assets from regulated utility assets, and the typically defined target holding period of private equity funds, we expected that a significant number of assets will come to market over the next several years.

Recent Developments

MACH Gen Acquisition

On July 18, 2015, Talen Energy Supply entered into an agreement (the MACH Gen Purchase Agreement) to acquire all of the equity interests of MACH Gen, LLC (MACH Gen), which indirectly owns the following electric generating facilities and certain related assets: (i) the 1,054 MW combined-cycle gas fired Harquahala generating facility, located in Tonopah, Arizona; (ii) the 1,138 MW combined-cycle gas fired Athens generating facility, located in Greene County, New York; and (iii) the 335 MW combined-cycle gas fired Millennium generating facility, located in Worcester County, Massachusetts.

The MACH Gen Purchase Agreement provides for the sale to Talen Energy Supply of 100% of the issued and outstanding membership interests of MACH Gen. The consideration payable by Talen Energy Supply in respect of the acquisition is $1.175 billion in cash, plus or minus the net working capital of MACH Gen and its subsidiaries on the closing date and minus the amount (if any) of indebtedness outstanding under MACH Gen s First Lien Credit and Guaranty Agreement on the closing date and certain transaction expenses. The cash purchase price is subject to adjustment based on the amounts by which the actual closing date net working capital, credit agreement indebtedness (if any) and transaction expenses vary from estimates. At the closing, $75 million of the purchase price will be paid into an escrow account for the purposes of paying any post-closing adjustments to the purchase price required to be paid by the sellers and satisfying the sellers post-closing indemnification obligations under the MACH Gen Purchase Agreement. The escrow will be reduced to $50 million after approximately three months. Talen Energy Supply and MACH Gen s current owners have each made customary representations, warranties and covenants in the MACH Gen Purchase Agreement, which also includes customary indemnification provisions.

Talen Energy Supply has obtained a debt financing commitment (the debt commitment) sufficient to fund the cash purchase price. The debt commitment will be used as a backstop in the event alternative financing is not available at or prior to the closing of the acquisition.

The transaction is subject to customary closing conditions and is expected to close in 2015.

Holtwood and Lake Wallenpaupack Sale

On October 7, 2015, Holtwood, LLC (Holtwood), a wholly owned, indirect subsidiary of Talen Energy Supply and Talen Energy, entered into an agreement (the Hydro Sale Agreement) to sell the Holtwood and Lake Wallenpaupack hydroelectric projects in Pennsylvania to BIF III Holtwood LLC (the Hydro Buyer), an entity controlled by Brookfield Renewable Energy Partners L.P., for a purchase price of $860 million, subject to customary purchase price adjustments. The two projects have a combined operating capacity of 292 megawatts. Holtwood and the Hydro Buyer have each made customary representations, warranties and covenants in the Hydro Sale Agreement, which also includes customary indemnification provisions. The transaction is expected to close in the first quarter of 2016, subject to customary closing conditions and the receipt of required regulatory approvals, including approval by the FERC under the Federal Power Act and termination of the waiting period under the provisions of the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (HSR Act). This transaction is part of a requirement to divest certain assets to comply with the December 2014 FERC Order. See The Transactions.

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Ironwood Sale

On October 7, 2015, Talen Generation, LLC (Talen Generation) entered into an agreement (the Ironwood Sale Agreement) to sell the Ironwood natural gas combined-cycle unit in Pennsylvania to TransCanada Facility USA, Inc. (the Ironwood Buyer), for a purchase price of $654 million, subject to customary purchase price adjustments. As of June 30, 2015, the Ironwood unit had a summer rating of 660 MW. Talen Generation and the Ironwood Buyer have each made customary representations, warranties and covenants in the Ironwood Sale Agreement, which also includes customary indemnification provisions. The transaction is expected to close in the first quarter of 2016, subject to customary closing conditions and the receipt of required regulatory approvals, including approval by the FERC under the Federal Power Act and termination of the waiting period under the provisions of the HSR Act. This transaction is part of a requirement to divest certain assets to comply with the December 2014 FERC Order. See The Transactions.

Crane Sale

On October 22, 2015, Raven Power Marketing LLC, a wholly owned indirect subsidiary of Talen Energy and Talen Energy Supply, entered into an agreement (the Crane Sale Agreement) to sell the coal-fired Crane plant in Maryland to an affiliate of Avenue Capital Group (the Crane Buyer). As of June 30, 2015, the Crane plant had a summer rating of 404 MW. Raven Power Marketing LLC and the Crane Buyer have each made customary representations, warranties and covenants in the Crane Sale Agreement, which also includes customary indemnification provisions. The transaction is expected to close in the first quarter of 2016, subject to customary closing conditions and the receipt of required regulatory approvals including approval by the FERC under the Federal Power Act. The transaction is not expected to have a significant impact on Talen Energy s financial condition and results of operations. This transaction is part of a requirement to divest certain assets to comply with the December 2014 FERC Order. See The Transactions.

Risk Factors

We face numerous risks related to, among other things, our business operations, our strategies, general economic conditions, competitive dynamics of the industry, our level of indebtedness, the legal and regulatory environment in which we operate. These risks are set forth in detail under the heading Risk Factors. If any of these risks should materialize, they could have a material adverse effect on our business, financial condition, results of operations or cash flows. We encourage you to review these risk factors carefully. Furthermore, this prospectus contains forward-looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those under the headings Risk Factors and Cautionary Statement Regarding Forward-Looking Statements.

Market and Industry Data

Certain market, industry, regulatory, competitive position and other similar data included in this prospectus were obtained from our own research, from surveys, studies or reports conducted by third parties or from government, industry or general publications or websites (including surveys and forecasts). Some data is also based on good faith estimates by management, which are derived from their review of internal surveys or studies, as well as the independent sources described above. Statements regarding industry, regulatory, competitive position or other similar data presented in this prospectus involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings Cautionary Statement Regarding Forward-Looking Statements and Risk Factors.

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Talen Energy Corporation is a Delaware corporation. Our principal executive offices are located at 835 Hamilton Street, Suite 150, Allentown, Pennsylvania 18101, and our telephone number at that address is (888) 211-6011. Our website is www.talenenergy.com. Information on, and which can be accessed through, our website is not incorporated in this prospectus.

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OFFERING SUMMARY

Issuer	Talen Energy Corporation
Selling Stockholders	Raven Power Holdings LLC, C/R Energy Jade, LLC and Sapphire Power Holdings LLC
Common stock offered for resale by the selling stockholders	Up to 44,974,658 shares
Voting rights	One vote per share.
Use of proceeds	We will not receive any proceeds from the sale of our common stock by the selling stockholders pursuant to this prospectus. See Use of Proceeds and Selling Stockholders.
Dividend policy	We do not currently expect to declare or pay dividends on our common stock. Any payment of dividends will be at the discretion of our board of directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant. See Dividend Policy.
Listing	Our common stock is listed on the New York Stock Exchange under the symbol TLN.
Risk factors	See Risk Factors and other information included in this prospectus for a discussion of factors you should consider before deciding to invest in our common stock.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth summary historical consolidated financial data of Talen Energy Supply as of December 31, 2013 and 2014 and for each of the years ended December 31, 2012, 2013 and 2014 and summary historical unaudited consolidated interim financial data of Talen Energy as of June 30, 2015 and for the six months ended June 30, 2014 and 2015. The summary historical consolidated financial data of Talen Energy Supply as of December 31, 2013 and 2014 and for each of the years ended December 31, 2012, 2013 and 2014 have been derived from, and should be read together with, the audited consolidated financial statements of Talen Energy Supply, Talen Energy s accounting predecessor, and the accompanying notes contained elsewhere in this prospectus. The summary historical unaudited consolidated interim financial data of Talen Energy as of June 30, 2015 and for the six months ended June 30, 2014 and 2015 have been derived from, and should be read together with, the unaudited condensed consolidated financial statements of Talen Energy and the accompanying notes contained elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on a basis consistent with the annual audited consolidated financial statements of Talen Energy Supply. In the opinion of management, these unaudited financial data reflect all adjustments, consisting of only normal and recurring adjustments considered necessary for a fair presentation of the operating results for those interim periods.

The summary historical consolidated financial data presented below for the periods prior to June 1, 2015 reflect the results of Talen Energy Supply, and do not reflect the results of the RJS Power business acquired as part of the Talen Transactions. Therefore, the summary historical consolidated financial data presented below for the six months ended June 30, 2015 reflects one month of combined results. The summary historical consolidated financial data presented below include certain assets and liabilities relating to facilities that may be sold as part of the mitigation plan discussed elsewhere in this prospectus. See The Talen Transactions Mitigation Plans and Recent Developments. As a result, the summary historical consolidated financial data set forth below may not necessarily be indicative of Talen Energy s business in future periods or of the results of future operations.

The summary historical consolidated financial data should be read in conjunction with Risk Factors, Selected Historical Consolidated Financial Data, Unaudited Pro Forma Condensed Combined Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements of Talen Energy and Talen Energy Supply and the accompanying notes, all of which are included elsewhere in this prospectus.

	Year Ended December 31,			Six Months Ended June 30,	
	2012	**2013**	**2014**	**2014**	**2015**
				(unaudited)	
Statement of Income Data:					
Operating revenues	$ 5,346	$ 4,514	$ 3,736	$ 52	$ 2,011
Operating income (loss)	804	(293)	397	(63)	212
Income (loss) from continuing operations after income taxes	428	(262)	187	(56)	121
Net income (loss)	474	(230)	410	(53)	122
Balance Sheet Data (at period end):					
Cash and cash equivalents		$ 239	$ 352		$ 352
Total assets		11,074	10,760		12,862
Total liabilities		6,276	6,853		8,036

Long-term debt, including current portion		2,525	2,218		4,059
Total equity		4,798	3,907		4,826
Statement of Cash Flows Data:					
Cash provided by (used in):					
Operating activities	$ 784	$ 410	$ 462	$ 290	$ 355
Investing activities	(469)	(631)	497	(403)	(127)
Financing activities	(281)	47	(846)	138	(228)

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SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following sets forth summary unaudited pro forma condensed combined financial data which combines the consolidated financial information of Talen Energy and Talen Energy Supply and the consolidated and combined financial information of RJS Power as of and for the six months ended June 30, 2015 and for the year ended December 31, 2014 after giving effect to the Talen Transactions. The summary unaudited pro forma condensed combined statement of income data gives effect to the Talen Transactions as if they were completed on January 1, 2014. The summary unaudited pro forma condensed combined balance sheet data gives effect to the Talen Transactions as if they were completed on June 30, 2015. The summary unaudited pro forma condensed combined financial data are derived from the unaudited pro forma condensed combined financial information that is included elsewhere in this prospectus. The summary unaudited pro forma condensed combined financial data are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of the combined company would have been had the Talen Transactions occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

This information is only a summary and should be read in conjunction with Risk Factors, Selected Historical Consolidated Financial Data, Unaudited Pro Forma Condensed Combined Financial Information and Management s Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this prospectus.

FERC approval of the RJS acquisition included a requirement that Talen divest one of two mitigation packages identified in the FERC Order. In September 2015, Talen requested that the FERC allow it to consider a third mitigation package which would exclude the Sapphire asset portfolio and include all of the other generating facilities from both of the approved mitigation packages. Our request for approval of this third option is pending at the FERC. This pro forma financial information reflects the impacts of divesting all of the generating facilities included in both mitigation packages discussed at The Talen Transactions Mitigation Plans, including the Sapphire asset portfolio. As of and for the six month period ended June 30, 2015, if the Sapphire asset portfolio were not divested, pro forma operating revenues would have been approximately $50 million higher than the pro forma operating revenues reflected herein, pro forma operating income would have been approximately $20 million lower than the pro forma operating income reflected herein, and pro forma cash would have been approximately $376 million lower than the pro forma cash reflected herein. For the year ended December 31, 2014, if the Sapphire asset portfolio were not divested, pro forma operating revenues would have been approximately $220 million higher than the pro forma operating revenues reflected herein and pro forma operating income would have been approximately $10 million lower than the pro forma operating income reflected herein.

