Talen Energy Corp
Form PRER14A
August 09, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Talen Energy Corporation
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Talen Energy Corporation common stock, par value $0.001 per share

(2) Aggregate number of securities to which transaction applies:

128,526,720 shares of common stock, 0 shares of common stock underlying outstanding stock options with an exercise price of less than $14.00 per share, 1,925,217 restricted stock units, 876,069 performance units (assuming the target achievement of the performance goals applicable to such award, and assuming the satisfaction of all other conditions to such delivery) and 88,287.30 director stock units.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

In accordance with Exchange Act Rule 0-11(c), the filing fee of $185,290.45 was determined by multiplying 0.0001007 by the aggregate merger consideration of $1,840,024,356.20. The aggregate merger consideration was calculated as the sum of (a) 128,526,720 shares of common stock multiplied by the merger consideration of $14.00 per share, (b) 1,925,217 shares of common stock issuable upon settlement of restricted stock units multiplied by the merger consideration of $14.00 per share, (c) $196,250 (the amount of equity-based compensation that may be issued prior to the closing of the merger), (d) 876,069 shares of common stock issuable upon settlement of performance units multiplied by the merger consideration of $14.00 per share (assuming the target achievement of the performance goals applicable to such award, and assuming the satisfaction of all other conditions to such delivery) and (e) 88,287.30 shares of common stock issuable upon settlement of director stock units multiplied by the merger consideration of $14.00 per share.

(4) Proposed maximum aggregate value of transaction:

$1,840,024,356.20

(5) Total fee paid:

$185,290.45

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PRELIMINARY PROXY MATERIALS—SUBJECT TO COMPLETION

Talen Energy Corporation

835 Hamilton Street, Suite 150

Allentown, Pennsylvania 18101

[ ], 2016

Dear Stockholders:

You are invited to attend a special meeting (such meeting, including any adjournment or postponement thereof, the "Special Meeting") of the stockholders of Talen Energy Corporation, which we refer to as the Company or Talen Energy, to be held on [ ], 2016, at [ ] (local time) at [ ].

At the Special Meeting you will be asked to approve the adoption of the Agreement and Plan of Merger, dated as of June 2, 2016 (as amended from time to time, the "Merger Agreement") by and among RPH Parent LLC ("RPH"), SPH Parent LLC ("SPH"), CRJ Parent LLC ("CRJ" and collectively with RPH and SPH, "Parent"), RJS Merger Sub Inc., a wholly owned subsidiary of Parent ("Merger Sub") and the Company pursuant to which Merger Sub will merge with and into the Company (the "Merger"), with the Company surviving the Merger. Parent and Merger Sub are beneficially owned by affiliates of Riverstone Holdings LLC ("Riverstone").

Your vote is very important. Whether or not you plan to attend the Special Meeting, as promptly as possible please complete, date, sign and return the enclosed proxy card in the accompanying prepaid reply envelope, or submit your

proxy over the Internet or by telephone. If you attend the Special Meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

If the Merger is completed, each outstanding share of Talen Energy's common stock, par value $0.001 per share (a "Share" or, collectively, the "Shares") outstanding immediately prior to the effective time of the Merger (other than (i) Shares owned by Raven Power Holdings LLC, Sapphire Power Holdings LLC and C/R Energy Jade, LLC, affiliates of Riverstone (collectively, the "Sponsor Entities"), Parent and Merger Sub, Shares owned by the Company's direct or indirect wholly owned subsidiaries and Shares owned by the Company as treasury stock, (ii) Shares owned by stockholders who have not voted in favor of adoption of the Merger Agreement or consented thereto in writing and who have properly exercised and not withdrawn a demand for appraisal pursuant to Section 262 of the Delaware General Corporation Law ("DGCL") with respect to such Shares, and (iii) Shares underlying the Company's stock options and Shares that are subject to the Company's restricted stock unit awards, the Company's performance units and the Company's director stock units) will be converted into the right to receive $14.00 per Share in cash, without interest, less any applicable withholding taxes.

The board of directors of the Company (the “Board”), with Ralph Alexander and Michael B. Hoffman, who are affiliated with Riverstone, recused, as more fully described in this proxy statement, evaluated the Merger in consultation with the Company’s management and legal and financial advisors. The Board (with Messrs. Alexander and Hoffman recused) has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair, advisable and in the best interests of the Company and its unaffiliated stockholders, (ii) approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and (iii) resolved to recommend that the holders of the Shares adopt the Merger Agreement, and directed that the Merger Agreement be submitted to the holders of Shares for their adoption. The approval of the proposal to adopt the Merger Agreement requires the affirmative vote of (i) the holders of a majority of outstanding Shares entitled to vote at the Special Meeting and (ii) the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by the holders of the Shares other than Riverstone, Parent, Merger Sub, the Sponsor Entities and any of their respective affiliates. **The Board (with Messrs. Alexander and Hoffman recused) recommends that you vote “FOR” the proposal to adopt the Merger Agreement and the transactions contemplated thereby, including the Merger.**

You will also be asked to vote at the Special Meeting on (i) one or more proposals to adjourn the Special Meeting, if necessary or appropriate, including adjournments to solicit additional proxies, which requires the affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote thereon at the Special Meeting, whether or not a quorum is present and (ii) the non-binding proposal regarding certain Merger-related executive compensation arrangements, which requires the affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote thereon at the Special Meeting. **The Board (with Messrs. Alexander and Hoffman recused) recommends that you vote “FOR” the proposal to adjourn the Special Meeting, if necessary or appropriate, and “FOR” the non-binding proposal regarding certain Merger-related executive compensation arrangements.**

Completion of the Merger is subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement.

In connection with the Merger Agreement, on June 2, 2016, the Sponsor Entities, which collectively own approximately 35% of the issued and outstanding Shares, entered into a Support Agreement with the Company pursuant to which the Sponsor Entities have committed to vote their Shares in favor of, and take certain other actions in furtherance of, the transactions contemplated by the Merger Agreement, including the Merger.

The accompanying proxy statement provides you with more detailed information about the Special Meeting, the Merger Agreement and the transactions contemplated thereby, including the Merger. A copy of the Merger Agreement is attached as Annex A to the proxy statement. We encourage you to carefully read the entire proxy statement and its annexes, including the Merger Agreement and the documents referred to or incorporated by reference in this proxy statement. You may also obtain additional information about the Company from other documents we have filed with the Securities and Exchange Commission (the “SEC”). **In particular, you should read the “Risk Factors” section**

beginning on page 16 in our annual report on Form 10-K for the fiscal year ended December 31, 2015, and other risk factors detailed from time to time in the Company's reports filed with the SEC and incorporated by reference in this proxy statement, for risks relating to our business and for a discussion of the risks you should consider in evaluating the proposed transaction and how it may affect you.

If you have any questions or need assistance voting your Shares, please call Georgeson LLC, the Company's proxy solicitor in connection with the Special Meeting, toll-free at (866) 741-9588.

Thank you in advance for your cooperation and continued support.

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Sincerely,

Paul A. Farr
President and Chief Executive Officer

The accompanying proxy statement is dated [ ], 2016, and is first being mailed to the Company's stockholders on or about [ ], 2016.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRELIMINARY PROXY MATERIALS—SUBJECT TO COMPLETION

Talen Energy Corporation

835 Hamilton Street, Suite 150

Allentown, Pennsylvania 18101

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Dear Stockholders:

You are cordially invited to attend a special meeting (such meeting, including any adjournment or postponement thereof, the "Special Meeting") of the stockholders of Talen Energy Corporation, which we refer to as the Company or Talen Energy, to be held on [ ], 2016, at [ ] (local time) at [ ], for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of June 2, 2016, as amended from time to time, which we refer to as the Merger Agreement, by and among (i) RPH Parent LLC, SPH Parent LLC and CRJ Parent LLC, which we refer to, collectively, as Parent, (ii) RJS Merger Sub Inc., a wholly owned subsidiary of Parent, which we refer to as Merger Sub, and (iii) the Company, pursuant to which Merger Sub will merge with and into the Company, which we refer to as the Merger, with the Company surviving the Merger, which we refer to as the Merger Agreement Proposal. Parent and Merger Sub are beneficially owned by affiliates of Riverstone Holdings LLC, which we refer to as Riverstone. A copy of the Merger Agreement is attached as Annex A to the accompanying proxy statement.

2. To consider and vote on one or more proposals to adjourn the Special Meeting, if necessary or appropriate, including adjournments to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve the Merger Agreement Proposal, which we refer to as the Adjournment Proposal.

3. To approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the Merger, which we refer to as the Golden Parachute Proposal.

4. To transact any other business that may properly come before the Special Meeting, or any adjournment or postponement of the Special Meeting, by or at the direction of the Company's board of directors, which we refer to as the Board.

These items of business are more fully described in the proxy statement accompanying this notice.

The approval of the Merger Agreement Proposal by the affirmative vote of (i) the holders of a majority of outstanding Shares entitled to vote at the Special Meeting and (ii) the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by the holders of the shares other than (a) Riverstone, (b) Parent, (c) Merger Sub, (d) Raven Power Holdings LLC, Sapphire Power Holdings LLC and C/R Energy Jade, LLC, which we refer to collectively as the Sponsor Entities, and any of their respective affiliates (as defined under Rule 405 of the Securities Act of 1933, as amended) which in the aggregate beneficially own 44,974,658 Shares, or approximately 35% of the issued and outstanding Shares, is required to complete the Merger described in the accompanying proxy statement.

The record date for the Special Meeting is [ ], 2016. Only stockholders of record at the close of business on that date are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof. Any stockholder entitled to attend and vote at the Special Meeting is entitled to appoint a proxy to attend and act on such stockholder's behalf. Such proxy need not be a stockholder of the Company.

Your vote is very important. To ensure your representation at the Special Meeting, please complete, date, sign and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly regardless of whether you expect to attend the Special Meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Special Meeting. The Board (with Messrs. Alexander and Hoffman, who are affiliated with Riverstone, recused) has approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and recommends that you vote "FOR" the Merger Agreement Proposal, "FOR" the Adjournment Proposal and "FOR" the Golden Parachute Proposal.

Submitting your proxy over the Internet or by telephone is fast and convenient, and your proxy is immediately confirmed and tabulated. Using the Internet or telephone helps save the Company money by reducing postage and proxy tabulation costs.

By Order of the Board of Directors,

Paul M. Breme

Senior Vice President, General Counsel and

Corporate Secretary

Allentown, Pennsylvania

Dated: [ ], 2016

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SUMMARY TERM SHEET

The following summary term sheet highlights selected information in this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. Each item in this summary term sheet includes a page reference directing you to a more complete description of that topic. See "*Where You Can Find More Information*." In this proxy statement, we refer to the Agreement and Plan of Merger, dated as of June 2, 2016, by and among RPH Parent LLC, SPH Parent LLC, CRJ Parent LLC, RJS Merger Sub Inc. and Talen Energy Corporation, as it may be amended from time to time, as the Merger Agreement, and the merger of RJS Merger Sub Inc. with and into Talen Energy Corporation pursuant to the Merger Agreement as the Merger. We refer to the Support Agreement, dated as of June 2, 2016, by and among Raven Power Holdings LLC, Sapphire Power Holdings LLC and C/R Energy Jade, LLC and Talen Energy Corporation, as it may be amended from time to time, as the Support Agreement. We refer to the Securities Act of 1933, as amended, as the Securities Act. In addition, we refer to (i) RPH Parent LLC, SPH Parent LLC and CRJ Parent LLC, collectively, as Parent, (ii) RJS Merger Sub Inc. as Merger Sub, (iii) Raven Power Holdings LLC, Sapphire Power Holdings LLC and C/R Energy Jade, LLC, collectively, as the Sponsor Entities, (iv) Riverstone Holdings LLC as Riverstone, (v) the Sponsor Entities, Parent and Merger Sub, collectively, as the Parent Group and (vi) Talen Energy Corporation as the Company, Talen Energy, us, our or we. We refer to the Company's common stock, par value $0.001, each as a Share and collectively as the Shares, the holders of the Shares (other than Riverstone, the Parent Group and any of their respective affiliates (as defined under Rule 405 of the Securities Act)), as Disinterested Stockholders, the special meeting of the stockholders of the Company to be held on [ ], 2016, at [ ] (local time) at [ ] including any adjournment or postponement thereof, as the Special Meeting, and [ ], 2016, the record date for the Special Meeting, as the Record Date.

If the Merger is completed, each Share outstanding immediately prior to the effective time of the Merger (other than (i) the Shares owned by the Parent Group and the Shares owned by the Company's direct or indirect wholly owned subsidiaries and the Shares owned by the Company as treasury stock, (ii) the Shares owned by stockholders who have not voted in favor of adoption of the Merger Agreement or consented thereto in writing and who have properly exercised and not withdrawn a demand for appraisal pursuant to Section 262 of the Delaware General Corporation Law, which we refer to as the DGCL, with respect to such Shares, which we refer to as the Dissenting Shares, and together with the Shares referred to in the immediately preceding clause (i), the Excluded Shares, and (iii) the Shares underlying the Company's stock options and the Shares that are subject to the Company's restricted stock unit awards, the Company's performance units and the Company's director stock units), will be converted into the right to receive $14.00 per Share in cash, without interest, which we refer to as the Merger Consideration, less any applicable withholding taxes.