In addition, although Talen Energy expects to employ a growth strategy and proceeds from the anticipated FERC Order mitigation divestitures may be used for future acquisitions, for the purposes of the pro forma information, the proceeds from divestitures included have not been assumed to be invested in similar business operations and accordingly are reflected in cash on the pro forma balance sheet.

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(dollars in millions)	Year Ended December 31, 2014	Six Months Ended June 30, 2015
Statement of Income Data:		
Operating revenues	$ 4,135	$ 2,129
Operating income	358	204
Income from continuing operations after income taxes	111	111
Balance Sheet Data (at period end):		
Cash and cash equivalents		$ 2,192
Total assets		13,124
Total liabilities		8,176
Long-term debt, including current portion		4,012
Stockholders equity		4,948
Other Financial Data:		
Pro forma Adjusted EBITDA (1)	$ 850	$ 385

(1) In addition to evaluating the financial condition and results of operations in accordance with GAAP, management also reviews and evaluates certain alternative financial measures not prepared in accordance with GAAP. Non-GAAP measures do not have definitions under GAAP and may be defined differently by, and not be comparable to, similarly titled measures used by other companies. As a result, management considers and evaluates non-GAAP measures in connection with a review of the most directly comparable measure calculated in accordance with GAAP. Management cautions investors not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measure. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP.

In this prospectus, the pro forma financial information prepared in accordance with GAAP has been supplemented with pro forma EBITDA and pro forma Adjusted EBITDA because we believe that pro forma EBITDA and pro forma Adjusted EBITDA provide useful information to investors, lenders and rating agencies since these groups have historically used EBITDA-related measures in our industry, along with other measures, to estimate the value of companies, to make investment decisions and to evaluate a company s ability to meet its debt service requirements. We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by other companies because not all companies calculate EBITDA and Adjusted EBITDA in the same manner. EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP. Pro forma EBITDA and pro forma Adjusted EBITDA reflect EBITDA and Adjusted EBITDA, respectively, after giving effect to the Talen Transactions.

A reconciliation of pro forma EBITDA and pro forma Adjusted EBITDA to pro forma income (loss) from continuing operations after income taxes determined in accordance with GAAP is provided below (See Unaudited Pro Forma Condensed Combined Financial Information for information on the Pro Forma Adjustments and Pro Forma Condensed Combined amounts):

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	Year Ended December 31, 2014			
	Historical			Pro
	Talen Energy Supply	RJS Power	Pro Forma Adjustments	Pro Forma Condensed Combined (a)
Income (Loss) from continuing operations after income taxes	$ 187	$ (55)	$ (21)	$ 111
Interest expense (b)	124	110	(19)	215
Income taxes	116		(52)	64
Depreciation and amortization (c)	329	90	(63)	356
EBITDA	$ 756	$ 145	$ (155)	$ 746
Unrealized loss (gain) on derivative contracts (d)	(17)	64		47
Raven acquisition adjustments (e)		20		20
Non-cash compensation expense (f)	18	15		33
Separation benefits (g)	33			33
Mechanical contracting and engineering subsidiary revenue adjustment (h)	(17)			(17)
Gain from NDT fund	(26)			(26)
Other (i)	12	2		14
Adjusted EBITDA	$ 759	$ 246	$ (155)	$ 850

(a) Reflects the impact of divesting all of the generating facilities identified in both approved mitigation packages to satisfy the FERC Order, including the Sapphire asset portfolio. See The Talen Transactions Mitigation Plans for information on such divestitures.

(b) RJS Power includes a $36 million charge for the write-off of unamortized debt discount and deferred financing costs, on RJS Power s then outstanding debt, in connection with the issuance of the 2019 Senior Notes.

(c) Talen Energy Supply includes $32 million of ARO accretion that is recognized in Other operation and maintenance on the Pro Forma Condensed Combined Statement of Income included under Unaudited Pro Forma Condensed Combined Financial Information.

(d) Represents non-cash change in the fair value of derivative instruments that have been included in Talen Energy Supply s and RJS Power s earnings.

(e) Comprised of two adjustments resulting from the acquisition of the Raven portfolio from CPSG in 2012. RJS Power adjusted EBITDA as reported for pension related payments of $3 million made to legacy CPSG employees, as such payments were no longer a recurring expense for RJS Power after December 31, 2014. RJS Power also adjusted its EBITDA as reported to reflect a capacity make whole payment of $17 million from CPSG. Under the purchase and sale agreement with CPSG, CPSG agreed to capacity make-whole payments for uncleared capacity in the 2014/2015 PJM Capacity year. The right to receive the capacity make-whole payment from CPSG was recorded as a receivable on RJS Power s balance sheet under the purchase accounting rules. Payments received under this agreement were not reflected as revenue in RJS Power s financial statements. RJS Power made an adjustment to EBITDA to eliminate the effect of adjustments resulting from the application of purchase accounting to this payment stream.

(f) For Talen Energy Supply, reflects a certain portion of PPL s non-cash stock-based compensation cost allocable to Talen Energy Supply. For RJS Power, reflects non-cash compensation expense related to agreements existing prior to the Contribution directly with the Riverstone Holders and TPM, which, prior to

the Contribution, provided asset management services to RJS Power and its subsidiaries. The agreements allowed TPM to participate in the profits of RJS Power if certain cash generation and distribution targets were met. Although the amounts paid under these agreements were not paid directly
by RJS Power, RJS Power recognized amounts paid under these agreements as non-cash compensation

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expense included in general and administrative expenses on its consolidated and combined statement of operations.

(g) In June, 2014, Talen Energy Supply s largest IBEW local ratified a new three-year labor agreement. In connection with the new agreement, estimated bargaining unit one-time voluntary retirement benefits were recorded. In addition, in 2014, Talen Energy Supply recorded separation benefits related to the anticipated spinoff transaction.

(h) In 2014, Talen Energy Supply recorded $17 million to Energy-related businesses revenues on the Statement of Income to the audited consolidated financial statements of Talen Energy Supply to correct an error related to prior periods and the timing of revenue recognition for a mechanical contracting and engineering subsidiary. See Note 1 to the audited consolidated financial statements of Talen Energy Supply included elsewhere in this prospectus for additional information.

(i) Primarily includes OCI amortization on non-active derivative positions.

	Historical				Pro Forma Condensed Combined (a)
	Talen Energy	RJS Power			
	Six Months Ended June 30, 2015	Three Months Ended March 31, 2015	Two Months Ended May 31, 2015	Pro Forma Adjustments	Six Months Ended June 30, 2015
Income (Loss) from continuing operations after income taxes	$ 121	$ (13)	$ (30)	$ 33	$ 111
Interest expense	91	18	12	(16)	105
Income taxes	10			(8)	2
Depreciation and amortization (b)	181	23	16	(33)	187
EBITDA	$ 403	$ 28	$ (2)	$ (24)	$ 405
Unrealized loss (gain) on derivative contracts (c)	(53)	13	(11)		(51)
Raven acquisition adjustments (d)		8	6		14
Stock-based compensation expense (e)	40			(25)	15
Separation benefits (f)	2				2
TSA cost	5				5
Corette closure costs (g)	4				4
Terminated derivative contracts (h)	(13)				(13)
(Gain) loss from NDT funds	(10)				(10)
Revenue adjustment (i)	7				7
RJS acquisition transaction costs	5			(5)	
Restructuring costs (j)	10			(10)	
Other (i)	7				7
Adjusted EBITDA	$ 407	$ 49	$ (7)	$ (64)	$ 385

(a)

Reflects the impact of divesting all of the generating facilities identified in both approved mitigation packages to satisfy the FERC Order, including the Sapphire asset portfolio. See The Talen Transactions Mitigation Plans for information on such divestitures.

(b) Talen Energy includes $17 million of ARO accretion that is recognized in Other operation and maintenance on the Pro Forma Condensed Combined Statement of Income included under Unaudited Pro Forma Condensed Combined Financial Information.

(c) Represents non-cash change in the fair value of derivative instruments that have been included in Talen Energy s and RJS Power s earnings.

(d) Comprised of an adjustment resulting from the acquisition of the Raven portfolio from CPSG in 2012. RJS Power adjusted its EBITDA as reported to reflect a capacity make whole payment of $14 million from CPSG. Under the purchase and sale agreement with CPSG, CPSG agreed to capacity make-whole

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payments for uncleared capacity in the 2014/2015 PJM Capacity year. The right to receive the capacity make-whole payment from CPSG was recorded as a receivable on RJS Power s balance sheet under the purchase accounting rules. Payments received under this agreement were not reflected as revenue in RJS Power s financial statements. RJS Power made an adjustment to EBITDA to eliminate the effect of adjustments resulting from the application of purchase accounting to this payment stream.

(e) For Talen Energy, reflects a certain portion of PPL s non-cash stock-based compensation cost prior to June 1, 2015 allocable to Talen Energy Supply.

(f) Talen Energy recorded separation benefits related to the spinoff transaction.

(g) Operations were suspended and the Corette plant was retired in March 2015.

(h) Represents net realized gains on certain derivative contracts that were early-terminated due to the Talen Transaction.

(i) Relates to a prior period revenue adjustment for the receipt of revenue under a transmission operating agreement with Talen Energy Supply s former affiliate, PPL Electric. See Note 1 to the unaudited consolidated financial statements of Talen Energy included elsewhere in this prospectus for additional information.

(j) Costs related to the spinoff transaction, including FERC-required mitigation plan expenses and legal and professional fees.

(k) Includes OCI amortization on non-active derivative positions and an asset write-off.

RISK FACTORS

You should carefully consider the following risk factors, together with information contained in this prospectus before deciding to invest in our common stock. The risks described below are the material risks, although not the only risks relating to Talen Energy and an investment in its common stock. If any of the following risks and uncertainties develop into actual events, these events could have a material adverse effect on Talen Energy s business, financial condition, results of operations or cash flows. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Risks Relating to the Talen Transactions

If the Distribution does not qualify as a tax-free distribution under the Code, including as a result of subsequent acquisitions of stock or equity of PPL or Talen Energy or Talen Energy Supply, then Talen Energy may be liable for substantial U.S. federal income taxes or may be required to indemnify PPL.

Among other requirements, the completion of the Talen Transactions was conditioned upon PPL s receipt of a legal opinion of tax counsel to the effect that, the contribution of Talen Energy Supply to HoldCo, together with the Distribution, will qualify as a reorganization pursuant to Section 368(a)(1)(D) and a tax-free distribution pursuant to Section 355 of the Code, that the Merger will qualify as a reorganization pursuant to Section 368(a) of the Code, and that the Merger and Combination together will qualify as a transaction described in Section 351 of the Code. Although receipt of such opinion satisfied a condition to completion of the Distribution and subsequent Merger, that legal opinion is not binding on the IRS. Accordingly, the IRS may reach conclusions with respect to the Distribution and Merger that are different from the conclusions reached in such opinion. Talen Energy is not aware of any facts or circumstances that would cause the factual statements or representations on which the legal opinion was based to be materially different from the facts at the time of the Distribution. If, notwithstanding the receipt of such opinion, the IRS were to determine the Distribution to be taxable, PPL would recognize a tax liability that could be substantial. Talen Energy would be jointly and severally liable for such tax liability under applicable Treasury Regulations as a former member of the PPL consolidated federal income tax group.