Special Factors (page 16)

- *Background of the Merger.* A description of the background of the Merger, including our discussions with Riverstone, is included in "*Special Factors—Background of the Merger*."

- *Recommendation of the Board; Fairness of the Merger.* The Board, pursuant to resolutions adopted (with Ralph Alexander and Michael B. Hoffman, who are affiliated with Riverstone, recused) at a meeting of the Board held on June 2, 2016, has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement were fair, advisable and in the best interests of the Company and its unaffiliated stockholders, (ii) approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and (iii) resolved to recommend that the stockholders adopt the Merger Agreement, and directed that the Merger Agreement be submitted to the stockholders for their adoption. In evaluating the Merger, the Board consulted with the Company's management and legal and financial advisors and considered various material factors. For a description of the material factors considered by the Board in deciding to recommend approval of the proposal to adopt the Merger Agreement, see "*Special Factors—Recommendation of the Board; Fairness of the Merger*."

Position of the Riverstone Filing Parties as to the Fairness of the Merger. The Riverstone Filing Parties believe that the proposed Merger is substantively and procedurally fair to the Company's unaffiliated stockholders. However, none of the Riverstone Filing Parties nor any of their respective affiliates (other than the Company) has performed, or engaged a financial advisor to perform, any valuation or other analysis for purposes of assessing the fairness of the Merger to the Company and its unaffiliated stockholders. The belief of the Riverstone Filing Parties as to the procedural and substantive fairness of the Merger is based on the factors discussed in "*Special Factors—Position of the Riverstone Filing Parties as to the Fairness of the Merger*."

Opinion of Citigroup Global Markets Inc. In connection with the Merger, the Company's financial advisor, Citigroup Global Markets Inc., which we refer to as Citi, delivered a written opinion, dated June 2, 2016, to the members of the Board, other than Messrs. Alexander and Hoffman, which we refer to as the Disinterested Directors, as to the fairness, from a financial point of view and as of the date of the opinion, of the Merger Consideration to be received by Disinterested Stockholders pursuant to the Merger Agreement. The full text of Citi's written opinion, dated June 2, 2016, to the Disinterested Directors, which describes the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as Annex C to this proxy statement and should be read carefully in its entirety. The description of Citi's opinion set forth below is qualified in its entirety by reference to the full text of Citi's opinion. **Citi's financial advisory services and opinion were provided for the information of the Disinterested Directors (in their capacity as such) in connection with their evaluation of the Merger Consideration from a financial point of view and did not address any other terms, aspects or implications of the Merger. Citi expressed no view as to, and its opinion did not address, the underlying business decision of the Company to effect or enter into the Merger, the relative merits of the Merger as compared to any alternative business strategies that might exist for the Company or the effect of any other transaction in which the Company might engage or consider. Citi's opinion is not intended to be and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the proposed Merger or otherwise.** For a further discussion of Citi's opinion, see "*Special Factors—Opinion of Citigroup Global Markets Inc.*"

Purpose and Reasons of the Company for the Merger. The Company's purpose for engaging in the Merger is to enable its stockholders to receive the Merger Consideration, which represents a premium of (i) 85% over the closing price of the Shares on December 2, 2015, the day on which the acquisition proposal was first communicated to the chairman of the Board, (ii) 56% over the closing price of the Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company and (iii) 17% over the closing price of the Shares on June 2, 2016, the last trading day before the announcement of the Merger.

Certain Effects of the Merger. At the effective time of the Merger, each Share outstanding immediately prior to the effective time of the Merger (other than the Excluded Shares and the Shares underlying the Company's stock options and the Shares that are subject to the Company's restricted stock unit awards, the Company's performance units and the Company's director stock units) will be converted into the right to receive the Merger Consideration, less applicable withholding taxes, upon the terms and subject to the conditions set forth in the Merger Agreement, whereupon all such Shares

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will be automatically canceled, will cease to be outstanding, and will cease to exist, and the holders of such Shares will cease to have any rights with respect thereto, other than the right to receive the Merger Consideration. For a further discussion of the effects of the Merger, see "*Special Factors—Certain Effects of the Merger*."

· *Treatment of Stock Options and Other Equity-Based Awards*. Upon completion of the Merger:

All outstanding stock options will be cancelled in exchange for a cash payment equal to the product of (i) the number of Shares subject to the stock option multiplied by (ii) the excess, if any, of the Merger Consideration over the exercise price per Share of the stock option, which will be paid as promptly as practicable following the effective time of the Merger. If the exercise price per Share of any stock option is equal to or greater than the Merger Consideration, such stock option will be cancelled without any payment.

Outstanding restricted stock units will be cancelled in exchange for a cash payment equal to the product of (i) the Merger Consideration multiplied by (ii) the number of Shares underlying the restricted stock units, which we refer to as the RSU Cash Payment. The RSU Cash Payment will be paid either (a) for restricted stock units granted prior to the date of the Merger Agreement, as promptly as practicable following the effective time of the Merger or (b) for restricted stock units granted on or after the date of the Merger Agreement, following the effective time of the Merger, subject to the same vesting schedule applicable to the underlying restricted stock units.

Outstanding performance units, other than those held by certain executive officers, will be cancelled in exchange for a cash payment equal to the product of (i) the Merger Consideration multiplied by (ii) the number of Shares underlying the cancelled performance units assuming the target achievement of applicable performance goals, which we refer to as the PSU Cash Payment, which (except as described in the immediately following sentence) will be paid as promptly as practicable following the effective time of the Merger. Each of Messrs. Farr, McGuire, Hopf and Rausch will be paid a pro-rata portion of the PSU Cash Payment (calculated based on the number of performance units that would have been delivered to the executive officer upon the Merger under the terms of the applicable performance unit award agreement) as promptly as practicable following the effective time of the Merger and the remaining portion of the PSU Cash Payment payable to these executive officers will be paid following the effective time of the Merger subject to the same time-based (but not performance-based) vesting schedule applicable to the underlying performance units under the terms of the applicable performance unit award agreement.

Outstanding director stock units will be converted into a cash payment equal to the product of (i) the Merger Consideration multiplied by (ii) the number of Shares represented by the director stock unit, with such amount payable in accordance with the terms of the Directors Deferred Compensation Plan and any related deferral election. For a further discussion, see "*Special Factors—Certain Effects of the Merger—Treatment of Stock Options and Other Equity-Based Awards*."

- *Interests of Executive Officers and Directors of the Company in the Merger.* In considering the recommendations of the Board (with Messrs. Alexander and Hoffman recused) with respect to the Merger, the Company's stockholders should be aware that the executive officers and directors have certain interests in the Merger that may be different from, or in addition to, the interests of the Company's stockholders generally. The Board was aware of these interests and considered them, among other matters, in making its recommendations. These interests include the following:

- the accelerated vesting and payment of awards of the Company's restricted stock units, the Company's performance units and the Company's director stock units;

- certain severance and other separation benefits that may be payable following termination of employment after the effective time of the Merger under severance agreements or the Company's executive severance plan, as applicable;

- with respect to certain of our executive officers, the eligibility to receive cash-based retention bonuses, payable upon the earlier of the effective time of the Merger and September 2, 2017; and

- the provision of indemnification and insurance arrangements pursuant to the Merger Agreement.

These interests are discussed in more detail under "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger*."

- *Intent to Vote in Favor of the Merger*. Our directors and executive officers have informed us that, as of the date of this proxy statement, they intend to vote all of the Shares owned directly by them in favor of the adoption of the Merger Agreement and each of the other proposals. As of [ ], 2016, the Record Date for the Special Meeting, our directors and executive officers directly owned, in the aggregate, [ ] Shares entitled to vote at the Special Meeting, or collectively approximately [ ]% of the outstanding Shares entitled to vote at the Special Meeting.

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- *Material U.S. Federal Income Tax Consequences of the Merger*. The exchange of the Shares for cash in the Merger will be a taxable transaction to U.S. Holders (as defined below in "*Special Factors—Material U.S. Federal Income Tax Consequences of the Merger*") for U.S. federal income tax purposes. A U.S. Holder will generally recognize gain or loss in an amount equal to the difference, if any, between the cash received by such holder in the Merger and the adjusted tax basis in the Shares surrendered in exchange therefor. Stockholders should consult their own tax advisors to determine the particular tax consequences to them (including the application of any U.S. federal non-income, state, local and non-U.S. tax laws) of the Merger. Stockholders should read "*Special Factors—Material U.S. Federal Income Tax Consequences of the Merger*."

- *Financing of the Merger.* The Merger is not subject to any financing condition. Parent estimates that the total amount of funds necessary to complete the Merger and the related transactions will be approximately $1.3 billion. Parent expects this amount to be funded through a combination of the following:

- approximately $[ ] billion of cash on hand at the Company and its subsidiaries, which may include cash available under the Company's existing revolving credit facility, which we refer to as the Credit Facility, under the credit agreement, dated as of June 1, 2015, among Talen Energy Supply, LLC, an indirect, wholly owned subsidiary of the Company, which we refer to as Talen Energy Supply, the lenders and arrangers party thereto, and Citibank, N.A., which we refer to as the Credit Agreement, described under "*Special Factors—Financing of the Merger*," and

- up to approximately $250 million from the new secured term loan described under "*Special Factors—Financing of the Merger*."

- *Regulatory Approvals*. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder, which we refer to collectively as the HSR Act, certain transactions, including the Merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the Department of Justice, which we refer to as the DOJ, and the Federal Trade Commission, which we refer to as the FTC, and all statutory waiting period requirements have been satisfied. Expiration or termination of the applicable waiting period (and any extension thereof) under the HSR Act is a condition to completion of the Merger.

The Merger is also conditioned on obtaining regulatory approvals from (i) the Federal Energy Regulatory Commission, which we refer to as the FERC, (ii) the Nuclear Regulatory Commission, which we refer to as the NRC, (iii) the New York Public Service Commission, which we refer to as the NYPSC, (iv) the Federal Communications Commission, which we refer to as the FCC, and (v) other applicable state agencies. See "*Special Factors—Regulatory Approvals*."

- *Litigation Relating to the Merger*. Currently, the Company is not aware of any pending litigation related to the Merger.

The Merger Agreement (page 88)

- A summary of the material provisions of the Merger Agreement, which is attached as Annex A to this proxy statement and which is incorporated by reference in this proxy statement, is included in "*The Merger Agreement*."

- *Effective Time of the Merger; Closing*. We are working to complete the Merger as promptly as practicable. Assuming timely satisfaction of necessary closing conditions set forth in the Merger Agreement, we anticipate that the Merger will be completed by the end of 2016. If our stockholders vote to adopt the Merger Agreement, the Merger will become effective as promptly as practicable following the satisfaction or written waiver of the other conditions to the Merger, including the receipt of all required regulatory approvals and consents. The Company, however, cannot assure completion of the Merger by any particular date, if at all.

- *Conditions to the Completion of the Merger*. The closing of the Merger depends on a number of conditions being satisfied or waived. These conditions, which are described more fully in "*The Merger Agreement—Conditions to the Completion of the Merger*," include:

  - the adoption of the Merger Agreement by the Company's stockholders;

- the receipt of specified regulatory approvals under the HSR Act and from the FERC, the NRC, the FCC, the NYPSC and other applicable state agencies;

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- the absence of any law, statute, ordinance, or ruling of any governmental authority prohibiting consummation of the Merger or making the consummation of the Merger illegal;
- the receipt by the Company of either a private letter ruling from the Internal Revenue Service, which we refer to as IRS, or an opinion of nationally recognized tax counsel or KPMG, PricewaterhouseCoopers, Deloitte or Ernst & Young to the effect that the Merger will not affect the intended tax-free status of the Talen Transactions (as defined below in "*Summary Term Sheet—Parties to the Merger*"), or waiver of such requirement by PPL Corporation;
- the accuracy of each party's representations and warranties in the Merger Agreement (subject to materiality qualifiers);
- the performance in all material respects by each party of all obligations required to be performed by it under the Merger Agreement;
- the delivery of an officers' certificate by each party with respect to representation and warranties and performance of obligations under the Merger Agreement;
- no material adverse effect or a Susquehanna material adverse effect (each, as defined under the Merger Agreement) having occurred;
- the absence of law, regulatory approval or governmental authority requiring any undertakings or other acts that constitute a burdensome condition (as defined under the Merger Agreement);
- the satisfaction of the requirement for the Company to have certain minimum liquidity; and
- the absence of certain specified events of default under the Credit Agreement.
- *Solicitation of Acquisition Proposals*. Pursuant to the Merger Agreement, the Company was permitted to actively solicit and consider Alternative Proposals (as defined below in "*The Merger Agreement—Solicitation of Acquisition Proposals*") from third parties until 11:59 p.m., Eastern time, on July 12, 2016, which we refer to as the Go-Shop Period. As discussed in more detail in "*Special Factors—Background of the Merger—Subsequent Events*," the Go-Shop Period expired with no party submitting an Alternative Proposal that constituted or could lead to a Superior Proposal (as defined below in "*The Merger Agreement—Solicitation of Acquisition Proposals*").