In addition, the Distribution will be taxable to PPL pursuant to Section 355(e) of the Code if there is a 50% or greater change in ownership (by vote or value) of PPL, Talen Energy or Talen Energy Supply, directly or indirectly, as part of a plan or series of related transactions that include the Distribution. Because PPL s shareholders collectively owned more than 50% of Talen Energy s common stock following the Distribution and subsequent Merger and Combination, the Merger and Combination alone will not cause the Distribution to be taxable to PPL under Section 355(e) of the Code. However, Section 355(e) of the Code might apply if acquisitions of stock of PPL before or after the Distribution, or stock or equity of Talen Energy or Talen Energy Supply after the Merger and Combination, are considered to be part of a plan or series of related transactions that include the Distribution. Talen Energy is not aware of any such plan or series of transactions that include the Distribution. Under the Separation Agreement, however, in certain circumstances and subject to certain limitations, Talen Energy would be required to indemnify PPL for certain taxes that may be imposed on the Distribution, including taxes that arise because acquisitions of Talen Energy stock or Talen Energy Supply equity result in the Distribution being taxable under Section 355(e) of the Code.

We may not realize the anticipated synergies, cost savings and growth opportunities from the Talen Transactions.

The benefits that we expect to achieve as a result of the Talen Transactions will depend, in part, on our ability to realize anticipated growth opportunities, cost savings and other synergies. Our success in realizing these growth opportunities, cost savings and synergies, and the timing of this realization, depends on the successful integration of the Talen Energy Supply and RJS Power businesses. Even if we are able to integrate the

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Talen Energy Supply and RJS Power businesses successfully, this integration may not result in the full realization of the growth opportunities, cost savings and other synergies that we currently expect from this integration, either within the anticipated time frame or at all. For example, we may be unable to eliminate duplicative costs. Moreover, we may incur substantial expenses in connection with the integration of Talen Energy Supply s and RJS Power s businesses. Such expenses are difficult to estimate accurately.

The integration of the RJS Power business with our business may present significant challenges.

There are significant challenges inherent in the process of integrating the Talen Energy Supply and RJS Power businesses. These difficulties include:

- the challenge of carrying on the ongoing operations of each business as part of a combined company;
- the challenge of integrating the business cultures of each business;
- the challenge and cost of integrating the information technology (IT) systems of each business; and
- the potential difficulty in retaining key employees of Talen Energy Supply and RJS Power.

The process of integrating operations may require us to incur substantial out-of-pocket costs. Members of our senior management may be required to devote considerable amounts of time and attention to this integration process, which will decrease the time they will have to manage us. If senior management is not able effectively to manage the integration process, or if any significant business activities are interrupted as a result of the integration process, we could suffer.

We cannot assure you that we will successfully or cost-effectively integrate the Talen Energy Supply and RJS Power businesses. The failure to do so could have a material adverse effect on our financial condition and results of operations.

We may not have access to equivalent benefits and services or financial strength and resources that historically have been provided by PPL and Riverstone, respectively.

Prior to the Talen Transactions, our business has been able to receive benefits and services from, and has been able to benefit from the financial strength of, PPL and Riverstone. We no longer benefit from resources of PPL or Riverstone, other than pursuant to the Transition Services Agreements. If we are not able to replace the resources provided by PPL or Riverstone, are unable to replace them at the same or lower cost or are delayed in replacing the resources provided by PPL or Riverstone, our business, financial condition and results of operations may be negatively impacted.

Talen Energy Supply s and RJS Power s historical and pro forma combined financial data are not necessarily representative of the results we would have achieved and may not be a reliable indicator of our future results.

Talen Energy Supply s and RJS Power s historical and pro forma financial data included in this prospectus may not reflect what Talen Energy Supply s and RJS Power s results of operations, financial condition and cash flows would have been had they been a combined company during the periods presented, or what our results of operations,

financial condition and cash flows will be in the future. Among other factors, this is because:

Prior to the Talen Transactions, PPL operated the Talen Energy Supply business as part of its broader corporate organization and PPL, or one of its affiliates, performed certain corporate functions for the Talen Energy Supply business, including tax and treasury administration and certain governance functions, including internal audit and external reporting. Our historical financial statements and pro forma financial information reflect allocations of corporate expenses from PPL for these and similar functions and may not reflect the costs that we will incur for similar services in the future.

Prior to the Talen Transactions, the assets owned by RJS Power and its subsidiaries were managed by TPM, an affiliate of Riverstone. The services provided by TPM included asset management,

accounting, budgeting, human resources, commercial and risk management and legal. RJS Power s historical financial statements and pro forma financial information reflect the costs incurred by TPM to provide these services and other necessary functions required to operate the business and may not reflect the costs that we will incur for similar services in the future.

In order to satisfy certain conditions in the FERC Order approving the Talen Transactions, we must dispose of certain assets, including the sale of generating capacity between 1,300 and 1,400 MW. In October 2015, we agreed to sell our Holtwood, Lake Wallenpaupack, Ironwood and Crane facilities. See The Talen Transactions Mitigation Plans and Summary Recent Developments.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a combined company.

In addition, the pro forma financial data we have included in this prospectus are based in part upon a number of estimates and assumptions. These estimates and assumptions may prove not to be accurate and, accordingly, our pro forma financial data should not be assumed to be indicative of what our financial condition or results of operations actually would have been as a combined company and may not be a reliable indicator of what our financial condition or results of operations actually may be in the future.

Our accounting, management and financial reporting systems may not be adequately prepared to comply with additional public company reporting, disclosure controls and internal control over financial reporting requirements to which we are subject.

Prior to the Talen Transactions, the financial results of the Talen Energy Supply business previously were included within the consolidated results of PPL, and RJS Power was not subject to the reporting and other requirements of the Exchange Act. We are directly subject to reporting and other obligations under the Exchange Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition, which now includes the RJS Power business. We are responsible for ensuring that all aspects of our business comply with Section 404 of the Sarbanes-Oxley Act. Under the Sarbanes-Oxley Act, we are also required to maintain effective disclosure controls and procedures and internal control over financial reporting. In addition, our management is required to assess the effectiveness of our internal control over financial reporting and we are required to obtain a report by an independent registered public accounting firm addressing the effectiveness of our internal control over financial reporting on an annual basis, subject to applicable phase-in periods.

To comply with these requirements on a stand-alone basis separate from PPL and with the addition of the RJS Power business, we may need to upgrade our systems, implement additional financial and management controls, reporting systems and procedures, and hire additional accounting, legal and finance staff. We expect to incur additional annual expenses for the purpose of addressing these requirements, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, IT systems and procedures in a timely and effective fashion, our ability to satisfy our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act and the Sarbanes-Oxley Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition and results of operations.

We have incurred significant one-time costs associated with the Talen Transactions that could affect our period-to-period operating results.

We have incurred one-time charges as a result of costs associated with the Talen Transactions, including $25 million of costs related to accelerated stock-based compensation and prorated performance-based cash incentive and stock-based compensation awards for certain employees. Some of the factors affecting the costs associated with the Talen Transactions include the resources required to integrate the Talen Energy Supply and RJS Power businesses and the length of time during which transition services are provided to Talen Energy Supply by PPL and TPM. The amount and timing of these charges could adversely affect our period-to-period

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operating results, which could result in a reduction in the market price of shares of our common stock. Moreover, delays in completing the integration may reduce or delay the synergies and other benefits expected from the Talen Transactions and such reduction may be material.

Our indebtedness, which was $4,059 million as of June 30, 2015, could adversely affect our financial condition and impair our ability to operate our business.

As of June 30, 2015, we had $4,059 million in total indebtedness. Our indebtedness could have important consequences to our future financial condition, operating results and business, including the following:

- requiring that a substantial portion of our cash flows from operations be dedicated to payments on our indebtedness instead of other purposes, including operations, capital expenditures and future business opportunities;
- limiting our ability to obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- increasing our cost of borrowing; and
- limiting our ability to adjust to changing market and economic conditions and limiting our ability to carry out capital spending that is important to our growth.

Although the agreements governing the Revolving Facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and any additional indebtedness incurred in compliance with these restrictions could be substantial. If new indebtedness is added to our current indebtedness level, the related risks we will face could intensify. See Description of Material Indebtedness.

Variable rate indebtedness subjects us to the risk of higher interest rates, which could cause our future debt service obligations to increase significantly.

Our borrowings under the Revolving Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on such variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease.

The agreements governing our indebtedness contain restrictive covenants, which restrict our operational flexibility.

The agreements governing the Revolving Facility contain restrictions and limitations, including financial and other restrictive covenants that will limit our subsidiaries ability to:

- incur additional indebtedness, or issue guarantees or certain preferred shares;

pay dividends, redeem stock or make other distributions;

repurchase, prepay or redeem subordinated indebtedness;

make investments or acquisitions;

create liens;

make negative pledges;

consolidate or merge with another company;

sell or otherwise dispose of all or substantially all of our assets;

enter into certain transactions with affiliates; and

change the nature of our business.

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The agreements governing the Revolving Facility also contain other customary restrictions.

Our ability to borrow additional amounts under the Revolving Facility depends upon satisfaction of these covenants. Events beyond our control could affect our ability to meet these covenants. Our failure to comply with obligations under the agreements governing the Revolving Facility may result in an event of default under those agreements. A default, if not cured or waived, may permit acceleration of our indebtedness. If our indebtedness is accelerated, we cannot be certain that we will have sufficient funds available to pay the accelerated indebtedness or that we will have the ability to refinance the accelerated indebtedness on terms favorable to us or at all. This could have serious consequences to our financial condition, operating results and business and could cause us to become bankrupt or insolvent. See Description of Material Indebtedness.

Risks Related to Our Business

We face intense competition in the competitive power generation market, which may adversely affect our ability to operate profitably and generate positive cash flow.

Our generation business is dependent on our ability to operate successfully in a competitive environment and is not assured of any rate of return on capital investments through a regulated rate structure. Competition is affected by electricity and fuel prices, new market entrants, construction by others of generating assets and transmission capacity, technological advances in power generation, the actions of environmental and other regulatory authorities and other factors. These competitive factors may negatively affect our ability to sell electricity and related products and services, as well as the prices that we receive for such products and services, which could adversely affect our results of operations and our ability to grow our business.

We sell our available energy and capacity into competitive wholesale markets through contracts of varying duration. Competition in the wholesale power markets occurs principally on the basis of the price of products and, to a lesser extent, reliability and availability. We believe that the commencement of commercial operation of new electricity generating facilities in the regional markets where we own or control generation capacity and the evolution of demand side management resources will continue to increase competition in the wholesale electricity market in those regions, which could have an adverse effect on electricity and capacity prices.

We also face competition in the wholesale markets for generation capacity and ancillary services. We primarily compete with other electricity suppliers based on our ability to aggregate supplies at competitive prices from different sources and to efficiently utilize transportation from third-party pipelines and transmission from electric utilities, ISOs and RTOs. We also compete against other energy marketers on the basis of relative financial condition and access to credit sources, and our competitors may have greater financial resources than we have.

Competitors in the wholesale power markets in which we operate include regulated utilities, industrial companies, non-utility generators, competitive subsidiaries of regulated utilities and financial institutions.

We are exposed to operational, price and credit risks associated with selling and marketing products in the wholesale and retail electricity markets.

We purchase and sell electricity in wholesale markets under market-based rates throughout the U.S. and also enter into short-term agreements to market available electricity and capacity from our generation assets with the expectation of profiting from market price fluctuations. If we are unable to deliver firm capacity and electricity under these agreements, we could be required to pay damages. These damages would generally be based on the difference between the market price to acquire replacement capacity or electricity and the contract price of any undelivered

capacity or electricity. Depending on price volatility in the wholesale electricity markets, such damages could be significant. Extreme weather conditions, unplanned generation facility outages, environmental

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compliance costs, transmission disruptions, and other factors could affect our ability to meet our obligations, or cause significant increases in the market price of replacement capacity and electricity.