Commencing at 12:01 a.m., Eastern time, on July 13, 2016, which we refer to as the No-Shop Period Start Date, the Company was required to cease all existing discussions or negotiations with any person with respect to any Alternative Proposal, except as otherwise provided below, and may not solicit any Alternative Proposals.

If the Company or any of its subsidiaries receives a written Alternative Proposal after the No-Shop Period Start Date and prior to obtaining stockholder approval of the Merger Agreement Proposal, the Company will be permitted to engage in discussions and negotiations regarding such Alternative Proposal if the Board determines in good faith (after consultation with the Company's outside legal and financial advisors) that such Alternative Proposal is or would reasonably be expected to lead to a Superior Proposal.

The Board is prohibited from taking certain actions enumerated in the Merger Agreement that would amount to a change in the recommendation of the Board to the stockholders to approve the Merger Agreement Proposal, unless, prior to obtaining stockholder approval of the Merger Agreement Proposal, the Board determines in good faith, with respect to clause (i) below, after consultation with outside legal advisors, and with respect to clause (ii) below, after consultation with the Company's outside legal and financial advisors, that (i) the failure to make such change would reasonably be expected to be inconsistent with the Board's fiduciary duties or (ii) an Alternative Proposal constitutes a Superior Proposal.

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- *Termination*. The Merger Agreement contains certain termination rights, including the right of the Company to terminate the Merger Agreement to accept a Superior Proposal, subject to specified exceptions and limitations, and provides that, upon termination of the Merger Agreement by the Company or Parent upon specified conditions, the Company will be required to pay Parent a termination fee of $50 million. However, under specified conditions, where (i) the Company terminates the Merger Agreement in connection with its entry into a Superior Proposal with an Excluded Party or (ii) Parent terminates the Merger Agreement in connection with a change in the recommendation of the Board to the stockholders to approve the Merger Agreement Proposal resulting from a Superior Proposal with an Excluded Party, the Company was required to pay Parent a termination fee of $25 million.

Upon termination of the Merger Agreement by the Company or Parent under specified conditions, Parent will be required to pay the Company a termination fee of $85 million. In addition, subject to specified exceptions and limitations, either party may terminate the Merger Agreement if the Merger is not consummated by March 2, 2017, which date will be extended to June 2, 2017 in the event that certain conditions remain unsatisfied as of March 2, 2017. We refer to March 2, 2017, as may be extended to June 2, 2017, as the End Date. See "*The Merger Agreement—Termination—Termination Fees*."

Support Agreement (page 115)

- In connection with the Merger Agreement, on June 2, 2016, the Sponsor Entities, which collectively own approximately 35% of the issued and outstanding Shares, entered into a Support Agreement with the Company pursuant to which the Sponsor Entities have committed to vote their Shares in favor of, and take certain other actions in furtherance of, the transactions contemplated by the Merger Agreement, including the Merger. The Support Agreement will terminate upon the earliest to occur of (i) the effective time of the Merger, (ii) a termination of the Merger Agreement in accordance with its terms, (iii) a change of recommendation by the Board and (iv) a written agreement of the parties to the Support Agreement.

Parties to the Merger (page 118)

- *Talen Energy Corporation* (the "Company") is a Delaware corporation, whose business was formed as a result of the spinoff of Talen Energy Supply and the substantially contemporaneous combination of that business with the merchant power generation business of RJS Generation Holdings LLC, which we refer to as RJS, on June 1, 2015, which transactions we collectively refer to as the Talen Transactions. For more information on the Talen Transactions, see "*Other Important Information Regarding the Company—Talen Transactions*." The Company is one of the largest competitive energy and power generation companies in North America. The Company owns or controls 16,000 megawatts of generating capacity in well-developed, structured wholesale power markets, principally in the Northeast, Mid-Atlantic and Southwest regions of the United States. Our principal executive office is located at 835 Hamilton Street, Suite 150, Allentown, Pennsylvania 18101, and the telephone number of our principal executive

office is (888) 211-6011.

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- *RPH Parent LLC, SPH Parent LLC and CRJ Parent LLC* (collectively, "Parent") are each Delaware limited liability companies. Parent is beneficially owned by affiliates of Riverstone and was formed solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. Parent has not engaged in any business except for the activities incident to its formation and in connection with the transactions contemplated by the Merger Agreement. Parent's principal executive office is located at c/o Extol Energy LLC, 2901 Via Fortuna Drive, Building 6, Suite 650, Austin, Texas 78746-7574, and the telephone number of its principal executive office is (512) 314-8600.

- *RJS Merger Sub Inc.* ("Merger Sub") is a Delaware corporation. Merger Sub is a wholly owned subsidiary of Parent and was formed solely for the purpose of engaging in the Merger and related transactions. Merger Sub has not engaged in any business other than in connection with the Merger and related transactions. At the effective time of the Merger, Merger Sub will be merged with and into the Company and will cease to exist and the Company will continue as the surviving corporation. Merger Sub's principal executive office is located at c/o Extol Energy LLC, 2901 Via Fortuna Drive, Building 6, Suite 650, Austin, Texas 78746-7574, and the telephone number of its principal executive office is (512) 314-8600.

Other Important Information Regarding the Company (page 126)

- *Market Price of Common Stock and Dividends.* The Shares are listed for trading on the New York Stock Exchange, which we refer to as the NYSE, under the symbol "TLN." We have not declared or paid any cash dividends on the Shares. The Merger Agreement does not permit us to pay any dividends on the Shares without the prior written consent of Parent. The closing price of the Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company, was $9.00 per Share.

On [   ], 2016, the most recent practicable date before this proxy statement was distributed to our stockholders, the closing price for the Shares on the NYSE was $[   ] per Share. You are encouraged to obtain current market quotations for the Shares in connection with voting your Shares.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger, the Merger Agreement and the Special Meeting. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the "*Summary Term Sheet*" and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, all of which you should read carefully. See "*Where You Can Find More Information*."

Q. **Why am I receiving this document?**

A. On June 2, 2016, the Company entered into the Merger Agreement. Pursuant to the Merger Agreement, Merger Sub will merge with and into the Company with the Company surviving the Merger. Parent and Merger Sub are beneficially owned by affiliates of Riverstone. A copy of the Merger Agreement is attached to this proxy statement as Annex A. Pursuant to resolutions adopted at a meeting of the Board held on June 2, 2016, the Board (with Messrs. Alexander and Hoffman recused) has unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair, advisable and in the best interests of the Company and its unaffiliated stockholders, (ii) approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and (iii) resolved to recommend that the holders of the Shares adopt the Merger Agreement and directed that the Merger Agreement be submitted to the holders of the Shares for their adoption. In evaluating the Merger, the Board (with Messrs. Alexander and Hoffman recused) consulted with the Company's management and legal and financial advisors and considered a number of factors.

The Company is soliciting proxies for the Special Meeting. You are receiving this proxy statement because you own Shares. This proxy statement contains important information about the proposed transaction and the Special Meeting, and you should read it carefully. The enclosed proxy card allows you to vote your Shares without attending the Special Meeting in person.

The Company is holding the Special Meeting so that our stockholders may vote with respect to the adoption of the Merger Agreement, the proposal to adjourn the Special Meeting, if necessary or appropriate, including adjournments to solicit additional proxies, and the non-binding proposal regarding certain Merger-related executive compensation arrangements.

Your vote is extremely important, and we encourage you to submit your proxy as soon as possible. For more information on how to vote your Shares, please see the section of this proxy statement entitled "*The Special Meeting*."

Q. What is the proposed transaction and what effects will it have on the Company?

A. The proposed transaction is the merger of Merger Sub with and into the Company pursuant to the Merger Agreement. If the Merger Agreement is adopted by our stockholders and the other closing conditions under the Merger Agreement have been satisfied or waived, Merger Sub, a wholly owned subsidiary of Parent, will merge with and into the Company and the Company will continue as the surviving corporation. As a result of the Merger, the Company will no longer be a publicly held corporation. In addition, following the consummation of the Merger, the registration of the Shares and the Company's reporting obligation under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, with respect to the Shares will be terminated upon application to the Securities and Exchange Commission, which we refer to as the SEC, and the Shares will no longer be listed on any exchange or quotation system, including the NYSE, and price quotations will no longer be

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available. Following the consummation of the Merger, your Shares will represent only the right to receive the Merger Consideration, and you will no longer have any interest in our future earnings, growth, or value.

Q. What happens if the Merger is not completed?

A. If the proposal to adopt the Merger Agreement is not approved by our stockholders or if the Merger is not completed for any other reason, our stockholders will not receive any payment for their Shares in connection with the Merger. Instead, the Company will remain a public company and our Shares will continue to be listed and traded on the NYSE, so long as the Company continues to meet the applicable listing requirements.

Q. When and where is the Special Meeting?

A. The Special Meeting of stockholders of the Company will be held on [ ], 2016, at [ ] (local time) at [ ].

Q. Who can vote at the Special Meeting?

A. Stockholders of record as of the close of business on [ ], 2016, the Record Date for the Special Meeting, are entitled to receive notice of and to attend and vote at, the Special Meeting, or any adjournment or postponement thereof. Each record holder of the Shares as of the Record Date is entitled to cast one vote on each matter properly brought before the Special Meeting for each Share that such holder owns of record as of the Record Date. If you are a stockholder of record, please be prepared to provide proper identification at the Special Meeting, such as a driver's license. If you wish to attend the Special Meeting and your Shares are held in "street name" by your broker, bank or other nominee, you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee, along with proper identification. "Street name" holders who wish to vote at the Special Meeting will need to obtain a proxy executed in such holder's favor from the broker, bank or other nominee that holds their Shares of record. Seating will be limited at the Special Meeting.

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Q. What is the difference between being a "stockholder of record" and a "beneficial owner" of shares held in "street name"?

A. If your Shares are registered directly in your name with our transfer agent, Wells Fargo Bank, N.A., you are considered, with respect to those Shares, the "stockholder of record." In that case, this proxy statement and your proxy card have been sent directly to you by the Company.

If your Shares are held through a bank, brokerage firm or other nominee, you are considered the "beneficial owner" of the Shares held in "street name." In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee which may be, with respect to those Shares, the stockholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee as to how to vote your Shares by following their instructions for voting.

Q. What am I being asked to vote on at the Special Meeting?

A. You are being asked to consider and vote on the following:

- A proposal to adopt the Merger Agreement, a copy of which is attached to this proxy statement as Annex A, which we refer to as the Merger Agreement Proposal;

- One or more proposals to adjourn the Special Meeting, if necessary or appropriate, including adjournments to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the Merger Agreement, which we refer to as the Adjournment Proposal; and

- A non-binding proposal regarding certain Merger-related executive compensation arrangements, as disclosed in the "*Potential Change-in Control Payments to Named Executive Officers*" table contained in the section captioned "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Golden Parachute Compensation*," which we refer to as the Golden Parachute Proposal.

Q. What is a quorum?

A. The representation of the holders of a majority of the Shares outstanding and entitled to vote, present in person or by proxy, at the Special Meeting will constitute a quorum for the purposes of the Special Meeting.

Q. What vote is required for the Company's stockholders to approve the Merger Agreement Proposal?

A. The approval of the proposal to adopt the Merger Agreement and the transactions contemplated thereby, including the Merger, requires the affirmative vote of (i) the holders of a majority of outstanding Shares entitled to vote at the Special Meeting and (ii) the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by Disinterested Stockholders.

As of [ ], 2016, which is the Record Date, there were [ ] Shares outstanding.

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In connection with the Merger Agreement, on June 2, 2016, the Sponsor Entities, which collectively own approximately 35% of the issued and outstanding Shares, entered into a Support Agreement with the Company pursuant to which the Sponsor Entities have committed to vote their Shares in favor of, and take certain other actions in furtherance of, the transactions contemplated by the Merger Agreement, including the Merger.

Q. What vote is required for the Company's stockholders to approve the Adjournment Proposal?

A. Approval of one or more proposals to adjourn the Special Meeting, if necessary or appropriate, including adjournments to solicit additional proxies requires the affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote thereon at the Special Meeting, whether or not a quorum is present.

Q. What vote is required for the Company's stockholders to approve the Golden Parachute Proposal?

A. Approval of the non-binding proposal regarding certain Merger-related executive compensation arrangements requires the affirmative vote of the holders of a majority of the Shares present in person or represented by proxy and entitled to vote thereon at the Special Meeting.

Q. **How are the votes counted?**

A. For each of the Merger Agreement Proposal, the Adjournment Proposal and the Golden Parachute Proposal, you may vote "FOR," "AGAINST" or "ABSTAIN." An abstention will have the same effect as an "AGAINST" vote for these proposals and will count for purposes of determining if a quorum is present at the Special Meeting.

Q. How does the Board recommend that I vote?

A. The Board (with Messrs. Alexander and Hoffman recused) recommends that you vote

- "**FOR**" the Merger Agreement Proposal,
- "**FOR**" the Adjournment Proposal, and
- "**FOR**" the Golden Parachute Proposal.

You should read "*Special Factors—Recommendation of the Board; Fairness of the Merger*" for a discussion of the factors that the Board (with Messrs. Alexander and Hoffman recused) considered in deciding to recommend the approval of the Merger Agreement. See also "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger*."

Q. How do I vote?

A. If you are a stockholder of record as of the Record Date, you may vote your Shares on matters presented at the Special Meeting in any of the following ways:

- in person—you may attend the Special Meeting and cast your vote there;
- by proxy—stockholders of record have a choice of voting by proxy;

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- over the Internet (the website address for Internet voting is printed on your proxy card);
- by using the toll-free telephone number noted on your proxy card; or
- by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope.

If you are a beneficial owner of the Shares as of the Record Date, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a beneficial owner and wish to vote in person at the Special Meeting, you must have a legal proxy from your bank, brokerage firm or other nominee.

The control number located on your proxy card is designed to verify your identity and allow you to vote your Shares, and to confirm that your voting instructions have been properly recorded when submitting a proxy over the Internet or by telephone.

Please note that if you attend the Special Meeting in person, cameras, recording devices, cell phones and certain other electronic devices will not be permitted at the Special Meeting.

Q. What is a proxy?

A. A proxy is your legal designation of another person to vote your Shares. This written document describing the matters to be considered and voted on at the Special Meeting is called a proxy statement. The document used to designate a proxy to vote your Shares is called a proxy card.

Q. If I am a stockholder of record, what happens if I do not vote or submit a proxy card?

A. If you fail to vote, either in person or by proxy, your Shares will not be voted at the Special Meeting and will not be counted for purposes of determining whether a quorum exists.

Additionally, your failure to vote will (i) (a) have the effect of counting “AGAINST” the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of the holders of a majority of the outstanding Shares entitled to vote at the Special Meeting and (b) have no effect on the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by Disinterested Stockholders, and

(ii) have no effect on the Adjournment Proposal or the Golden Parachute Proposal.

Q. If my Shares are held in "street name" by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee vote my Shares for me?

A. Your bank, brokerage firm or other nominee will only be permitted to vote your Shares if you instruct your bank, brokerage firm or other nominee as to how to vote. You should follow the procedures provided by your bank, brokerage firm or other nominee regarding the voting of your Shares. Under NYSE rules, absent your instructions, a bank, brokerage firm or other nominee does not have discretionary authority to vote on "non-routine" matters and all of the matters to be considered at the Special Meeting are, under the NYSE rules, "non-routine."

If you instruct your bank, brokerage firm or other nominee how to vote on at least one, but not all of the proposals to be considered at the Special Meeting, your Shares will be voted according to your instructions on those proposals for which you have provided instructions and will be counted

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as present for purposes of determining whether a quorum is present at the Special Meeting. In this scenario, a "broker non-vote" will occur with respect to each proposal for which you did not provide voting instructions to your bank, brokerage firm or other nominee.

A failure to provide instructions with respect to any of the proposals and a broker non-vote will have (i) the effect of an "AGAINST" vote on the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of the holders of a majority of the outstanding Shares entitled to vote at the Special Meeting, (ii) no effect on the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by Disinterested Stockholders and (iii) no effect on the Adjournment Proposal or the Golden Parachute Proposal.

Q. If a stockholder gives a proxy, how are the Shares voted?

A. Regardless of the method you choose to submit a proxy, the individuals named on the enclosed proxy card will vote your Shares in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your Shares should be voted "**FOR**" or "**AGAINST**," or to "**ABSTAIN**" from voting on, all, some or none of the specific items of business to come before the Special Meeting.

If you properly sign your proxy card but do not mark the boxes indicating how your Shares should be voted on a matter, the Shares represented by your properly signed proxy will be voted "**FOR**" the Merger Agreement Proposal, "**FOR**" the Adjournment Proposal and "**FOR**" the Golden Parachute Proposal.

Q. Can I change or revoke my vote?

A. Yes. You have the right to revoke a proxy, including any proxy you may have given whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by submitting another proxy, including a proxy card, at a later date through any of the methods available to you, by giving written notice of revocation to our Corporate Secretary, which must be filed with our Corporate Secretary by the time the Special Meeting begins, or by attending the Special Meeting and voting in person. If your Shares are held in street name by your bank, broker or other nominee, please refer to the information forwarded by your bank, broker or other nominee for procedures on changing or revoking your proxy.

Only your last submitted proxy will be considered. Please cast your vote **"FOR"** each of the proposals listed in this proxy statement, following the instructions provided, as promptly as possible.

Q. What do I do if I receive more than one proxy or set of voting instructions?

A. If you hold the Shares in “street name,” or through more than one bank, brokerage firm or other nominee, and also directly as a record holder or otherwise, you may receive more than one proxy or set of voting instructions relating to the Special Meeting. These should each be executed and returned separately in accordance with the instructions provided in this proxy statement in order to ensure that all of your Shares are voted.

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Q. What happens if I sell my Shares before the Special Meeting?

A. The Record Date for stockholders entitled to vote at the Special Meeting is prior to both the date of the Special Meeting and the consummation of the Merger. If you transfer your Shares before the Record Date, you will not be entitled to vote at the Special Meeting and will not be entitled to receive the Merger Consideration. If you transfer your Shares after the Record Date but before the Special Meeting you will, unless special arrangements are made, retain your right to vote at the Special Meeting but will transfer the right to receive the Merger Consideration to the person to whom you transfer your Shares. Unless special arrangements are made, the person to whom you transfer your Shares after the Record Date will not have a right to vote those Shares at the Special Meeting.

Q. Who will solicit and pay the cost of soliciting proxies?

A. The Company has engaged Georgeson LLC to assist in the solicitation of proxies for the Special Meeting. The Company has agreed to pay Georgeson LLC a fee of $12,000, and to reimburse Georgeson LLC for reasonable out-of-pocket expenses. The Company will indemnify Georgeson LLC and its affiliates against certain claims, liabilities, losses, damages and expenses. The Company also will reimburse banks, brokers and other custodians, nominees and fiduciaries representing beneficial owners of the Shares for their expenses in forwarding soliciting materials to beneficial owners of our Shares and in obtaining voting instructions from those owners. Our directors, officers and employees may also solicit proxies by telephone, by facsimile, by mail, by email, over the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

Q. What do I need to do now?

A. Even if you plan to attend the Special Meeting, after carefully reading and considering the information contained in this proxy statement, please submit your proxy promptly to ensure that your Shares are represented at the Special Meeting. If you hold your Shares in your own name as the stockholder of record, please submit your proxy for your Shares by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope, by using the telephone number printed on your proxy card or by following the Internet proxy instructions printed on your proxy card. If you decide to attend the Special Meeting and vote in person, your vote by ballot at the Special Meeting will revoke any proxy previously submitted. If you are a beneficial owner of the Shares, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you.

Q. What is householding and how does it affect me?

A. The SEC rules permit companies and intermediaries such as banks and brokers to satisfy delivery requirements with respect to two or more stockholders sharing the same address by delivering a

single proxy statement or a single notice of Internet availability of proxy materials addressed to those stockholders. This process is commonly referred to as "householding." While the Company does not household, a number of brokerage firms with account holders who are the Company's stockholders may institute householding. Once you have received notice from your bank or broker that it will be householding materials to your address, householding generally will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or notice of internet availability of proxy materials, or if your household is receiving multiple copies of these documents and you wish to request that future deliveries be limited to a single copy, you should contact your bank or broker.

Q. Am I entitled to exercise appraisal rights under the DGCL instead of receiving the Merger Consideration for my Shares?

A. Stockholders are entitled to appraisal rights under Section 262 of the DGCL, with respect to any or all of their Shares in connection with the Merger, provided they meet all of the conditions set forth in Section 262 of the DGCL, a copy of which is attached as Annex D to this proxy statement. This means that you are entitled to have the "fair value" of such Shares determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount you receive in an appraisal proceeding may be less than, equal to or more than the amount you would have received under the Merger Agreement.

To exercise your appraisal rights, you must submit a written demand for appraisal to the Company before the vote is taken on the Merger Agreement Proposal, you must not submit a proxy or otherwise vote in favor of the Merger Agreement Proposal and you must hold such Shares continuously through the effective time of the Merger and otherwise comply with Section 262 of the DGCL. Your failure to follow exactly the procedures specified under the DGCL will result in the loss of your appraisal rights. See "*Appraisal Rights*" and the text of Section 262 of the DGCL reproduced in its entirety as Annex D to this proxy statement. If you hold your Shares through a bank, brokerage firm or other nominee and you wish to exercise appraisal rights, you should consult with your bank, broker or other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee. In view of the complexity of Section 262 of the DGCL, stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors prior to making any decision whether to pursue appraisal rights with respect to their Shares.

Q. Who can help answer my other questions?

A. If you have additional questions about the Merger, need assistance in submitting your proxy or voting your Shares, or need additional copies of the proxy statement or the enclosed proxy card, please contact:

Georgeson LLC
1290 Avenue of the Americas
9th Floor
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SPECIAL FACTORS

This discussion of the Merger is qualified by reference to the Merger Agreement, which is attached to this proxy statement as Annex A. You should read the entire Merger Agreement carefully because it is the legal document that governs the Merger.

We are asking our stockholders to vote on the adoption of the Merger Agreement. If the Merger is completed, the holders of the Shares (other than Excluded Shares) will have the right to receive the Merger Consideration, less any applicable withholding taxes.

Background of the Merger

The Company's business was formed on June 1, 2015 pursuant to the Talen Transactions. As a result of the Talen Transactions, the Sponsor Entities collectively own approximately 35% of the outstanding Shares and are parties to a stockholders agreement, dated June 1, 2015, with the Company, which we refer to as the Stockholder Agreement. Pursuant to the Stockholder Agreement, Riverstone is entitled to designate for election three members of the Board, including one independent director who is not an officer, director or employee of Riverstone. Messrs. Alexander and Hoffman, each a Partner of Riverstone, are the Riverstone designees to the Board, with Mr. Casey serving as the independent director designee of Riverstone. For additional information regarding the material terms of the Stockholder Agreement, see "*Other Important Information Regarding the Parent Group and Riverstone—Significant Past Transactions and Contracts—Stockholder Agreement*."

In late November 2015, representatives of a financial sponsor, which we refer to as Party A, contacted Paul Farr, a member of the Board and the Chief Executive Officer of the Company, to express interest in potentially exploring a transaction with the Company. Mr. Farr and Jeremy McGuire, the Chief Financial Officer of the Company, met with representatives of Party A at Party A's offices on December 2. Topics discussed at the meeting included each party's perspectives on the merchant power industry, possible opportunities to partner together on strategic transactions and the possibility of Party A taking the Company private. Party A did not make any proposal to the Company following these discussions.

On December 3, 2015, Mr. Hoffman communicated in a call to Stuart Graham, chairman of the Board, Riverstone's interest in acquiring the Company's outstanding Shares not beneficially owned by Riverstone for $11.00 per Share in cash, which represented an approximate 45% premium to the closing price of the Shares on December 2, 2015, which was followed the same day with an email communication outlining the proposal. Mr. Hoffman requested that Riverstone be provided an opportunity to present its proposal to the Board at or before its next meeting. Mr. Hoffman's

email was forwarded to the other members of the Board by Mr. Graham on the same day. Prior to December 3, 2015, none of Mr. Hoffman, Mr. Alexander, or any other representative of Riverstone or any of its affiliates had expressed to the Company any interest in Riverstone acquiring additional Shares.

On December 7, 2015, the members of the Board, other than Messrs. Alexander and Hoffman, which we refer to as the Disinterested Directors, held a telephonic meeting to discuss the proposal communicated by Mr. Hoffman and preliminary process considerations. The Disinterested Directors discussed the potential engagement of Citi as the Company's financial advisor, citing, among other things, Citi's familiarity with the Company and experience and reputation generally and in the merchant power generation industry specifically, and approved the engagement, subject to review of information regarding Citi's material relationships. Representatives of Kirkland & Ellis LLP, which we refer to as Kirkland, the Company's legal advisor, provided an overview to the Disinterested Directors regarding their fiduciary duties in considering Riverstone's proposal and reviewed certain terms and legal aspects of the proposal, including Riverstone's rights under the Stockholder Agreement and the terms of the standstill provision therein. Representatives of Kirkland noted that Messrs. Hoffman and Alexander, as non-independent representatives of Riverstone, should be recused from future deliberations and decision-making regarding the proposal as well as the evaluation of alternative options. Representatives of Kirkland also confirmed with Messrs. Farr and McGuire that they had not discussed potential post-transaction involvement in the

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management of the Company with Riverstone or any other potential acquiror. The Disinterested Directors instructed each to refrain from any such discussions without prior approval from the Disinterested Directors. Based on the foregoing and after discussion, the other Disinterested Directors decided Mr. Farr would not need to be recused from future deliberations and decision-making by the Disinterested Directors regarding the proposal or alternative options. Following discussion with representatives of Kirkland, the Disinterested Directors concluded that it was consistent with their fiduciary duties to consider the Riverstone proposal in order to evaluate whether it was in the best interests of the Company and the unaffiliated stockholders, and accordingly it was not necessary to further consider the standstill provision in the Stockholder Agreement, which also provided an exception for any offer with respect to a transaction that is affirmatively publicly recommended by the Board. The Disinterested Directors also concluded that, subject to the receipt of acceptable independence questionnaires, the formation of a special committee of the Board was not necessary because none of the other directors, representing a majority of the Board, were conflicted from considering the transaction, provided that Messrs. Hoffman and Alexander continued to be recused from all meetings of the Board regarding the potential transaction. The Disinterested Directors concluded that they would consider the Riverstone proposal more fully on December 18, the date of the Board's next regularly scheduled meeting, and invited representatives of Riverstone to present Riverstone's proposal to the Disinterested Directors.