Our wholesale power agreements typically include provisions requiring us to post collateral for the benefit of our counterparties if the market price of energy varies from the contract prices in excess of certain predetermined amounts. We currently believe that we have sufficient liquidity to fulfill our potential collateral obligations under these power contracts. However, our obligation to post collateral could exceed the amount of our facilities or our ability to increase our facilities could be limited by financial markets or other factors.

We also face credit risk that counterparties with whom we contract in both the wholesale and retail markets will default in their performance, in which case we may have to sell our electricity into a lower-priced market or make purchases in a higher-priced market than existed at the inception of the contract. Whenever feasible, we attempt to mitigate these risks using various means, including agreements that require our counterparties to post collateral for our benefit if the market price of energy varies from the contract price in excess of certain predetermined amounts. However, there can be no assurance that we will avoid counterparty nonperformance risk, including bankruptcy, which could adversely impact our ability to meet our obligations to other parties, which could in turn subject us to claims for damages.

Adverse changes in commodity prices and related costs may decrease our future energy margins, which could adversely affect our earnings and cash flows.

Our energy margins, or the amount by which our revenues from the sale of power exceed our costs to supply power, are impacted by changes in market prices for electricity, fuel, fuel transportation, emission allowances, RECs, electricity capacity and related congestion charges and other costs. Unlike most commodities, the limited ability to store electricity requires that it must be consumed at the time of production. As a result, wholesale market prices for electricity may fluctuate substantially over relatively short time periods and can be unpredictable. Among the factors that influence such prices are:

- demand for electricity;
- supply of electricity available from current or new generation resources;
- variable production costs, primarily fuel (and associated transportation costs) and emission allowance expense for the generation resources used to meet the demand for electricity;
- transmission capacity and service into, or out of, markets served;
- changes in the regulatory framework for wholesale power markets;
- liquidity in the wholesale electricity market, as well as general creditworthiness of key participants in the market; and

weather and economic conditions affecting demand for or the price of electricity or the facilities necessary to deliver electricity.

Our risk management policy and programs relating to electricity and fuel prices, interest rates and counterparty credit and non-performance risks may not work as planned, and we may suffer economic losses despite such programs.

We actively manage the market risk inherent in our generation and energy marketing activities, as well as our debt and counterparty credit positions. We have implemented procedures to monitor compliance with our risk management policy and programs, including independent validation of transaction and market prices, verification of risk and transaction limits, portfolio stress tests, sensitivity analyses and daily portfolio reporting of various risk management metrics. Nonetheless, our risk management programs may not work as planned. For example, actual electricity and fuel prices may be significantly different or more volatile than the historical trends and

assumptions upon which we based our risk management calculations. Additionally, unforeseen market disruptions could decrease market depth and liquidity, negatively impacting our ability to enter into new transactions. We enter into financial contracts to hedge commodity basis risk, and as a result are exposed to the risk that the correlation between delivery points could change with actual physical delivery. Similarly, interest rates could change in significant ways that our risk management procedures were not designed to address. As a result, we cannot always predict the impact that our risk management decisions may have on us if actual events result in greater losses or costs than our risk models predict or greater volatility in our earnings and financial position.

We are also exposed to basis risk in our operations when our derivative contracts settle financially and we deliver physical electricity on different terms. For example, if we enter into an HRCO, we hedge our electricity production based on an agreed price for that electricity, but physical electricity must be delivered to delivery points in the market that we serve. We are exposed to basis risk between the hub price specified in the HRCO and the price that we receive for the sales of physical electricity. We attempt to hedge basis risk where possible, but hedging instruments are sometimes not economically feasible or available in the quantities that we require.

In addition, our trading, marketing and hedging activities are exposed to counterparty credit risk and market liquidity risk. We have adopted a credit risk management policy and program to evaluate counterparty credit risk. However, if counterparties fail to perform, we may be forced to enter into alternative arrangements at then-current market prices. In that event, our financial results could be adversely affected.

We do not always hedge against risks associated with electricity and fuel price volatility.

We attempt to mitigate risks associated with satisfying our contractual electricity sales obligations by either reserving generation capacity to deliver electricity or purchasing the necessary financial or physical products and services through competitive markets to satisfy our net firm sales contracts. We also routinely enter into contracts, such as fuel and electricity purchase and sale commitments, to hedge our exposure to fuel requirements and other electricity-related commodities. However, based on economic and other considerations, we may decide not to hedge the entire exposure of our operations from commodity price risk. To the extent we do not hedge against commodity price risk and applicable commodity prices change in ways that would be adverse to us, our results of operations and financial position may be adversely affected. To the extent we do hedge against commodity price risk, those hedges may not ultimately prove to be effective.

The accounting for our hedging activities may increase the volatility in our quarterly and annual financial results.

We engage in commodity-related marketing and price-risk management activities in order to physically and financially hedge our exposure to market risk with respect to electricity sales from our generation assets, fuel utilized by those assets and emission allowances.

We generally attempt to balance our fixed-price physical and financial purchases and sales commitments in terms of contract volumes and the timing of performance and delivery obligations through the use of financial and physical derivative contracts. These derivatives are recorded on the balance sheet at fair value with changes in the fair value resulting from fluctuations in the underlying commodity prices immediately recognized in earnings, unless the derivative qualifies for cash flow hedge accounting treatment or the NPNS exception. Whether a derivative qualifies for cash flow hedge accounting treatment depends upon it meeting specific criteria used to determine if the cash flow hedge is and will remain appropriate for the term of the derivative. Specific criteria are also required in order to elect the NPNS exception, which permits qualifying hedges to be treated under the accrual accounting method. All economic hedges may not necessarily qualify for cash flow hedge accounting treatment or the NPNS exception, or we may elect not to utilize cash flow hedge accounting or the NPNS exception. As a result, our quarterly and annual

results are subject to significant fluctuations caused by changes in market prices.

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Adverse economic conditions could adversely affect our financial condition and results of operations.

Adverse economic conditions and declines in wholesale energy prices, partially resulting from adverse economic conditions, have significantly impacted our earnings. The breadth and depth of these negative economic conditions had a wide-ranging impact on the U.S. business environment, including our businesses. In addition, adverse economic conditions also reduce the demand for energy commodities. This reduced demand continues to impact the key domestic wholesale energy markets we serve. The combination of lower demand for power and increased supply of natural gas has put downward price pressure on wholesale energy markets in general, further impacting our energy marketing results. In general, economic and commodity market conditions will continue to impact our unhedged future energy margins, liquidity, earnings growth and overall financial condition. In addition, adverse economic conditions, declines in wholesale energy prices, reduced demand for power and other factors may negatively impact the trading price of our common stock and impact forecasted cash flow, which may require us to evaluate our goodwill and other long-lived assets for impairment. Any such impairment could have a material impact on our financial statements.

Disruption in financial markets could adversely affect our financial condition and results of operations.

Our businesses are heavily dependent on credit and access to capital, among other things, for financing capital expenditures and providing collateral to support hedging in our energy marketing business. Regulations under the Dodd-Frank Act in the United States and Basel III in Europe may impose costly additional requirements on our businesses and the businesses of others with whom we contract, such as banks or other counterparties, or simply result in increased costs to conduct our business or access sources of capital and liquidity upon which the conduct of our businesses is dependent.

Increases in electricity prices and/or a weak economy, can lead to changes in legislative and regulatory policy including the promotion of energy efficiency, conservation and self-generation which may adversely impact our business.

Energy consumption is significantly impacted by overall levels of economic activity and costs of energy supplies. Economic downturns or periods of high energy supply costs can lead to changes in or the development of legislative and regulatory policy designed to promote reductions in energy consumption and increased energy efficiency and self-generation by customers. This focus on conservation, energy efficiency and self-generation may result in a decline in electricity demand, which could in turn adversely affect our business.

We could be negatively affected by rising interest rates, downgrades to our credit ratings, adverse credit market conditions or other negative developments in our ability to access capital markets.

In the ordinary course of business, we are reliant upon adequate long-term and short-term financing to fund our significant capital expenditures, debt service and operating needs. As a capital-intensive business, we are sensitive to developments in interest rates, credit rating considerations, insurance, security or collateral requirements, market liquidity and credit availability and refinancing opportunities necessary or advisable to respond to credit market changes. Changes in these conditions could result in increased costs and decreased availability of credit.

A downgrade in our credit ratings could negatively affect our ability to access capital and increase the cost of any new debt.

Credit ratings assigned by Moody s and S&P to our businesses and their financial obligations have a significant impact on the cost of capital incurred by our businesses. Our senior unsecured debt is not rated investment grade by such

rating agencies. In the third quarter of 2015, S&P placed our ratings on CreditWatch with negative implications and Moody s revised our outlook from stable to negative. A ratings downgrade could negatively affect our ability to access new long-term debt at acceptable interest rates.

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Future acquisition or divestiture activities may have adverse effects on our business, financial condition and results of operations.

From time to time, we may seek to acquire additional assets or businesses. The acquisition of new assets or businesses is subject to substantial risks, including delays in completing such acquisitions, the failure to identify material problems during due diligence, the risk of over-paying for assets, the ability to retain customers or employees and the inability to arrange financing for an acquisition as may be required or desired. In addition, we may not be able to achieve the anticipated operating and financial benefits of future acquisitions. For example, we may not be able to achieve certain tax benefits related to our pending acquisition of MACH Gen, LLC to the extent we do not have adequate taxable income in future periods following completion of the acquisition. Further, the integration and consolidation of acquired businesses requires substantial human, financial and other resources and, ultimately, such integration processes may result in unexpected costs or charges and we may not be able to operate the acquired businesses or assets in the manner in which we intended. There can be no assurances that any future acquired businesses will perform as expected or that the returns from such acquisitions will support the indebtedness incurred to acquire them or the capital expenditures needed to develop them.

In addition, we are required to sell certain assets pursuant to the FERC Order and we may from time to time choose to sell certain other assets or businesses that are no longer core to our operations. In connection with such dispositions, we may indemnify or guarantee counterparties against certain liabilities, which may result in future costs or liabilities payable by us. For example, we have agreed to indemnify the Hydro Buyer, the Ironwood Buyer and the Crane Buyer against certain losses pursuant to the Hydro Sale Agreement, the Ironwood Sale Agreement and the Crane Sale Agreement, respectively. In addition, we may incur additional costs as a result of disposing of certain assets or businesses, and we may experience write-downs of assets if the carrying value of the assets or business sold exceeds the price received.

Changes in technology may negatively impact the value of our power plants.

A basic premise of our generation business is that generating electricity at central power plants achieves economies of scale and produces electricity at relatively low prices. There are alternate technologies to supply electricity, most notably fuel cells, micro turbines, batteries, windmills and photovoltaic (solar) cells, the development of which has been expanded due to global climate change concerns. Research and development activities are ongoing to seek improvements in alternate technologies. It is possible that advances will reduce the cost of alternative generation to a level that is equal to or below that of certain central station production. Also, as new technologies are developed and become available, the quantity and pattern of electricity usage (the demand) by customers could decline, with a corresponding decline in revenues derived by generators. These alternative energy sources could result in a decline to the dispatch and capacity factors of our plants. As a result of all of these factors, the value of our generation facilities could be significantly reduced.

We are subject to liability risks relating to our competitive power generation business operations.

The conduct of our physical and commercial operations subjects us to many risks, including risks of potential physical injury, property damage or other financial liability, caused to or by employees, customers, contractors, vendors, contractual or financial counterparties and other third parties.

Our facilities may not operate as planned, which may increase our expenses and decrease our revenues and have an adverse effect on our financial performance.

Operation of our power plants, information technology systems and other assets and conduct of other activities subjects us to a variety of risks, including the breakdown or failure of equipment, accidents, security breaches, viruses or outages affecting information technology systems, labor disputes, obsolescence, delivery/ transportation problems and disruptions of fuel supply and performance below expected levels. These events may impact our ability to conduct our businesses efficiently and lead to increased costs, expenses or losses. Planned

and unplanned outages at our power plants may require us to purchase power at then-current market prices to satisfy our commitments or, in the alternative, pay penalties and damages for failure to satisfy them.