On December 11, 2015, the Company received a letter from Riverstone addressed to the Board, formally outlining the terms of the $11.00 per Share, all-cash acquisition proposal originally communicated to Mr. Graham on December 3. The proposal stated that Riverstone had retained Wachtell, Lipton, Rosen & Katz, which we refer to as Wachtell, and Vinson & Elkins LLP, which we refer to as V&E, as its legal advisors.

On December 18, 2015, at a regularly scheduled, in-person meeting of the full Board, management reviewed the long-range plan for the Company which had been prepared by management in the ordinary course of business, which we refer to as the December Business Plan. Following the meeting of the full Board, the Disinterested Directors held a separate meeting and invited representatives of Riverstone, including Mr. Hoffman, Mr. Alexander and Carl Williams, a Managing Director of Riverstone, to join that meeting. The representatives of Riverstone made a presentation regarding Riverstone's proposal, indicating that, while Riverstone's proposal to acquire additional Shares had not been contemplated in advance of the Talen Transactions, developments since then, including in the Company's business and the power generation industry generally, had led to Riverstone's interest in making a proposal. Representatives of Riverstone then outlined Riverstone's proposal, including that Riverstone would consider including a "go-shop" provision to permit the Company to conduct a post-signing market check. Representatives of Riverstone also noted that, while markets had declined since the proposal on December 3, Riverstone would still be prepared to pay $11.00 per Share. Representatives of Riverstone then left the meeting, and the Disinterested Directors met to review and discuss the Riverstone proposal. Representatives of Kirkland made a presentation to the Disinterested Directors regarding their fiduciary duties, both generally and with respect to evaluating Riverstone's proposal or other strategic transactions. Representatives of Kirkland also confirmed that all Disinterested Directors had returned independence questionnaires and based on such responses, the Disinterested Directors concluded that each of them (including Mr. Farr) was independent of Riverstone and other potentially interested parties with respect to the matters under consideration. Representatives of Kirkland then reviewed information received from Citi regarding its material relationships with Riverstone and certain other active participants in the merchant power generation industry. Based on the responses, the Disinterested Directors concluded that Citi had no material relationships that in the view of the Disinterested Directors

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would impair Citi's ability to serve as financial advisor to the Company and, based on, among other things, Citi's familiarity with the Company and experience and reputation generally and in the merchant power generation industry specifically, authorized the Company's management to engage Citi as the Company's financial advisor. Citi, which thereafter joined the meeting, then provided the Disinterested Directors with a general update on market conditions and trends impacting the merchant power generation sector, including investor and analyst perspectives on the sector and the Company, and discussed certain financial investors active in the merchant generation sector. Following discussion, the Disinterested Directors decided to consider Riverstone's proposal further in January 2016 and instructed Citi to prepare a preliminary financial analysis for that meeting. Subsequent to the December 18 meeting, the Company executed an agreement with Citi, dated January 11, 2016, with respect to its engagement as the Company's financial advisor in connection with a possible transaction.

On January 11, 2016, the Disinterested Directors held a meeting to evaluate the Riverstone proposal and review a preliminary financial analysis with respect to the Company prepared by Citi based on the December Business Plan. The Disinterested Directors discussed the December Business Plan, including underlying assumptions, sensitivities and uncertainties in, and the likelihood of achieving, the forecasts reflected in the December Business Plan. The Disinterested Directors also discussed power and commodity price trends. Representatives of the Company's management reviewed certain potential value creating options, including possible acquisitions and dispositions, changing the fuel supply for certain power plants and reducing operations and maintenance costs, and associated benefits and risks. Representatives of Kirkland reviewed the potential timeline of a transaction with Riverstone, the potential impact of Riverstone's existing ownership stake and options for conducting a market check. Citi reviewed its preliminary financial analysis of the Company based on the December Business Plan. After further discussion with the Company's management and advisors, the Disinterested Directors requested that the Company's management prepare certain sensitivities regarding the potential effects of power and commodity price changes on the December Business Plan and that Citi review the impact of such sensitivities on its preliminary financial analysis. The Disinterested Directors determined to respond to the Riverstone proposal after they had an opportunity to review these sensitivities.

On January 14, 2016, the Disinterested Directors held a telephonic meeting at which the Company's management reviewed certain power and commodity pricing sensitivities as requested at the prior meeting. Representatives of Kirkland advised the Disinterested Directors of their fiduciary duties, both generally and in the event of a potential M&A transaction, and available options with respect to the Riverstone proposal. The Disinterested Directors discussed the December Business Plan, potential value creating options that the Company could pursue and associated benefits and risks and Citi's preliminary financial analysis taking into account certain power and commodity pricing sensitivities and consideration of possible upside and downside scenarios. After discussion and taking into account the foregoing (including the Company's stand-alone prospects based on the December Business Plan, potential value creating options, which were discussed at the January 11 meeting, and associated benefits and risks and Citi's preliminary financial analysis), the Disinterested Directors determined that Riverstone's proposal of $11.00 per Share undervalued the Company and asked Mr. Graham to communicate that decision directly to Riverstone. Following the meeting, Mr. Graham communicated the Disinterested Directors' decision to Mr. Hoffman.

On January 19, 2016, with the approval of Mr. Graham, a representative of the Company's management met with a representative of Riverstone at Riverstone's offices to discuss Riverstone's $11.00 per Share proposal. The

representative of the Company's management conveyed the reasons why the $11.00 per Share proposal was not considered acceptable.

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On January 29, 2016, Mr. Hoffman and Mr. Graham spoke telephonically about the Riverstone proposal. Mr. Graham advised Mr. Hoffman that it was his sense, in light of the Disinterested Directors' views of the Company's stand-alone prospects, that a meaningful price increase to $13.00 per Share would be required for the Disinterested Directors to change their conclusion and authorize further engagement. Mr. Hoffman advised Mr. Graham that he would need to discuss any price increase with Riverstone.

On January 31, 2016, the Disinterested Directors held a telephonic meeting to discuss Riverstone's continued interest in an acquisition of the Company. Mr. Graham informed the Disinterested Directors that, based on his prior conversations with representatives of Riverstone, Riverstone may be willing to increase its proposed purchase price to as high as $13.00 per Share. The Disinterested Directors discussed a potential $13.00 per Share purchase price relative to the December Business Plan, potential value creating options and associated benefits and risks and the Company's exposure to forward power and commodity prices. Citi provided a general update on market trends since the last meeting. In addition, the Disinterested Directors discussed with the Company's management and advisors certain non-economic terms that would be important in any transaction, including various market check options, regulatory commitments, tax matters, due diligence and financing certainty. The Disinterested Directors and the advisors discussed the merits of conducting a pre-signing market check, using a post-signing "go-shop" process or using a combination of approaches if the Disinterested Directors determined to pursue a potential transaction with Riverstone. In particular, the Disinterested Directors discussed the effects that Riverstone's existing ownership stake would have on any pre-signing market check, and, in the event a post-signing market check via a "go-shop" was utilized, the possibility of requiring Riverstone to commit to supporting a higher alternative proposal if subsequently received. The Disinterested Directors also discussed the possibility of conditioning a transaction with Riverstone on the approval by a majority vote of the non-Riverstone stockholders. Following discussion, the Disinterested Directors authorized engagement with Riverstone with respect to a proposal of $13.00 per Share (assuming Riverstone would reach such an offer price). The Disinterested Directors asked Mr. Graham to communicate this decision directly to Riverstone and directed the Company's management and advisors to communicate to Riverstone's advisors the Company's expectations with respect to the non-economic terms that had been discussed and to negotiate a confidentiality agreement. The Disinterested Directors also reiterated the previous instructions to members of the Company's management that they not discuss any potential post-transaction employment or other arrangements with Riverstone or another potential acquiror at this stage.

Following the meeting on January 31, 2016, Mr. Graham spoke with representatives of Riverstone to communicate the response of the Disinterested Directors, and representatives of Kirkland, on behalf of the Company, spoke with representatives of Wachtell to communicate the Disinterested Directors' expectations with respect to certain non-economic terms of a transaction.

On February 3, 2016, Riverstone delivered a letter addressed to the Board, outlining its proposal to acquire all of the outstanding Shares not owned by Riverstone for $13.00 per Share in cash, which represented a premium of approximately 88% over the Company's closing stock price on February 2, 2016. The Riverstone letter also addressed certain non-economic terms of the proposal, including that Riverstone would agree to a post-signing market check through a go-shop process.

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On February 4, 2016, the Company delivered a letter to Riverstone pursuant to the authorization of the Disinterested Directors at their January 31 meeting. The Company's letter included a draft confidentiality agreement and addressed certain previously discussed non-economic terms, including that the transaction should be conditioned on the approval by a majority vote of the non-Riverstone stockholders.

From February 4 to February 9, 2016, representatives of Kirkland, Wachtell and V&E negotiated the terms of the confidentiality agreement, which was executed by the Company and an affiliate of Riverstone on February 9.

On February 11, 2016, Riverstone delivered a letter addressed to the Board to clarify certain valuation assumptions in its February 3 letter and communicate Riverstone's expectations with respect to the Company's capital structure and use of cash.

On February 12, 2016, representatives of Riverstone notified the Company of its intention to engage in discussions with Citibank, N.A., in its capacity as the administrative agent and a lender under the Credit Agreement, with respect to obtaining lender consents necessary to waive the change of control provisions of the facility in the event of a transaction (which was a necessary pre-condition for Riverstone to be able to proceed with its proposal), which would entail paying customary fees to the lenders, including Citibank, N.A., and to Citibank, N.A. as administrative agent in the event of a transaction.

On February 18, 2016, Riverstone delivered a due diligence request list to the Company. Over the course of the next several weeks, the Company shared responsive materials with Riverstone and its advisors.

On February 25, 2016, Kirkland delivered a draft merger agreement to Wachtell and V&E.

On February 26, 2016, the Disinterested Directors held a telephonic meeting to discuss the status of the Riverstone proposal. The Company's management reviewed for the Disinterested Directors the status of Riverstone's due diligence process and outstanding high priority due diligence requests. Representatives of Kirkland reviewed the key non-economic requests that were included in the draft merger agreement. The Disinterested Directors also considered Riverstone's engagement in discussions with Citibank, N.A., in its capacity as administrative agent under the Credit Agreement and a lender thereunder, to seek consents from the lenders to waive the change of control provisions under the facility (which was a necessary pre-condition for Riverstone to be able to proceed with its proposal). Representatives of Kirkland reviewed for the Disinterested Directors relevant considerations and their duties in connection with Riverstone's engagement in discussions with Citibank, N.A. and summarized the possible fees payable, which in the case of the consent fee would be paid to all consenting lenders and which aggregate fees were nominal as compared to the fees that would be received by Citi from the Company in connection with a transaction

with Riverstone or another party. After discussion, the Disinterested Directors concluded that Riverstone's engagement in discussions with Citibank, N.A. was in the best interest of the Company's stockholders and would not compromise Citi's continued independence.

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On March 9, 2016, representatives of Wachtell and V&E had a conference call with representatives of Kirkland to discuss the draft merger agreement. Representatives of Wachtell and V&E raised certain preliminary points regarding the terms of the agreement proposed by the Company, which were discussed. Representatives of Wachtell and V&E informed representatives of Kirkland that Riverstone intended to propose a minimum liquidity closing condition. Representatives of Kirkland indicated that if such provision was included, then in order to evaluate such a provision it would be important for Riverstone to provide a sources and uses calculation and specify the amount of required liquidity with its response to the draft merger agreement. Representatives of Wachtell and V&E confirmed that they would respond with a revised draft of the merger agreement.

On March 15, 2016, Kirkland delivered a draft support agreement to Wachtell and V&E, which, among other things, would require each of the Sponsor Entities to vote in favor of the merger agreement, if a transaction with Riverstone was finalized. Later that day, Wachtell delivered a revised draft of the merger agreement to Kirkland.

On March 18, 2016, representatives of the Company, Riverstone, Wachtell, Kirkland and V&E had a conference call to discuss the revised draft of the merger agreement. Representatives of the Company's management and Kirkland outlined certain issues raised by the revised draft of the merger agreement, including the removal of the requirement that the transaction be approved by a majority of the non-Riverstone stockholders, the absence of an equity commitment letter, the identity of the guarantors for purposes of the limited guarantee as the Sponsor Entities rather than a Riverstone fund to secure the payment of the reverse termination fee, the absence of a requirement to support a superior proposal recommended by the Board and the inclusion of a minimum liquidity closing condition.