Although we maintain customary insurance coverage for certain of these risks, no assurance can be given that such insurance coverage will be sufficient to compensate us fully in the event losses occur.

Our operating revenues could fluctuate on a seasonal basis, especially as a result of extreme weather conditions.

Our businesses are subject to seasonal demand cycles. For example, in some markets demand for, and market prices of, electricity peak during hot summer months, while in other markets such peaks occur in cold winter months. As a result, our overall operating results in the future may fluctuate substantially on a seasonal basis if weather conditions such as heat waves, extreme cold, unseasonably mild weather or severe storms occur. The patterns of these fluctuations may change depending on the type and location of our facilities and the terms of our contracts to sell electricity.

Operating expenses could be affected by weather conditions, including storms, as well as by significant manmade or accidental disturbances, including terrorism or natural disasters.

Weather and these other factors can significantly affect our profitability or operations by causing outages, damaging infrastructure and requiring significant repair costs. Storm outages and damage often directly decrease revenues and increase expenses, due to reduced usage and restoration costs.

The full-requirements sales contracts that Talen Energy Marketing is awarded do not provide for specific levels of load and actual load significantly below or above our forecasts could adversely affect our energy margins.

We generally hedge our full-requirements sales contracts with our own generation or energy purchases from third parties. If the actual load is significantly lower than the expected load, we may be required to resell power at a lower price than was contracted for to supply the load obligation, resulting in a financial loss. Alternatively, a significant increase in load could adversely affect our energy margins because we are required under the terms of full-requirements sales contracts to provide the energy necessary to fulfill increased demand at the contract price, which could be lower than the cost to procure additional energy on the open market. Therefore, any significant decrease or increase in load compared with our forecasts could have a material adverse effect on our results of operations and financial position.

We may experience disruptions in our fuel supply, which could adversely affect our ability to operate our generation facilities.

We purchase fuel and other products consumed during the production of electricity (such as coal, natural gas, oil, water, uranium, lime, limestone and other chemicals) from a number of suppliers. Delivery of these fuels to our facilities is dependent upon the continuing financial viability of contractual counterparties as well as the infrastructure (including rail lines, rail cars, barge facilities, roadways, riverways and natural gas pipelines) available to serve each generation facility. As a result, we are subject to the risks of disruptions or curtailments in the production of power at our generation facilities if fuel is unavailable at any price or if a counterparty fails to perform or if there is a disruption in the fuel delivery infrastructure. Disruption in the delivery of fuel, including disruptions as a result of weather, transportation difficulties, global demand and supply dynamics, labor relations, environmental regulations or the financial viability of our fuel suppliers, could adversely affect our ability to operate our facilities, which could result in lower sales and/or higher costs and thereby adversely affect our results of operations.

We have sold forward a portion of our power in order to lock in long-term prices that we deemed to be favorable at the time we entered into the forward sale contracts. In order to hedge our obligations under these forward power sales contracts, we have entered into long-term and short-term contracts for the purchase and delivery of fuel. Many of the forward power sales contracts do not allow us to pass through changes in fuel costs or discharge the power sale obligations in the case of a disruption in fuel supply due to force majeure events or

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the default of a fuel supplier or transporter. Disruptions in our fuel supplies may therefore require us to find alternative fuel sources at higher costs, to find other sources of power to deliver to counterparties at a higher cost, or to pay damages to counterparties for failure to deliver power as contracted. Any such event could have a material adverse effect on our financial performance.

We also buy significant quantities of fuel on a short-term or spot market basis. Prices for all of our fuels fluctuate, sometimes rising or falling significantly over a relatively short period of time. The price we can obtain for the sale of energy may not rise at the same rate, or may not rise at all, to match a rise in fuel or delivery costs. This may have a material adverse effect on our financial performance. Changes in market prices for coal, oil and natural gas may result from the following:

- weather conditions;
- seasonality;
- demand for energy commodities and general economic conditions;
- disruption or other constraints or inefficiencies of electricity, gas or coal transmission or transportation;
- additional generating capacity;
- availability and levels of storage and inventory for fuel stocks;
- natural gas, crude oil, refined products and coal production levels;
- changes in market liquidity;
- federal, state and foreign governmental regulation and legislation; and
- the creditworthiness and liquidity of fuel suppliers and/or transporters and their willingness to do business with us.

Our plant operating characteristics and equipment, particularly at our coal-fired plants, often dictate the specific fuel quality to be combusted. The availability and price of specific fuel qualities may vary due to supplier financial or operational disruptions, transportation disruptions and force majeure. At times, coal of a specific quality may not be available at any price, or we may not be able to transport such coal to our facilities on a timely basis. In this case, we may not be able to run the coal facility even if it would be profitable. Operating a coal facility with different quality coal can lead to emission or operating problems. If we have sold forward the power from such a coal facility, we could

be required to supply or purchase power from alternate sources, perhaps at a loss. This could have a material adverse impact on the financial results of specific plants and on our results of operations.

Unforeseen changes in the price of coal and natural gas could cause us to hold excess coal inventories and incur contract termination costs.

Extraordinarily low natural gas prices could cause natural gas to be the more cost-competitive fuel compared to coal for generating electricity. Because we enter into guaranteed supply contracts to provide for the amount of coal needed to operate our base load coal-fired generating facilities, we may experience periods where we hold excess amounts of coal if fuel pricing results in our reducing or idling coal-fired generating facilities in favor of operating available alternative natural gas-fired generating facilities. In addition, we may incur costs to terminate supply contracts for coal in excess of our generating requirements.

If the services provided by the transmission facilities that deliver the wholesale power from our generation facilities are inadequate, our ability to sell and deliver wholesale power may be materially adversely affected. Furthermore, any change in the structure and operation of, or the various pricing limitations imposed by, the RTOs and ISOs that operate these transmission facilities may adversely affect the profitability of our generation facilities.

We do not own or control the transmission facilities required to sell the wholesale power from our generation facilities. If the transmission service from these facilities is unavailable or disrupted, or if the

transmission capacity infrastructure is inadequate, our ability to sell and deliver wholesale power may be materially adversely affected. RTOs and ISOs provide transmission services, administer transparent and competitive power markets and maintain system reliability. Many of these RTOs and ISOs operate in the real-time and day ahead markets in which we sell energy. The RTOs and ISOs that oversee most of the wholesale power markets impose, and in the future may continue to impose, offer caps and other mechanisms to guard against the potential exercise of market power in these markets as well as price limitations. These types of price limitations and other regulatory mechanisms may adversely affect the profitability of our generation facilities that sell energy and capacity into the wholesale power markets. Problems or delays that may arise in the formation and operation of maturing RTOs and similar market structures, or changes in geographic scope, rules or market operations of existing RTOs, may also affect our ability to sell, the prices we receive or the cost to transmit power produced by our generating facilities. Rules governing the various regional power markets may also change from time to time, which could affect our costs or revenues. Additionally, if the transmission service from these facilities is unavailable or disrupted, or if the transmission capacity infrastructure is inadequate, our ability to sell and deliver wholesale power may be materially adversely affected. Furthermore, the rates for transmission capacity from these facilities are set by others and thus are subject to changes, some of which could be significant. As a result, our financial condition, results of operations and cash flows may be materially adversely affected.

The FERC has issued regulations that require wholesale electricity transmission services to be offered on an open-access, non-discriminatory basis. Although these regulations are designed to encourage competition in wholesale market transactions for electricity, there is the potential that fair and equal access to transmission systems will not be available or that transmission capacity will not be available in the amounts we require. We cannot predict the timing of industry changes as a result of these initiatives or the adequacy of transmission facilities in specific markets or whether ISOs and RTOs in applicable markets will efficiently operate transmission networks and provide related services.

Because our generation facilities are part of interconnected regional grids, we face the risk of blackout due to a disruption on a neighboring interconnected system.

Major electric power blackouts are possible and have occurred, which could disrupt electrical service for extended periods of time. If a blackout were to occur, the impact could result in interruptions to our operations, increased costs to replace existing contractual obligations, the possibility of regulatory investigations and potential operational risks to our facilities. Additionally, in response to a blackout, there could be changes or developments in applicable regulations or market structures that could have longer-term impact on our business and results of operations.

The operation of our businesses is subject to cyber-based security and integrity risk.

Numerous functions affecting the efficient operation of our businesses are dependent on the secure and reliable storage, processing and communication of electronic data and the use of sophisticated computer hardware and software systems. The operation of our generation plants, including the Susquehanna nuclear plant, and of our energy and fuel trading businesses are reliant on cyber-based technologies and, therefore, subject to the risk that such systems could be the target of disruptive actions, principally by terrorists or vandals, or otherwise be compromised by unintentional events. As a result, operations could be interrupted, property could be damaged and sensitive customer information could be lost or stolen, causing us to incur significant losses of revenues, other substantial liabilities and damages, costs to replace or repair damaged equipment and damage to our reputation. In addition, we may experience increased capital and operating costs to implement increased security for our cyber systems and plants.

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Our businesses are subject to physical, market and economic risks relating to potential effects of climate change.

Climate change may produce changes in weather or other environmental conditions, including temperature or precipitation levels, and thus may impact consumer demand for electricity. In addition, the potential physical effects of climate change, such as increased frequency and severity of storms, floods and other climatic events, could disrupt our operations and cause us to incur significant costs in preparing for or responding to these effects. These or other meteorological changes could lead to increased operating costs, capital expenses or power purchase costs. Climate change could also affect the availability of a secure and economical supply of water in some locations, which is essential for the continued operation of our generation plants.

GHG regulation could increase the cost of electricity, particularly power generated by fossil fuels, and such increases could have a depressive effect on regional economies. Reduced economic and consumer activity in our service areas both generally and specific to certain industries and consumers accustomed to previously lower cost power could reduce demand for the power we generate and market. Also, demand for our energy-related services could be similarly reduced by consumers preferences or market factors favoring energy efficiency, low-carbon power sources or reduced electricity usage.

We are required to obtain, and to comply with, government permits and approvals.

We are required to obtain, and to comply with, numerous permits, approvals, licenses and certificates from federal, state and local governmental agencies. The process of obtaining and renewing necessary permits can be lengthy and complex and can sometimes result in the establishment of permit conditions that make the project or activity for which the permit was sought unprofitable or otherwise unattractive. In addition, such permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or approvals, or failure to comply with applicable laws or regulations, may result in the delay or temporary suspension of our operations and electricity sales or the curtailment of our power delivery and may subject us to penalties and other sanctions. Although various regulators routinely renew existing licenses, renewal could be denied or jeopardized by various factors, including failure to provide adequate financial assurance for closure; failure to comply with environmental, health and safety laws and regulations or permit conditions; local community, political or other opposition; and executive, legislative or regulatory action.

Our cost or inability to obtain and comply with the permits and approvals required for our operations could have a material adverse effect on our operations and cash flows. In addition, new environmental legislation or regulations, if enacted, or changed interpretations of existing laws may elicit claims that historical routine modification activities at our facilities violated applicable laws and regulations. In addition to the possible imposition of fines in such cases, we may be required to undertake significant capital investments in pollution control technology and obtain additional operating permits or approvals, which could have an adverse impact on our business, results of operations, cash flows and financial condition.

We are subject to risks associated with federal and state tax laws and regulations.

Changes in tax law as well as the inherent difficulty in quantifying potential tax effects of business decisions could negatively impact our results of operations. We are required to make judgments in order to estimate our obligations to taxing authorities. These tax obligations include income, property, gross receipts and franchise, sales and use, employment-related and other taxes. We also estimate our ability to utilize tax benefits and tax credits. Due to the revenue needs of the jurisdictions in which our businesses operate, various tax and fee increases may be proposed or considered. We cannot predict whether such tax legislation or regulation will be introduced or enacted or the effect of any such changes on our businesses. If enacted, any changes could increase tax expense and could have a significant

negative impact on our results of operations and cash flows.

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Despite federal and state deregulation initiatives, our generation business is still subject to extensive regulation, which may increase our costs, reduce our revenues, or prevent or delay operation of our facilities.

Our generation subsidiaries sell electricity into the wholesale market. Generally, our generation subsidiaries and our marketing subsidiaries are subject to regulation by the FERC. The FERC has authorized us to sell generation from our facilities and power from our marketing subsidiaries at market-based prices. The FERC retains the authority to modify or withdraw our market-based rate authority and to impose cost of service rates if it determines that the market is not competitive, that we possess market power or that we are not charging just and reasonable rates. Any reduction by the FERC in the rates we may receive or any unfavorable regulation of our business by state regulators could materially adversely affect our results of operations. In addition, pursuant to PJM s capacity performance proposal, we may be subject, under certain circumstances, to economic penalties, which could be material. See Business Our Key Markets PJM.

In addition, the acquisition, construction, ownership and operation of electricity generation facilities require numerous permits, approvals, licenses and certificates from federal, state and local governmental agencies. We may not be able to obtain or maintain all required regulatory approvals. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approval or fail to comply with any applicable law or regulation, the operation of our assets and our sales of electricity could be prevented or delayed or become subject to additional costs.

The availability and cost of emission allowances could negatively impact our costs of operations.

We are required to maintain, through either allocations or purchases, sufficient emission allowances for sulfur dioxide, nitrogen oxide and carbon dioxide to support our operations in the ordinary course of operating our power generation facilities. These allowances are used to meet the obligations imposed on us by various applicable environmental laws. If our operational needs require more than our allocated allowances, we may be forced to purchase such allowances on the open market, which could be costly. If we are unable to maintain sufficient emission allowances to match our operational needs, we may have to curtail our operations so as not to exceed our available emission allowances, or install costly new emission controls. As we use the emission allowances that we have purchased on the open market, costs associated with such purchases will be recognized as operating expense. If such allowances are available for purchase, but only at significantly higher prices, the purchase of such allowances could materially increase our costs of operations in the affected markets.

Our costs to comply with existing and new environmental and related worker health and safety laws are expected to continue to be significant, and we plan to incur significant capital expenditures for pollution control improvements that could adversely affect our profitability and liquidity or cause the continued operation of certain generation facilities to be uneconomic.

Our business is subject to extensive federal, state and local statutes, rules and regulations relating to environmental protection and worker health and safety. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly response actions. These laws and regulations may impose numerous obligations that are applicable to our operations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or operating expenditures to limit or prevent releases of hazardous materials from our operations, the imposition of specific standards addressing worker protection, and the imposition of substantial liabilities and remedial obligations for pollution or contamination resulting from our operations. To comply with existing and future environmental requirements and as a result of voluntary pollution control measures we may take, we have spent and expect to spend substantial amounts in the future on environmental control and compliance. Failure

to comply with these laws, regulations and permits may result in joint and several, strict liability for administrative, civil and/or criminal penalties, the imposition of remedial obligations, and the issuance of injunctions limiting or preventing some or all of our operations. Private parties may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance, with environmental laws, regulations and permits or for personal injury or property damage.

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Our operations also pose risks of environmental liability due to leakage, migration, releases or spills of hazardous substances to surface or subsurface soils, surface water or groundwater. Certain environmental laws impose strict as well as joint and several liability (that could result in an entity paying more than its fair share) for costs required to remediate and restore sites where hazardous substances, hydrocarbons or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly owned or operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations.

The trend of more expansive and stringent environmental legislation and regulations applied to the power generation industry could continue, resulting in increased costs of doing business and consequently affecting profitability. Many states and environmental groups have challenged certain federal laws and regulations relating to air emissions, water discharge and intake requirements, and management of CCRs as not being sufficiently strict. As a result, state and federal regulations have been proposed or adopted that would impose more stringent restrictions, which could require us to significantly increase capital and operating expenditures for additional environmental controls. Furthermore, the EPA s cooling water intake rulemaking under Section 316(b) of the federal Clean Water Act and the EPA s imposition of Prevention of Significant Deterioration (PSD) construction permit requirements for GHG emissions could adversely affect our operations and restrict or delay our ability to obtain permits. At some of our older generating facilities it may be uneconomic for us to install necessary controls to comply with new or proposed regulations, which could cause us to retire those units.

In addition, while there has not been significant activity in recent years in the form of federal legislation to reduce GHG emissions, a number of state and regional GHG cap and trade programs have emerged. Also, additional federal regulations pertaining to GHG emissions reductions and increased use of low carbon technologies are anticipated in the coming years under President Obama s Climate Action Plan. Although it is not possible at this time to predict how future GHG emissions legislation or regulations would impact our business, any such future requirements could result in increased costs to address GHG emissions associated with our operations.

We may not be able to obtain or maintain all environmental regulatory approvals necessary for our planned capital projects which are necessary to our business. If there is a delay in obtaining any required environmental regulatory approval or if we fail to obtain, maintain or comply with any such approval, operations at our affected facilities could be halted, reduced or subjected to additional costs. See Business Environmental Matters for information concerning the more significant environmental laws and regulations applicable to our operations.

We are subject to certain risks associated with nuclear generation, including the risk that our Susquehanna nuclear plant could become subject to increased security or safety requirements that would increase capital and operating expenditures, uncertainties regarding spent nuclear fuel, and uncertainties associated with decommissioning our plant at the end of its licensed life.

Nuclear generation accounted for about 32% of Talen Energy s 2014 competitive power generation output. The risks of nuclear generation generally include:

- the potential harmful effects on the environment and human health from the operation of nuclear facilities and the storage, handling and disposal of radioactive materials;

- limitations on the amounts and types of insurance commercially available to cover losses and liabilities that might arise in connection with nuclear operations; and

- uncertainties with respect to the technological and financial aspects of decommissioning nuclear plants at the end of their licensed lives. The licenses for our two nuclear units expire in 2042 and 2044.

The NRC has broad authority under federal law to impose licensing requirements, including security, safety and employee-related requirements for the operation of nuclear generation facilities. In the event of

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noncompliance, the NRC has authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. In addition, revised security or safety requirements promulgated by the NRC, particularly in response to the 2011 incident in Fukushima, Japan, could necessitate substantial capital or operating expenditures at our Susquehanna nuclear plant. There also remains substantial uncertainty regarding the temporary storage and permanent disposal of spent nuclear fuel, which could result in substantial additional costs to us that cannot be predicted. In addition, although we have no reason to anticipate a serious nuclear incident at our Susquehanna nuclear plant, if an incident did occur, any resulting operational loss, damages and injuries could have a material adverse effect on our results of operations, cash flows and financial condition.

We cannot predict the outcome of the legal proceedings and investigations currently being conducted with respect to our current and past business activities. An adverse determination could have a material adverse effect on our financial condition, results of operations or cash flows.

We are involved in legal proceedings, claims and litigation and subject to ongoing state and federal investigations arising out of our business operations, the most significant of which are summarized in Business Legal Matters. We cannot predict the ultimate outcome of these matters, nor can we reasonably estimate the costs or liabilities that could potentially result from a negative outcome in each case.

We plan to optimize our competitive power generation operations, which involves a number of uncertainties and may not achieve the desired financial results.

We plan to optimize our competitive power generation operations. We plan to do this through the construction of new power plants or modification of existing power plants, and the potential closure of certain existing plants and acquisition of plants that may become available for sale. These types of projects involve numerous risks. Any planned power plant modifications could result in cost overruns, reduced plant efficiency and higher operating and other costs. With respect to the construction of new plants or modification of existing plants, we may be required to expend significant sums for preliminary engineering, permitting, resource exploration, legal and other expenses before it can be established whether a project is feasible, economically attractive or capable of being financed. The success of both a new or acquired project would likely be contingent, among other things, upon obtaining acceptable financing and maintaining acceptable credit ratings, as well as receipt of required and appropriate governmental approvals. If we were unable to complete construction or expansion of a project, we may not be able to recover our investment in the project. Furthermore, we might be unable to operate any new or modified plants as efficiently as projected, which could result in higher than projected operating and other costs and reduced earnings.

Cash flows of Talen Energy and Talen Energy Supply and the ability to meet their obligations with respect to indebtedness and under guarantees largely depends on the financial performance of our subsidiaries and, as a result, is effectively subordinated to all existing and future liabilities of those subsidiaries.

Talen Energy and Talen Energy Supply are each holding companies and conduct their operations primarily through subsidiaries. Substantially all of our consolidated assets are held by such subsidiaries. Accordingly, our cash flows and ability to meet debt and guaranty obligations are largely dependent upon the earnings of those subsidiaries and the distribution or other payment of such earnings in the form of dividends, distributions, loans or advances or repayment of loans and advances. The subsidiaries are separate and distinct legal entities and have no obligation to pay dividends or distributions to their parents or to make funds available for such a payment. The ability of such subsidiaries to pay dividends or distributions in the future will depend on the subsidiaries future earnings and cash flows and the needs of their businesses, and may be restricted by their obligations to holders of their outstanding debt and other creditors, as well as any contractual or legal restrictions in effect at such time, including the requirements of state corporate law

applicable to payment of dividends and distributions, and regulatory requirements.

Because Talen Energy and Talen Energy Supply are each holding companies, their debt and guaranty obligations are effectively subordinated to all existing and future liabilities of their subsidiaries. Although certain agreements to which certain subsidiaries are parties limit their ability to incur additional indebtedness, Talen Energy, Talen Energy Supply and their subsidiaries retain the ability to incur substantial additional indebtedness and other liabilities. Therefore, our rights and the rights of our creditors, including rights of any debt holders, to participate in the assets of any subsidiaries, in the event that such a subsidiary is liquidated or reorganized, will be subject to the prior claims of such subsidiary s creditors. See Description of Material Indebtedness.

Significant increases in our operation and maintenance expenses, including health care and pension costs, could adversely affect our future earnings and liquidity.

We continually focus on limiting and reducing our operation and maintenance expenses. However, we expect to continue to face increased cost pressures in our operations. Increased costs of materials and labor may result from general inflation, increased regulatory requirements (especially in respect of environmental regulations), the need for higher-cost expertise in the workforce or other factors. In addition, pursuant to collective bargaining agreements, we are contractually committed to provide specified levels of health care and pension benefits to certain current employees and retirees. We provide a similar level of benefits to our management employees. These benefits give rise to significant expenses. Due to general inflation with respect to such costs, the aging demographics of our workforce and other factors, we have experienced significant health care cost inflation in recent years, and we expect our health care costs, including prescription drug coverage, to continue to increase despite measures that we have taken and expect to take to require employees and retirees to bear a higher portion of the costs of their health care benefits. In addition, we expect to continue to incur significant costs with respect to the defined benefit pension plans for our employees and retirees. The measurement of our expected future health care and pension obligations and costs is highly dependent on a variety of assumptions, most of which relate to factors beyond our control. These assumptions include investment returns, interest rates, health care cost trends, inflation rates, salary increases and the demographics of plan participants. If our assumptions prove to be inaccurate, our future costs and cash contribution requirements to fund these benefits could increase significantly.

The loss of key personnel or the inability to hire and retain qualified employees could have an adverse effect on our business, financial position and results of operations.

Our operations depend on the continued efforts of our employees. Retaining key employees and maintaining the ability to attract new employees are important to both our operational and financial performance. We cannot guarantee that any member of our management or any one of our key employees will continue to serve in any capacity for any particular period of time. Certain events, such as an aging workforce, mismatch of skill set or complement to future needs, or unavailability of contract resources may lead to operating challenges and increased costs. The challenges related to such a change include a lack of resources, losses to our knowledge base and the lengthy time required to develop new workers skills. In any such case, costs, including costs for contractors to replace employees, productivity costs and safety costs, may rise. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to new employees, or changes in the availability and cost of contract labor may adversely affect our ability to manage and operate our business. If we are unable to successfully attract and retain an appropriately qualified workforce, our financial position or results of operations could be negatively affected.