Later on March 18, 2016, the Disinterested Directors held a telephonic meeting to discuss the status of the Riverstone proposal. Representatives of Kirkland outlined the most material revisions in the draft merger agreement prepared by Riverstone and related issues. The Disinterested Directors discussed Riverstone's proposed financing structure and minimum liquidity closing condition and determined that closing certainty with respect to financing was a threshold issue to be resolved prior to further negotiation. The Disinterested Directors also determined that in light of Riverstone's failure to provide a sources and uses calculation, lack of specificity on the amount of the required minimum liquidity closing condition, and absence of an equity commitment letter backstop, no decision could be made with respect to Riverstone's proposed financing structure until Riverstone specified its sources and uses and the amount of liquidity that would be required. The Disinterested Directors instructed the Company's management and advisors to request an indicative sources and uses calculation from Riverstone, and to communicate that other material issues existed in the markup. Following the meeting, representatives of Kirkland accordingly communicated such message to Wachtell that prior to further engagement on other remaining issues, the threshold issues to be resolved included the minimum liquidity closing condition, together with the identity of the guarantors for purposes of the limited guarantee as the Sponsor Entities rather than a Riverstone fund to secure the payment of the reverse termination fee, the absence of requirements for approval by a majority of the non-Riverstone stockholders and Riverstone's willingness to support a superior proposal recommended by the Board.

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During the week of March 21, 2016, Riverstone communicated a proposed requirement of $500 million at the Company upon closing of the transaction. The Company provided to Riverstone an overview of the Company's projected liquidity upon closing of a potential transaction, together with potential risk factors and various stress scenarios. Representatives of the Company also conveyed concerns with respect to the closing risk implied by a $500 million liquidity closing condition and indicated that a lower amount would be more appropriate or, alternatively, that Riverstone should provide an equity commitment letter to backstop a portion thereof.

On March 28, 2016, representatives of Party A called Mr. Farr to express interest in a potential acquisition of the Company. Mr. Farr indicated he would convey to the Board any credible proposals to acquire the Company.

On March 29, 2016, representatives of the Company, Riverstone, Kirkland, Citi and Wachtell held an in-person meeting to discuss Riverstone's proposed financing structure and sources and uses schedule, including the $500 million minimum liquidity closing condition proposed by Riverstone. Representatives of Riverstone reviewed an overview they had prepared of the Company's cash and revolver availability, expected transaction sources and uses of funds and the expected cushion available to the Company under Riverstone's proposed condition. Representatives of Riverstone indicated that Riverstone would agree to incur a further $250 million of debt financing that could be used to assist the Company in meeting its minimum liquidity closing condition. Representatives of the Company again indicated that if a minimum liquidity condition were to be agreed, the required amount would need to provide the Company with sufficient closing certainty, and reiterated their request that at a minimum Riverstone should provide a limited guarantee from a creditworthy Riverstone fund to backstop the reverse termination fee in the merger agreement.

Later that same day, Mr. Farr consulted with Mr. Graham and they mutually concluded that Mr. Farr should respond to Party A's March 28 inquiry and indicate a willingness to explore a potential proposal from Party A. Mr. Farr subsequently informed each of the other Disinterested Directors of Mr. Graham's recommended response to Party A, and they supported that approach. On the evening of March 29, 2016, Mr. Farr advised Party A that the Company would be prepared to execute a confidentiality agreement with Party A to permit it to conduct preliminary due diligence. On March 30, 2016, the Company provided Party A with a draft confidentiality agreement, which was executed on March 31, 2016.

On April 1, 2016, SparkSpread, a publication that covers U.S. and European energy markets, published an article that identified the Company as the target of at least one buyout approach. The closing price of the Shares on March 31, 2016, the trading day prior to the publication of the SparkSpread report, was $9.00 per Share, which we refer to as the unaffected Share price.

Also on April 1, 2016, representatives of the Company's management spoke with representatives of Riverstone to discuss the minimum liquidity closing condition. Representatives of the Company requested that Riverstone provide

an incremental $150 million of committed financing (in addition to the $250 million proposed on March 29, which would have the effect of reducing the minimum liquidity amount to $350 million) and representatives of Riverstone discussed the possibility of agreeing to such request.

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On April 2, 2016, the Company sent Riverstone a list of material issues based on the March 15 Riverstone draft merger agreement, which also was separately communicated by Kirkland to Wachtell and V&E. The issues list set forth the Company's counterproposals with respect to, among others, the minimum liquidity closing condition, the non-Riverstone stockholder approval requirement, the provision of a guarantee from a Riverstone fund, regulatory efforts, termination fees and Riverstone's support of a superior proposal recommended by the Board. The issues list also stated that, in addition to the matters set forth, numerous other issues remained subject to negotiation.

Between April 3 and April 8, 2016, representatives of the Company, Kirkland, Riverstone, Wachtell and V&E had conference calls to discuss open issues in the draft merger agreement and Wachtell communicated that Riverstone would respond to the April 2 issues list after receiving a revised draft merger agreement.

On April 6, 2016, representatives of the Company's management and Party A met in person to discuss preliminary financial information regarding the Company that had been requested by Party A in connection with its consideration of a potential acquisition of the Company.

Over the course of the next several weeks, representatives of each of Riverstone and Party A continued their engagement with the Company with respect to their respective due diligence efforts.

On April 8, 2016, Kirkland delivered a revised draft of the merger agreement to Wachtell and V&E.

On April 13, 2016, Party A delivered a letter to the Company outlining a non-binding expression of interest to acquire the Company at an indicative purchase price range of $13.50 to $14.00 per Share in cash, which represented a premium of approximately 24% to 29% over the market price of the Shares on April 12 and a premium of approximately 78% to 85% over the trailing 30-day volume-weighted average market price of the Shares ending on March 31, 2016, the trading day prior to the publication of the SparkSpread report. In its letter, Party A stated that its proposal was not subject to a financing contingency, would contain a customary financial sponsor financing and reverse termination fee structure and requested a five-week exclusivity period.

On April 15, 2016, the Disinterested Directors held a telephonic meeting and reviewed Party A's April 13 proposal and discussed the status of Riverstone's proposal. Representatives of Kirkland and Citi summarized Party A's proposal and reviewed the status of open points under the Riverstone proposal. The Disinterested Directors noted the material terms of the merger agreement that remained to be negotiated with Riverstone, and the potential benefits of establishing a competitive dynamic between Party A and Riverstone with respect to price and terms. Representatives of Kirkland recommended that both potential bidders be put on a level playing field and that exclusivity for Party A was not appropriate in light of the respective proposals. After discussion, the Disinterested Directors determined that neither

proposal warranted exclusivity at that time. The Disinterested Directors also discussed the fact that Party A had requested permission to discuss its proposal directly with Riverstone, but agreed with management's advice and recommendation not to permit such a discussion at that time. The Disinterested Directors further discussed whether to contact other potential bidders.

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Representatives of Citi informed the Disinterested Directors that they had been contacted by representatives of a financial sponsor, which we refer to as Party B, within a few weeks of the publication of the SparkSpread report and that Party B had indicated that it was undertaking preliminary diligence on the basis of publicly available information and would follow up with Citi if Party B was interested in conducting further due diligence or making a proposal. Representatives of Party B subsequently informed Citi that Party B had decided not to conduct further due diligence or make a proposal in respect of a transaction with the Company and Citi communicated this to the Company's management. Thereafter, Party B did not engage in discussions with Citi in respect of a transaction involving the Company. Citi also discussed with the Disinterested Directors other potential strategic acquirors and financial sponsors and their potential interest level in a transaction with the Company, noting that, in its view, other interested parties likely would have approached the Company following the SparkSpread report given the general knowledge of the potential transaction in the marketplace, as was the case with Party B. After discussion, the Disinterested Directors determined that at this time it was not necessary or desirable to contact other potential bidders. The Disinterested Directors determined to explore the two proposals that had been received and to remain open to other inbound proposals, and directed the Company's management and advisors to prepare a timeline for both proposals, send a process letter to each party and distribute a draft merger agreement to Party A on the basis of the latest draft delivered to Riverstone, with appropriate modifications to reflect Party A's proposed financing structure. In light of the proposal from Party A, the Disinterested Directors also discussed the role of the Disinterested Directors and the Company's management and advisors in the process and potential conflicts. Mr. Farr and Mr. McGuire confirmed that neither had, and that they would not without the Disinterested Directors' approval have, discussions with Party A or Riverstone with respect to post-transaction involvement, as previously discussed. Following discussion, the Disinterested Directors concluded that no change to the process was warranted.

On April 19, 2016, a process letter was sent to representatives of each of Party A and Riverstone, and a draft merger agreement prepared by Kirkland was attached to Party A's process letter, and Riverstone's process letter referenced the prior version of the draft merger agreement exchanged by the parties. Each process letter requested that a markup to the draft merger agreement and any outstanding due diligence requests be submitted by May 13, 2016 and that binding bids be submitted by May 20, 2016.

On April 26, 2016, Riverstone delivered a letter addressed to the Board in response to the April 19 process letter. In its April 26 letter, Riverstone reaffirmed its previously communicated $13.00 per Share proposal, which represented a premium of approximately 44% to the Company's unaffected Share price. The letter included executed debt commitment papers and communicated additional progress with respect to Riverstone's proposed financing of a transaction. Riverstone's letter also included a revised draft of the merger agreement and noted that, in Riverstone's view, the agreement contained significant concessions with respect to regulatory, financing and liquidity matters (including by accepting the Company's proposal for the minimum liquidity closing condition of $350 million) and the provision of a limited guarantee from certain unspecified Riverstone funds. In the letter, Riverstone also informed the Board that it did not at such time need to, nor did it have any intent to, sell its 35% stake in the Company, including by supporting an alternative proposal from a third party.

Between April 26 and April 29, 2016, representatives of Kirkland and the Company clarified with representatives of Riverstone and Wachtell the terms of the revised proposal.

On April 29, 2016, the Disinterested Directors held a telephonic meeting to discuss Riverstone's April 26 letter and the status of the Party A proposal. Representatives of the Company's management informed the Disinterested Directors that Party A was still undertaking due diligence efforts and seeking to obtain committed financing. Representatives of Kirkland

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provided an overview of the material terms of the revised Riverstone proposal, including with respect to the minimum liquidity closing condition, the Riverstone fund guarantee, the amount of the termination fees, support of a superior proposal recommended by the Board and the stockholder approval condition. Representatives of Kirkland and Citi noted for the Disinterested Directors that Riverstone was not likely to commit to support a superior proposal recommended by the Board based on statements set forth in Riverstone’s April 26 letter. The Disinterested Directors determined that this provision was potentially less important in light of press reports and the Disinterested Directors’ belief that interested parties had the opportunity to approach the Company prior to any potential transaction with Riverstone. After discussion, the Disinterested Directors instructed Kirkland to continue to seek a guarantee from a Riverstone fund with sufficient undrawn capital and a closing condition tied to the approval of non-Riverstone stockholders, and that the commitment to support a superior proposal should remain an open point for later resolution. The Disinterested Directors also discussed the revised financing and liquidity requirements with the Company’s management and advisors and directed them to continue to negotiate for more favorable terms in the draft merger agreement, including a more favorable minimum liquidity closing condition. The Disinterested Directors concluded that the Company should continue to proceed with both Riverstone and Party A pursuant to the April 19 process letter, and the Company’s management and advisors should discuss the open issues in the draft merger agreement with Riverstone in the interim. The Disinterested Directors also determined to respond with a letter back to Riverstone.

On May 3, 2016, Mr. Graham delivered a letter to representatives of Riverstone in response to the April 26 Riverstone letter communicating the Disinterested Directors’ conclusions from the April 29 meeting and highlighting material open issues in the Riverstone markup of the draft merger agreement, including the minimum liquidity closing condition, and requested that Riverstone proceed in accordance with the April 19 process letter.

On May 3 and May 9, 2016, representatives of the Company, Kirkland, Citi, Riverstone, V&E, Wachtell and Goldman Sachs & Co., which we refer to as Goldman, financial advisor to Riverstone, had a conference call to discuss Riverstone’s proposed financing structure, specifically the minimum liquidity closing condition. The parties discussed various options for such a condition and compared their respective analyses for base and stress case scenarios.

On May 6, 2016, representatives of Kirkland, Citi, V&E, Wachtell and Goldman had a conference call to discuss open issues in the draft merger agreement. In the subsequent two weeks, the parties had various additional conference calls to discuss the draft merger agreement, including provisions regarding the go-shop, no-shop, termination fee triggers, interim operating covenants, energy marketing and trading activities and regulatory matters as well as other open issues.

On May 11 and May 12, 2016, Messrs. Farr and McGuire spoke separately with each of the Disinterested Directors to determine if it was the appropriate time to permit Party A to speak directly with Riverstone with respect to Party A’s proposal given that Party A had indicated it was not in a position to proceed absent such a conversation. The Disinterested Directors concurred that these conversations should be permitted, and following these discussions, representatives of Party A were informed on May 12 that the Company would permit such communication.

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On May 13, 2016, Riverstone delivered a letter addressed to the Board to provide additional information with respect to certain open issues in the draft merger agreement. The letter confirmed Riverstone's concession of reducing the minimum liquidity closing condition from $500 million to $350 million, and that $250 million of this amount would be provided by the committed debt financing obtained by Riverstone. The letter also stated that Riverstone was willing to provide a fund-level guarantee of payment of the reverse termination fee from its largest private equity fund, which had sufficient undrawn committed capital to pay the reverse termination fee in the event of, among other things, a financing failure.

On May 15, 2016, representatives of Kirkland had a conference call with representatives of Skadden, Arps, Slate, Meagher & Flom LLP, legal advisor to Party A, to discuss the process outlined in the Company's April 19 process letter and preliminary feedback on the draft merger agreement.

On May 16, 2016, the Disinterested Directors held a telephonic meeting to discuss the status of the transaction process. Management provided a liquidity overview of the Company and expressed its belief that Riverstone's most recent proposed condition requiring a minimum liquidity amount at closing of $350 million, together with the debt financing to be provided pursuant to Riverstone's committed financing sources, implied sufficient closing certainty and an acceptable level of risk, and further indicated its belief that Riverstone was not prepared to consummate a transaction without such a condition. The Disinterested Directors discussed certain other points in the Riverstone draft of the merger agreement, including the closing condition tied to approval by non-Riverstone stockholders, amounts of the termination fees, Riverstone's support of a superior proposal recommended by the Board (again observing that this had become less important in light of press reports regarding the transaction) and related matters. The Company's advisors next indicated that they had been informed that Riverstone and Party A had spoken on May 12 as previously consented to by the Company, and that Riverstone had indicated to Party A that it was not interested in selling the Sponsor Entities' stake in the Company in an acquisition by Party A or otherwise supporting Party A in a transaction. The Disinterested Directors also noted that, notwithstanding the Company's request in the April 19, 2016 process letter, Party A had not provided a markup of the proposed merger agreement, although it had orally indicated to representatives of Citi and Kirkland that it remained interested in a transaction near the top end of its previously communicated range of $13.50 to $14.00 per Share. Citi provided the Disinterested Directors a general market update, including an overview of the Company's Share price performance. Representatives of Kirkland reviewed with the Disinterested Directors their fiduciary duties, both generally and in the event of a potential M&A transaction.

On May 23, 2016, the Disinterested Directors held an in-person meeting to review the status of the Riverstone and Party A proposals in light of the Company's request in its process letters for final bids on May 20. Representatives of the Company's management first presented updated forecasts with respect to the Company's long-range plan, which we refer to as the May Forecasts. The May Forecasts were prepared for purposes of assisting the Disinterested Directors in evaluating potential strategic initiatives for the Company with the assistance of the Company's management and advisors and in light of the passage of time since the December Business Plan. The Disinterested Directors also considered certain strategic initiatives and potential acquisition opportunities in the market and associated potential valuation enhancement estimates. Citi provided an overview of the premiums implied by Riverstone's and Party A's proposals and an

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updated preliminary financial analysis taking into account the May Forecasts. Representatives of Kirkland discussed the status of the Riverstone draft of the merger agreement, and noted that the same points discussed with the Disinterested Directors at the May 16 meeting remained open, including the closing condition tied to approval by non-Riverstone stockholders. Representatives of Kirkland also reviewed for the Disinterested Directors their fiduciary duties, both generally and in the event of a potential M&A transaction. After discussion, the Disinterested Directors determined that, in light of the factors discussed, Riverstone's proposed price of $13.00 per Share undervalued the Company. The Disinterested Directors requested that Mr. Graham communicate to Riverstone that its proposed price was insufficient and that the current draft of the merger agreement was also not acceptable to the Company, but that the Company remained open to an improved proposal. The Disinterested Directors also agreed that because Party A had not yet made a definitive proposal or provided a contract markup, no response to Party A was warranted at that time.

On May 24, 2016, PJM Interconnection, L.L.C., which we refer to as PJM, released the results of the 2019/2020 planning year capacity auction, which we refer to as the PJM Auction, which were materially lower than industry and research analysts' expectations and the assumptions underlying the Company's long-term business plan for the affected years.

On May 26, 2016, Riverstone delivered a letter to the Company, and Wachtell delivered a revised draft of the merger agreement to Kirkland. In its May 26 letter, Riverstone stated that it remained prepared to pursue a transaction at a price of $13.00 per Share notwithstanding the negative results of the PJM Auction. In its revised draft merger agreement, Riverstone agreed to condition the transaction on the approval by a majority vote of the non-Riverstone stockholders and also agreed to the termination fee amounts previously proposed by the Company, but did not commit to support a superior proposal recommended by the Board.

On May 27, 2016, in accordance with the directives of the Disinterested Directors, representatives of Kirkland and Citi separately had conference calls with representatives of Party A to discuss the status of its indication of interest. Representatives of Party A communicated that Party A remained interested in a transaction consistent with its initial proposal and believed it would still be close to a purchase price of $14.00 per Share, but that it would not proceed without Riverstone's decision as a stockholder to support a transaction. Representatives of Kirkland and Citi encouraged Party A to submit a definitive proposal to the Disinterested Directors if Party A desired to pursue a transaction.

On May 28, 2016, the Disinterested Directors held a telephonic meeting to discuss Riverstone's May 26 letter in light of the impact of the PJM Auction results on the Company and its future stand-alone prospects. Representatives of the Company's management provided an overview of the results of the PJM Auction and discussed their impact on the May Forecasts. The Company's management explained that the PJM Auction results reflected capacity pricing of $100/megawatt-day, which was lower than the Company's forecasts of $131/megawatt-day which had been presented to the Disinterested Directors in the May Forecasts. The Company's management further explained that the PJM Auction had resulted in less megawatt capacity sold by the Company than anticipated and that these results could

lead to a reduction in the Company’s revenues for calendar years 2019 and 2020, respectively. The Company’s management noted for the Disinterested Directors that one potential mitigating factor was the Company’s ability to sell additional megawatt capacity into the market in future capacity auctions or through bilateral agreements with prospective counterparties. The Disinterested Directors discussed the revised projections and the impact of the PJM auction results, including underlying assumptions, sensitivities and uncertainties. Citi then reviewed for the Disinterested Directors the effect of the PJM Auction results, taking into account management’s assessment of their impact on the May Forecasts, on Citi’s preliminary financial analysis. Representatives of Kirkland provided an overview of the material terms in the revised draft merger agreement, noting the concessions made by Riverstone in agreeing to the non-Riverstone stockholder approval condition and the termination fee amounts, but also indicating that there remained key open issues, including with respect to Riverstone’s proposed restrictions

on the Company’s ordinary course operations during the pre-closing period with respect to liquidity management, marketing and trading activities and employee matters. Representatives of Kirkland and Citi also noted for the Disinterested Directors Riverstone’s position that it would not agree to support a superior proposal recommended by the Board. The Disinterested Directors noted that, as previously discussed, this request had become less important in light of the expectation that any interested party would likely approach the Company following the SparkSpread report, as was the case with Party B. Representatives of Citi then provided an update on Party A, noting that Party A had not submitted a merger agreement markup or secured financing and had not pursued its prior proposal. After discussion, the Disinterested Directors determined that, in light of the factors discussed (including, among other things, the Company’s stand-alone prospects based on the previously discussed potential value creating options and associated benefits and risks and the May Forecasts and Citi’s preliminary financial analysis, in each case taking into account the impact of the PJM Auction results) and notwithstanding the PJM Auction results, Riverstone’s proposed purchase price of $13.00 per Share remained insufficient and that the draft merger agreement proposed by Riverstone was not acceptable. In addition, the Disinterested Directors noted that a purchase price of $14.00 per Share, in light of the factors discussed (including, among other things, the Company’s stand-alone prospects based on potential value creating options and associated benefits and risks and the May Forecasts and Citi’s preliminary financial analysis, in each case taking into account the impact of the PJM Auction results) and noting also that $14.00 per Share represented an attractive premium over the closing price of Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company, and equaled the highest proposal received by the Company, would be acceptable if coupled with an acceptable contract. The Disinterested Directors asked Mr. Graham to communicate this conclusion to Riverstone, and instructed Kirkland to send to Wachtell and V&E a markup of the draft merger agreement reflecting the terms the Company would consider acceptable.

Following the meeting of the Disinterested Directors, on May 28, 2016, Mr. Graham had a telephone conversation with representatives of Riverstone to communicate the Disinterested Directors’ determination and that the Company was not prepared to enter into a transaction at a price below $14.00 per Share.

On May 29, 2016, Kirkland delivered a revised draft of the merger agreement to Wachtell and V&E.

On May 30, 2016, representatives of Riverstone conveyed to Mr. Graham through a call and simultaneous email communication that Riverstone may be prepared to increase its price to $14.00 per Share, but that certain issues remained open in the draft merger agreement and that Riverstone expected the terms of the merger agreement to be closer to those last proposed by Riverstone. Mr. Graham and Mr. Hoffman agreed that the most advisable course of action for all parties was to meet in person to assess whether a mutually acceptable form of merger agreement could be negotiated.

On May 30, 2016, representatives of the Company’s management updated the Disinterested Directors in an email communication with respect to developments since the last meeting, including that Kirkland had delivered a revised merger agreement to Wachtell and V&E, Riverstone’s preliminary response on price and to the merger agreement, and that an in-person meeting was scheduled for May 31.

On May 31, 2016, Mr. Graham, representatives of the Company's management, Kirkland, Citi, Riverstone, Wachtell, V&E and Goldman held an in-person meeting to negotiate open points in the draft merger agreement, including matters related to the appropriate minimum liquidity closing condition, regulatory approvals and operations during the pre-closing period with respect to liquidity management, marketing and trading activities and employee matters. At the conclusion of the meeting, Riverstone confirmed the deal price of $14.00 per Share. Over the next two days, the parties continued to negotiate the terms of the proposed merger agreement, support agreement and limited guarantee and exchanged drafts of such agreements. On June 2, 2016, the parties finalized the transaction documents.

On June 2, 2016, the Disinterested Directors held a telephonic meeting to discuss the outcome of negotiations with Riverstone and the terms of the proposed transaction. Representatives of Kirkland reviewed with the Disinterested Directors their fiduciary duties, including in connection with the consideration of the proposed transaction with Riverstone and provided an overview of the Disinterested Directors' process in reviewing the Riverstone proposal and alternative options. Representatives of Kirkland described, and the Disinterested Directors discussed, the terms of the final merger agreement, support agreement and limited guarantee. Citi reviewed its financial analysis of the Merger Consideration and rendered an oral opinion, confirmed by delivery of a written opinion dated June 2, 2016, to the Disinterested Directors to the effect that, as of such date and based on and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken described in such opinion, the Merger Consideration to be received by Disinterested Stockholders pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. Following discussion, and after considering the foregoing and the factors described under "*Special Factors—Recommendation of the Board; Fairness of the Merger*," the Disinterested Directors unanimously adopted resolutions (i) determining that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement were fair, advisable and in the best interests of the Company and the unaffiliated stockholders, (ii) approving the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and (iii) resolving to recommend that the holders of the Shares adopt the Merger Agreement, and direct that the Merger Agreement be submitted to the holders of Shares for their adoption.

In the evening on June 2, 2016, the Company, Parent and Merger Sub executed the Merger Agreement. On June 3, 2016, the Company and Riverstone issued a joint press release announcing the execution of the Merger Agreement. Contemporaneously with the execution of the Merger Agreement, the Sponsor Entities and the Company executed the Support Agreement and Parent and Riverstone Global Energy and Power Fund V (FT), L.P. entered into the Guarantee.

Subsequent Events

Under the terms of the Merger Agreement, the Company and its advisors were permitted to actively solicit and negotiate Alternative Proposals from third parties during a "go-shop" period that began on June 3, 2016 and expired at 11:59 p.m. Eastern time on July 12, 2016. See "*The Merger Agreement—Solicitation of Acquisition Proposals.*" During the "go-shop" period, Citi, under the direction of the Disinterested Directors, undertook a broad solicitation effort, contacting 20 potential acquirors, comprising nine strategic parties and 11 financial parties. However, none of the prospective buyers contacted during the "go-shop" period submitted an Alternative Proposal and no other person made an unsolicited Alternative Proposal.

Accordingly, no third party qualified as an Excluded Party for purposes of the Merger Agreement. The Company is now subject to customary "non-solicitation" provisions that, subject to limited exceptions, prohibit it from soliciting, encouraging, discussing or negotiating Alternative Proposals from third parties or providing non-public information to third parties. See "*The Merger Agreement—Solicitation of Acquisition Proposals.*"

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Recommendation of the Board; Fairness of the Merger

At its meeting on June 2, 2016, the Disinterested Directors (including a majority of the Company's directors who are not employees of the Company) unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair, advisable and in the best interests of the Company and the unaffiliated stockholders, (ii) approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and (iii) resolved to recommend that the holders of the Shares adopt the Merger Agreement and directed that the Merger Agreement be submitted to the holders of Shares for their adoption.The Disinterested Directors believe that the Merger is fair to the Company's "unaffiliated security holders," as defined under Rule 13e-3 of the Exchange Act.