War, other armed conflicts or terrorist attacks could have a material adverse effect on our business.

War, terrorist attacks and unrest have caused and may continue to cause instability in the world s financial and commercial markets and have contributed to high levels of volatility in prices for oil and gas. Instability and unrest in

the Middle East, Afghanistan, Ukraine and Iraq, as well as threats of war or other armed conflict elsewhere, may cause further disruption to financial and commercial markets and contribute to even higher levels of volatility in prices for oil and gas. In addition, unrest in the Middle East, Afghanistan, Ukraine and Iraq could

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lead to acts of terrorism in the United States or elsewhere, and acts of terrorism could be directed against companies such as ours. Armed conflicts and terrorism and their effects on us or our markets may significantly affect our business and results of operations in the future. In addition, we may incur increased costs for security, including additional physical plant security and security personnel or additional capability following a terrorist incident.

Risks Relating to Our Common Stock

Our stock price may fluctuate significantly.

The market price of our common stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- the possibility that our business profile and market capitalization may not fit the investment objectives of some shareholders who received shares of our common stock in connection with the Distribution and, as a result, these shareholders may sell our shares;
- actual or anticipated fluctuations in our operating results due to factors related to our business;
- success or failure of our strategy;
- our quarterly or annual earnings, or those of other companies in our industry;
- continued industry-wide decrease in demand for electricity;
- our ability to obtain third-party financing as needed;
- announcements by us or our competitors of significant acquisitions or dispositions;
- limitations on our ability to issue equity securities or convertible debt securities during the two year period following the date of the Distribution without jeopardizing the intended tax consequences of the Talen Transactions;
- restrictions on our ability to pay dividends imposed by the terms of the Revolving Facility or other indebtedness;
- changes in accounting standards, policies, guidance, interpretations or principles;

- the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- investor perception of us;
- natural or environmental disasters that investors believe may affect our businesses;
- overall market fluctuations;
- results from any material litigation or government investigation;
- changes in laws and regulations affecting us, our industry or any of the principal products sold by us; and
- general economic conditions and other external factors.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of our common stock.

In certain circumstances, declines in the trading price of our common stock may require us to evaluate our goodwill for impairment. Any such impairment could have a material impact on our financial statements.

Sales of our common stock may negatively affect its market price.

The sales of significant amounts of our common stock or any perception in the market that this will occur may result in the lowering of the market price of our common stock. As of August 31, 2015, 128,508,921 shares of our common stock were issued and outstanding.

Of the outstanding shares, the 83,524,365 shares delivered to the PPL shareholders in the Distribution are freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the limitations described in Shares Eligible for Future Sale. Certain stockholders, including some large stockholders, have and may continue to sell such common stock for various reasons, such as if our business profile or market capitalization does not fit their investment objectives. In particular, PPL is a member of the S&P 500 Index, while Talen Energy is not currently and may not be in the future. In addition, certain stockholders may elect or be required to sell our shares due to investment guidelines or other reasons.

Of the outstanding shares, 44,974,658 shares issued to the Riverstone Holders in a private placement transaction in connection with the Combination are subject to certain restrictions on resale pursuant to Securities Act. Pursuant to the Stockholder Agreement, the Riverstone Holders are, subject to certain exceptions, restricted from transferring, directly or indirectly, the shares of our common stock held by them until November 28, 2015,180 days after the closing date of the Talen Transactions. We may, in our discretion and without notice, release all or any portion of the shares of common stock subject to these 180-day lock-ups. See Shares Eligible for Future Sale for a description of these lock-up arrangements.

Upon the expiration of the lock-up described above, and the effectiveness of this registration statement of which this prospectus forms a part, the Riverstone Holders may freely trade their Talen Energy shares. In addition, the Riverstone Holders will have the right to participate in future registrations of securities by us. Registration of any of these outstanding shares of common stock result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See Shares Eligible For Future Sale.

The market price of our shares of common stock could drop significantly if the Riverstone Holders sell their shares or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

In addition, we have filed two registration statements on Form S-8 under the Securities Act registering shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our stock incentive plan and directors deferred compensation plan. The Form S-8 registration statements automatically became effective upon filing. Accordingly, shares registered under such registration statements are available for sale in the open market. The registration statements on Form S-8 cover 6,204,000 shares of our common stock.

If securities or industry analysts do not publish research or publish unfavorable research about Talen Energy, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us and our business. If one or more of these analysts downgrades our stock or publishes misleading or unfavorable research about our business, our stock price would also likely decline. If one or more of these analysts ceases coverage of our company or fails regularly to publish reports about us, demand for our stock could decrease, which could cause our stock price or trading volume to decline.

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The Riverstone Holders may exert significant influence over matters requiring stockholder approval. Ownership of our common stock is highly concentrated and could prevent you and other stockholders from influencing significant corporate decisions.

As of the date of this prospectus, the Riverstone Holders, each of which is indirectly controlled by Riverstone, collectively beneficially own approximately 35% of the outstanding shares of our common stock. As a result, the Riverstone Holders collectively exercise significant influence over all matters requiring stockholder

approval for the foreseeable future, including approval of significant corporate transactions, which may reduce the market price of our common stock. The interests of the Riverstone Holders may conflict with the interests of our other stockholders. The Riverstone Holders may have an interest in having Talen Energy pursue acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment in Talen Energy, even though such transactions might involve risks to you. In addition, Riverstone and its affiliates engage in a broad spectrum of activities, including investments in the power generation industry. In the ordinary course of their business activities, Riverstone and its affiliates may engage in activities where their interests conflict with our interests or those of our stockholders.

Anti-takeover provisions in our amended and restated certificate of incorporation and amended and restated bylaws could discourage, delay or prevent a change of control of our company and may affect the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws include a number of provisions that may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. For example, our amended and restated certificate of incorporation and amended and restated bylaws collectively:

- authorize the issuance of blank check preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- require the affirmative vote of at least 66 ⅔% of the voting power of the stock outstanding and entitled to vote thereon to remove directors;
- provide that vacancies on our board of directors, including vacancies resulting from an enlargement of our board of directors, may be filled only by a majority vote of directors then in office or by a sole remaining director, though, pursuant to the Stockholder Agreement, the Riverstone Holders are entitled to designate any replacement of a director originally designated by the Riverstone Holders;
- prohibit the calling of special meetings of stockholders unless called by the chairman of the board, if there be one, or by resolution of the board;
- prohibit stockholder action by written consent, unless it is unanimous;

- establish advance notice requirements for nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders; and

- require the affirmative vote of at least 66⅔% of the voting power of the stock outstanding and entitled to vote thereon to adopt, amend or repeal any provision of our amended and restated certificate of incorporation or our amended and restated bylaws.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future.

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Our amended and restated certificate of incorporation and amended and restated bylaws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our amended and restated certificate of incorporation provides that, with certain limited exceptions, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any stockholder (including any beneficial owner) to bring (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine, in each case subject to said Court of Chancery having subject matter jurisdiction, in certain cases, and having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

We do not intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We do not intend to declare and pay dividends on our common stock. We currently intend to invest our future earnings, if any, to fund our growth, to develop our business, for working capital needs and for general corporate purposes. Therefore, you are not likely to receive any dividends on your common stock and the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have received their shares in the Distribution. In addition, our operations are conducted almost entirely through our subsidiaries. As such, to the extent that we determine in the future to pay dividends on our common stock, none of our subsidiaries will be obligated to make funds available to us for the payment of dividends. Further, agreements governing the Revolving Facility and our other indebtedness may restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this prospectus concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are forward-looking statements within the meaning of the federal securities laws. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in Risk Factors, Unaudited Pro Forma Condensed Combined Financial Information and Management s Discussion and Analysis of Financial Condition and Results of Operations, , the following are among the important factors that could cause actual results to differ materially from the forward-looking statements.

- fuel supply cost and availability;
- weather conditions affecting generation, customer energy use and operating costs and revenues;
- operation, availability and operating costs of existing generation facilities;
- the duration of and cost, including lost revenue, associated with scheduled and unscheduled outages at our generating facilities;
- expansion of alternative sources of electricity generation;
- investor perceptions of our company and the industry and markets in which we operate;
- changes in earnings estimates or buy/sell recommendations by analysts;
- collective labor bargaining negotiations;
- the outcome of litigation against us and our subsidiaries;
- potential effects of threatened or actual terrorism, war or other hostilities, cyber-based intrusions or natural disasters;
- the commitments and liabilities of us and our subsidiaries;

volatility in market demand and prices for energy, capacity, transmission services, emission allowances and RECs;

competition in retail and wholesale power and natural gas markets;

sufficient liquidity in wholesale power markets to hedge our portfolio of assets efficiently and effectively;

defaults by counterparties under energy, fuel or other power product contracts;

market prices of commodity inputs for ongoing capital expenditures;

the effectiveness of our risk management techniques, including hedging, with respect to electricity and fuel prices, interest rates and counterparty credit and non-performance risks;

our level of indebtedness and the terms and conditions of our debt instruments;

capital market conditions, including the availability of capital or credit, changes in interest rates and certain economic indices, and decisions regarding capital structure;

stock price performance of our common stock;

volatility in the fair value of debt and equity securities and its impact on the value of assets in the NDT funds and in defined benefit plans, and the potential cash funding requirements if fair value declines;

interest rates and their effect on pension, retiree medical and nuclear decommissioning liabilities and interest payable on certain debt securities;

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volatility in or the impact of other changes in financial or commodity markets and economic conditions;

the effect on our operations and ability to comply with new statutory and regulatory requirements related to derivative financial instruments;

our ability to attract and retain qualified employees;

new accounting requirements or new interpretations or applications of existing requirements;

changes in securities and credit ratings;

our ability to successfully integrate the RJS Power businesses and to achieve anticipated synergies and cost savings as a result of the spinoff transaction and combination with RJS Power;

current and future environmental conditions, regulations and other requirements (including laws or regulations to reduce emissions of greenhouse gases or the physical effects of climate change) and the related costs of compliance, including environmental capital expenditures, emission allowance costs and other expenses;

legal, regulatory, political, market or other reactions to the 2011 incident at the nuclear generating facility at Fukushima, Japan, including additional NRC requirements;

changes in political, regulatory or economic conditions in states, regions or countries where Talen Energy or its subsidiaries conduct business;

receipt of necessary governmental permits and approvals;

new state, federal or foreign legislation or regulatory developments;

the impact of any state, federal or foreign investigations applicable to us and our subsidiaries and the energy industry;

the effect of any business or industry restructuring;

development of new projects, markets and technologies;

- performance of new ventures; and
- business dispositions or acquisitions, and our ability to realize expected benefits from such business transactions including the pending acquisition of MACH Gen, LLC, the pending dispositions of Holtwood, Lake Wallenpaupack, Ironwood and Crane and/or other dispositions required as a condition to regulatory approval of the combination with RJS Power.

Any such forward-looking statements should be considered in light of such important factors and in conjunction with other documents of Talen Energy on file with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update the information contained in such statement to reflect subsequent developments or information.

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USE OF PROCEEDS

We are registering these shares of common stock for resale by the selling stockholders. We will not receive any proceeds from the sale of the shares offered by this prospectus. The net proceeds from the sale of the shares offered by this prospectus will be received by the selling stockholders.

DIVIDEND POLICY

We do not currently expect to declare or pay dividends on our common stock. Instead, we intend to retain earnings to finance the growth and development of our business and for working capital and general corporate purposes. Our ability to pay dividends to holders of our common stock is limited by our ability to obtain cash or other assets from our subsidiaries. Further, the credit agreement governing the Revolving Facility restricts the ability of many of our subsidiaries to pay dividends or otherwise transfer assets to us. Any payment of dividends will be at the discretion of our board of directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant.

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PRICE RANGE OF OUR COMMON STOCK

Our common stock is traded on the NYSE under the symbol TLN. Our common stock started regular-way trading on the NYSE on June 2, 2015, following the completion of the Talen Transactions. Prior to June 2, 2015, there was no public market for our common stock. Our common stock was traded on a when-issued basis starting on May 18, 2015. The following table sets forth, for the periods indicated, the high and low closing prices of our shares as reported by the NYSE since June 2, 2015, the date that our common stock began regular-way trading on the NYSE.

	High	Low
Second Quarter 2015 (beginning June 2, 2015)	$ 20.25	$ 16.87
Third Quarter 2015	$ 18.02	$ 9.83
Fourth Quarter 2015 (through November 2, 2015)	$ 12.09	$ 8.47

On November 2, 2015, the closing price as reported on the NYSE of our shares was $8.95 per share. As of October 27, 2015, we had 54,422 holders of record of our shares.

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THE TALEN TRANSACTIONS

Overview

In June 2014, PPL and Talen Energy Supply executed definitive agreements with the Riverstone Holders to combine their competitive power generation businesses into a new, stand-alone, publicly traded company named Talen Energy Corporation. On June 1, 2015, PPL completed the spinoff (the Distribution) to PPL shareowners of a newly formed entity, HoldCo, which at such time owned all of the membership interests of Talen Energy Supply and all of the common stock of Talen Energy. Immediately following the Distribution, HoldCo merged with a special purpose subsidiary of Talen Energy, with HoldCo continuing as the surviving company to the merger and as a wholly owned subsidiary of Talen Energy and the sole owner of Talen Energy Supply (the Merger). PPL does not have an ownership interest in Talen Energy after completion of the Distribution. Substantially contemporaneous with the Distribution and Merger, RJS Power was contributed by the Riverstone Holders to become a subsidiary of Talen Energy Supply (the Contribution and, together with the Distribution and Merger, the Talen Transactions). Subsequent to the Talen Transactions, RJS Power was merged into Talen Energy Supply.

Tax Matters

In connection with the Distribution, PPL, Talen Energy, Talen Energy Holdings, Inc. (HoldCo), Talen Energy Supply and the Riverstone Holders entered into a Separation Agreement (the Separation Agreement), under which Talen Energy Supply will indemnify PPL and certain affiliates for a variety of taxes, including (i) certain post-Distribution taxes attributable to the Talen Energy Supply business and Talen Energy and (ii) income taxes imposed on PPL attributable to a failure of the Talen Transactions to qualify for tax-free treatment as a result of, among other items, a post-Distribution breach of certain covenants (including those described below), and any post-Distribution acquisitions of Talen Energy common stock or Talen Energy Supply equity. In addition, pursuant to the Separation Agreement, PPL will indemnify Talen Energy and certain affiliates, including Talen Energy Supply, for a variety of taxes, including (i) certain pre-Distribution taxes attributable to the Talen Energy Supply business, (ii) PPL s consolidated U.S. federal income taxes and (iii) income taxes imposed on Talen Energy or Talen Energy Supply attributable to a failure of the Talen Transactions to qualify for tax-free treatment as a result of, among other items, a post-Distribution breach of certain covenants (including those described below), and any post-Distribution acquisitions of PPL common stock.

Pursuant to the Separation Agreement, (1) PPL and certain of its affiliates agreed to refrain from taking any action that is inconsistent with the facts presented and representations made by PPL in connection with its request of opinions from its tax counsel regarding the tax-free treatment of the Talen Transactions and (2) Talen Energy and certain of its affiliates, including Talen Energy Supply, have agreed to refrain from taking any action that would cause the Talen Transactions to fail to qualify for such tax-free treatment or to fail to take any action if such failure to act would cause the Talen Transactions to not qualify for such tax-free treatment. In furtherance of this general obligation, for two years after the Distribution, PPL and Talen Energy and certain of their respective affiliates, including Talen Energy Supply, generally agreed to not:

- take any action, or fail or omit to take any action where the taking or the failure or omission to take such action could cause one or more persons to acquire a 50% or greater interest in PPL or Talen Energy or certain of their respective affiliates;

cease, or permit the cessation of, the active conduct of a business that was conducted immediately prior to the Distribution, or sell or otherwise transfer certain assets held at the time of the Distribution;

dissolve, liquidate, take any action that is a liquidation for federal income tax purposes, merge or consolidate with any other person (other than pursuant to the Merger); or

redeem or otherwise repurchase (directly or indirectly) any Talen Energy or PPL common stock (other than pursuant to certain open market purchases).

Nevertheless, Talen Energy or PPL would be permitted to take any of the actions described above if it obtains an IRS private letter ruling or an opinion of counsel to the effect that the action will not affect the tax-free status of the Talen Transactions.

In connection with the Talen Transactions, PPL, HoldCo, Talen Energy Supply and certain of their respective subsidiaries agreed to make protective elections under Section 336(e) of the Code with respect to the Distribution. If the Distribution is taxable and PPL is responsible for any taxes resulting from the Distribution pursuant to the Separation Agreement, HoldCo would be required to make periodic payments to PPL equal to the tax savings arising from a step up in the tax basis of HoldCo s assets as a result of the Distribution being taxable and the election under Section 336(e) of the Code becoming effective.

Mitigation Plans

In connection with the FERC approval of the Talen Transactions, PPL, Talen Energy and RJS Power agreed that within twelve months following the closing of the Talen Transactions, Talen Energy will enter into an agreement to divest between 1,300 and 1,400 MW of generating assets in one of two groups of assets (both of which include the Sapphire assets located in PJM, and one of which also includes the Holtwood, Wallenpaupack and Crane facilities, and the other of which also includes the Ironwood Facility), and to limit PJM energy market offers from assets it would retain in the other group to cost-based offers.

In September 2015, Talen Energy submitted an alternative mitigation plan to FERC for approval. Under the alternative plan, Talen Energy will agree to sell the Holtwood, Lake Wallenpaupack, Crane and Ironwood facilities, and will have the ability to retain the Sapphire assets located in PJM, provided PJM energy market offers from such retained assets are limited to cost-based offers. In October 2015, Talen Energy entered into agreements to sell the Holtwood, Lake Wallenpaupack, Ironwood and Crane facilities. See Summary Recent Developments. There can be no assurance that FERC will accept the alternative plan on the terms requested or at all. The final group of assets sold in order to satisfy FERC s mitigation requirements, the timing of such sales and the sales prices will depend upon, among other factors, FERC s response to Talen Energy s September 2015 request, market conditions and the relative economic value of offers received.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

In June 2014, PPL and Talen Energy Supply executed definitive agreements with the Riverstone Holders to combine their competitive power generation businesses into a new, stand-alone, publicly traded company named Talen Energy Corporation. On June 1, 2015, PPL completed the spinoff to PPL shareowners of a newly formed entity, HoldCo, which at such time owned all of the membership interests of Talen Energy Supply and all of the common stock of Talen Energy. Immediately following the spinoff, HoldCo merged with a special purpose subsidiary of Talen Energy, with HoldCo continuing as the surviving company to the merger and as a wholly owned subsidiary of Talen Energy and the sole owner of Talen Energy Supply. PPL does not have an ownership interest in Talen Energy after completion of the spinoff. Substantially contemporaneous with the spinoff and merger, RJS Power was contributed by the Riverstone Holders to become a subsidiary of Talen Energy Supply (referred to as the Combination or the acquisition). Subsequent to the acquisition, RJS Power was merged into Talen Energy Supply. Talen Energy has treated the combination with RJS Power as an acquisition, with Talen Energy Supply considered the accounting acquirer of RJS Power, in accordance with business combination accounting guidance. See Notes 1 and 8 to the unaudited condensed consolidated financial statements of Talen Energy included elsewhere in this prospectus for additional information on the spinoff and acquisition.

The Unaudited Pro Forma Condensed Combined Financial Information (the pro forma financial information) has been derived from the historical consolidated financial statements of Talen Energy and Talen Energy Supply and the historical consolidated and combined financial statements of RJS Power (collectively, the historical financial statements). Talen Energy Supply is considered the accounting predecessor of Talen Energy; therefore, the historical consolidated financial information prior to June 1, 2015 presented for Talen Energy includes only legacy Talen Energy Supply information. From June 1, 2015, upon completion of the spinoff and acquisition, Talen Energy s historical consolidated financial information also includes RJS. As such, Talen Energy s historical consolidated financial information presented for the 2015 period represents six months of legacy Talen Energy Supply information consolidated with one month of RJS information from June 1, 2015, while the 2014 period represents only legacy Talen Energy Supply information. In addition, as the acquisition of RJS Power was completed on June 1, 2015, the Talen Energy historical consolidated financial information included elsewhere in this prospectus as of June 30, 2015 includes the preliminary purchase price allocation for the acquisition of RJS Power. The purchase price (total consideration) for the acquisition of RJS Power was deemed to be $902 million based on the fair value of the Talen Energy common stock issued for the acquisition using the June 1, 2015 closing when-issued market price. The purchase price allocation is considered by Talen Energy s management to be provisional and could change materially in subsequent periods. Any changes to the provisional purchase price allocation during the measurement period that result in material changes to the consolidated financial results will be adjusted retrospectively. The measurement period can extend up to a year from the date of acquisition, but Talen Energy expects to complete the purchase price allocation in the third quarter of 2015. The items pending finalization include, but are not limited to, the valuation of PP&E, intangible assets, certain liabilities, goodwill and deferred income taxes. See Note 7 to the unaudited condensed consolidated financial statements of Talen Energy included elsewhere in this prospectus for additional information on the provisional purchase price allocation.

The historical financial statements have been adjusted in the pro forma financial information to give effect to pro forma events that are: (i) directly attributable to the spinoff and Combination; (ii) factually supportable; and (iii) with respect to the statements of income, expected to have a continuing impact on results.

FERC approval of the RJS acquisition included a requirement that Talen divest one of two mitigation packages identified in the FERC Order. In September 2015, Talen requested that the FERC allow the company to consider a third mitigation package, which would exclude the Sapphire asset portfolio and include all of the other generating facilities from both of the approved mitigation packages. Our request for approval of this third option is pending at the

FERC. See The Talen Transactions Mitigation Plans for additional information. The Unaudited Pro Forma Condensed Combined Balance Sheet (the pro forma balance sheet) as of June 30, 2015 gives effect to the disposal of all the generating facilities identified in both approved mitigation packages to

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satisfy the FERC Order, including the Sapphire asset portfolio, as if they were completed on June 30, 2015 by adjusting the pro forma balance sheet to reflect certain related assets and liabilities for these facilities as divested for cash at either carrying value or, for those facilities under executed sale agreements, at the contracted sales price (subject to customary purchase price adjustments).

The Unaudited Pro Forma Condensed Combined Statements of Income (the pro forma statements of income) for the six months ended June 30, 2015 and for the year ended December 31, 2014 give effect to the spinoff of HoldCo, the Combination with RJS Power and the related disposal of all the generating facilities identified in both approved mitigation packages to satisfy the FERC Order, including the Sapphire asset portfolio, as if they were completed on January 1, 2014. The pro forma statements of income: (a) adjust revenues and expenses for the aforementioned disposals; (b) adjust for incremental depreciation and amortization expense related to fair value adjustments to PP&E and identifiable intangible assets and liabilities from the RJS Power acquisition; (c) adjust for incremental interest expense for outstanding borrowings to reflect the terms of the new $1.85 billion Revolving Facility; (d) conform certain RJS Power accounting policies with those of Talen Energy Supply (at the time of the spinoff and Combination, Talen Energy adopted the accounting policies of Talen Energy Supply); and (e) reflect the issuance of T