In evaluating the Merger, the Disinterested Directors consulted with the Company's management team, as well as the Company's legal and financial advisors, and considered the following potentially positive factors, which are not intended to be exhaustive and are not presented in any relative order of importance:

- the Merger Consideration of $14.00 per Share represented a premium of (i) 85% over the closing price of Shares on December 2, 2015, the day on which the acquisition proposal was first communicated to Mr. Graham, the chairman of the Board, (ii) 56% over the closing price of Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company and (iii) 17% over the closing price of Shares on June 2, 2016, the last trading day before the announcement of the Merger;

- the current and historical market prices of the Company's common stock, including those set forth in the table under "*Other Important Information Regarding the Company—Market Price of Common Stock and Dividends*," taking into account the market performance of the Company's common stock relative to the common stock of other participants in the industry in which the Company operates and general market indices, and the fact that the trading price of the Company's common stock had declined since the initial public offering of the Company, which decline the Disinterested Directors believed reflected increasing uncertainty as to the prospects for the power generation industry in general and specific challenges faced by the Company;

- information with respect to the Company's business, operations, financial condition, earnings and prospects, the Company's long-range plans, and the risk in achieving those prospects and plans, as well as industry, economic and market conditions and trends, including the Disinterested Director's evaluation of the Company's exposure to commodity and energy price changes, the impact on the Company of general, macro-economic developments and other risks and uncertainties discussed in the Company's public filings with the SEC as evidenced by the results of the PJM Auction;

- Riverstone's representation to the Company that the $14.00 per Share Merger Consideration was its best offer, that such offer represented a premium of approximately 27% over Riverstone's initial proposal of $11.00 per Share and a

premium of approximately 8% over Riverstone's proposal of $13.00 per Share prior to the negative results of the PJM Auction, and the conclusion reached by the Disinterested Directors, after discussions with the Company's management and advisors and negotiations with Riverstone, that the per Share

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Merger Consideration of $14.00 was likely the highest price per Share that Riverstone was willing to pay and that the combination of Riverstone's agreement to pay that price and the "go-shop" process (as more fully described under "*The Merger Agreement*") would likely result in a sale of the Company at the highest price per Share that was reasonably attainable;

- the Disinterested Director's belief that the $14.00 per Share Merger Consideration at least equaled the highest proposal received by the Company, including the top of the indicative purchase price range proposed by Party A prior to the PJM Auction results, the only other proposal received by the Company;

- that the per Share Merger Consideration consists solely of cash, providing the Company's stockholders with certainty of value and liquidity;

- the knowledge that the Company's valuation, measured as a multiple of enterprise value to earnings before income, taxes, depreciation and amortization (the principal valuation metric for the competitive power generation sector), has historically traded at a discount relative to other participants in the independent power producer sector in which the Company operates;

- that, although SparkSpread had reported on April 1, 2016 that the Company was a potential target for a leveraged buyout and the Board had received interest from multiple potential bidders, including Party B, no potential acquiror other than Riverstone and Party A made a proposal to acquire the Company before the Merger Agreement was executed on June 2, 2016, and the Disinterested Directors' belief that potential acquirors would have approached the Company after the SparkSpread report and that interested third parties would still have the opportunity to make a proposal during and after the "go-shop" period (as more fully described under "*The Merger Agreement*");

- the financial and other terms and conditions of the Merger Agreement and the transactions contemplated thereby, including the Merger, resulting from extensive negotiations conducted at the direction of the Disinterested Directors, with the assistance of experienced legal and financial advisors, during a process that resulted in, among other things, an approximately 27% increase in the Merger Consideration from Riverstone's initial proposal from Riverstone of $11.00 per Share on December 11, 2015 to its final offer of $14.00 per Share;

- the strategic review and discussion undertaken by the Disinterested Directors with the assistance of the Company's management and advisors, which involved the evaluation of multiple options, including the Company's stand-alone business plan, potential value creating options, and a review of potentially available acquisition targets in the market, the consideration by the Disinterested Directors of multiple potential acquirors, negotiation with certain of such acquirors, the fact that Party A did not make any definitive proposal and Party B did not make any indicative proposal, together supporting the Disinterested Directors' belief that the Merger Agreement and the transactions contemplated thereby, including the Merger, were more favorable to the Company and the unaffiliated stockholders, when compared with other strategic initiatives reasonably available to the Company taking into account the Company's stand-alone business plan and certain potential value enhancement opportunities, including possible acquisitions and dispositions, changing the fuel supply for certain power plants and reducing operations and

maintenance costs, and their associated benefits and risks (as more fully described under "*Special Factors—Background of the Merger*");

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- the financial presentation and opinion of Citi, dated June 2, 2016, to the Disinterested Directors as to the fairness, from a financial point of view and as of the date of the opinion, of the Merger Consideration to be received by Disinterested Stockholders pursuant to the Merger Agreement, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken (as more fully described under "*Special Factors—Opinion of Citigroup Global Markets Inc.*");

- the likelihood of the Merger being completed, based on, among other matters:

  - Parent having obtained committed debt financing in connection with the transaction, the reputation of the financing sources and the obligation of Parent to use reasonable best efforts to obtain the debt financing;

  - the absence of a financing condition in the Merger Agreement;

  - the Company's ability, under circumstances specified in the Merger Agreement, to seek specific performance of Parent's obligation to cause the Merger to occur;

  - the requirement that, in the event of a failure of the Merger to be consummated under certain circumstances, Parent pay the Company a termination fee of $85 million, and the commitment with respect to such payment obligation by Riverstone (as more fully described under "*The Merger Agreement—Termination—Termination Fees*");

  - the requirement that Parent use reasonable best efforts to obtain the regulatory approvals required to consummate the Merger, including effecting divestitures and providing additional financial support from the Company and its subsidiaries, unless such action would have certain burdensome consequences specified in the Merger Agreement; and

  - the likelihood and anticipated timing of completing the proposed Merger in light of the scope of the conditions to completion, including that there were no anticipated substantive issues expected in connection with the required regulatory approvals;

  - the likelihood of satisfaction of the condition requiring the Company to have available liquidity (unrestricted cash and unutilized Credit Facility capacity) of at least $350 million at the consummation of the Merger;

- the terms and conditions of the Merger Agreement, including:

  - the Company's right to solicit offers with respect to alternative acquisition proposals during a 40-day "go-shop" period and to continue discussions with certain excluded "parties" that make acquisition proposals during the go-shop period for an additional 20-day period and, notwithstanding the fact that the Sponsor Entities have not agreed to vote their

Shares in favor of a “Superior Proposal,” the Disinterested Directors’ view that the go-shop period would invite additional parties to make proposals and could lead to a “Superior Proposal” if another party were interested;

- the Company’s right, from the end of the “go-shop” period and prior to the time the Company’s stockholders approve the proposal to adopt the Merger Agreement, subject to certain conditions and requirements, to consider and respond to unsolicited acquisition proposals or engage in discussions or negotiations with third parties making such

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acquisition proposal and to terminate the Merger Agreement to accept a "superior proposal", and pay Parent a termination fee of $50 million, or $25 million if the termination is in connection with the Company's entry into a definitive agreement with an "excluded party" (as more fully described under "*The Merger Agreement—Termination—Termination Fees*");

o the belief of the Disinterested Directors that the Company's termination fees were reasonable in light of, among other matters, the benefit of the Merger to the Company's stockholders, the size of such termination fees in similar transactions and the enterprise value of the Company;

o the terms of the Merger Agreement providing the Company sufficient operating flexibility to conduct its business in the ordinary course until the earlier of the consummation of the Merger or the termination of the Merger Agreement;

o the ability of the Company to seek specific performance to prevent certain breaches of the Merger Agreement by Parent and Merger Sub;

· that the Sponsor Entities agreed in the Support Agreement to vote their Shares in favor of, and take certain other actions in furtherance of, the transactions contemplated by the Merger Agreement, including the Merger (as more fully described under "*Support Agreement*");

· the Guarantee, provided by an affiliate of Riverstone, guaranteeing Parent's obligations under the Merger Agreement with respect to payment of the Parent termination fee and certain reimbursement obligations;

· the Disinterested Directors' belief that they were fully informed about the extent to which the interests of Riverstone in the Merger differ from those of the Company's other stockholders; and

· that management did not negotiate or enter into any contracts (including as to post-closing employment) with Riverstone or its affiliates in connection with the execution of the Merger Agreement or during the course of the Company's negotiations with Riverstone.

The Disinterested Directors believe that sufficient procedural safeguards were and are present to ensure the fairness of the Merger and to permit the Disinterested Directors to represent effectively the interests of the unaffiliated stockholders, and in light of such procedural safeguards the Disinterested Directors did not consider it necessary to retain an unaffiliated representative to act solely on behalf of our unaffiliated stockholders for purposes of negotiating the terms of the Merger Agreement or preparing a report concerning the fairness of the Merger Agreement and the Merger. These procedural safeguards include the following:

- that each of the Disinterested Directors (representing a majority of the Board) were disinterested in Riverstone's proposal to acquire the Company;

- that from December 7, 2015 (the date of the first Disinterested Directors meeting following Riverstone's submission of a proposal for the acquisition of the Company), the members of

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the Board who were partners or employees of Riverstone were excluded from all deliberations with respect to the negotiation, evaluation or approval of the Merger Agreement and the Merger and the consideration of other strategic alternatives, deferring all decisions relating to the Merger and the Company's potential strategic alternatives to the Disinterested Directors;

- that the Disinterested Directors, as a majority of the Board, had the power to negotiate, and terminate at any time negotiations relating to, a potential transaction;

- that the Disinterested Directors, other than Mr. Farr, are not officers or employees of the Company and the Disinterested Directors (including Mr. Farr) are not representatives of Riverstone, and are not expected to have, an economic interest in the Company or the surviving corporation following the completion of the Merger;

- that the Disinterested Directors received the advice and assistance of experienced legal and financial advisors;

- that, at the direction of the Disinterested Directors, with the assistance of legal and financial advisors, extensive negotiations occurred with Riverstone regarding the Merger Consideration, that resulted in an increase in the Merger Consideration from $11.00 to $14.00 per Share, and the other terms of the Merger and the Merger Agreement, including the operating covenants, the amount of the termination fees, and the requirement that the proposal to adopt the Merger Agreement be approved by the affirmative vote of Disinterested Stockholders;

- that the Disinterested Directors met at least 13 times during the course of approximately six months to review potential transactions and other options, including the proposal from and negotiations with Riverstone, the proposal from Party A, and other options (including the stand-alone business plan) potentially available to the Company;

- that the consummation of the Merger requires the affirmative vote of not only the holders of a majority of outstanding Shares entitled to vote at the Special Meeting, but also Disinterested Stockholders;

- the various terms of the Merger Agreement, including that the Merger Agreement contains "go-shop" provisions and the ability of the Company to terminate the Merger Agreement under certain circumstances to accept a "superior proposal" (each as more fully described under "*The Merger Agreement*"), that are intended to help ensure that the Company's stockholders receive the highest price per Share reasonably available;

- that the Disinterested Directors made their evaluation of the Merger Agreement and the Merger based upon the factors discussed in this proxy statement and with the full knowledge of the interests of Riverstone in the Merger;

- the ability of the Disinterested Directors, under certain circumstances, to change, qualify, withhold, withdraw or modify their recommendation that stockholders vote to adopt the Merger Agreement;

- that the Disinterested Directors, at a meeting held on December 7, 2015, considered the terms of the Stockholder Agreement when evaluating whether the Merger was fair to and in the best interests of the unaffiliated stockholders, as more fully described on page 17 of this proxy statement (for additional information regarding the Stockholder Agreement, see "*Other Important Information Regarding the Parent Group and Riverstone—Significant Past Transactions and Contracts—Stockholder Agreement*"); and

- the availability to the stockholders of the Company who do not vote in favor of the adoption of the Merger Agreement of appraisal rights under Delaware law.

The Disinterested Directors also considered the following uncertainties, risks and potentially negative factors in their deliberations concerning the Merger, which are not intended to be exhaustive and are not presented in any relative order of importance:

- that, following the completion of the Merger, the Company will no longer exist as an independent public company and that the consummation of the Merger and receipt of the Merger Consideration, while providing relative certainty of value, will not allow the Company's stockholders to participate in potential further growth in the Company's assets, future earnings growth, future appreciation in value of the Shares or any future dividends after the Merger;

- the risk that the transactions contemplated by the Merger Agreement, including the Merger, and the financing for the transaction, may not be consummated in a timely manner or at all, and the consequences thereof, including (i) the potential loss of value to the Company's stockholders, (ii) the potential negative impact on the operations and prospects of the Company, including the risk of loss of key personnel, and (iii) the market's perception of the Company's prospects could be adversely affected if such transactions were delayed or were not consummated;

- the possible effects of the pendency or consummation of the transactions contemplated by the Merger Agreement, including the potential for suits, actions or proceedings in respect of the Merger Agreement or the transactions contemplated by the Merger Agreement, the risk of any loss or change in the relationship of the Company and its subsidiaries with their respective employees, agents, customers and other business relationships, and any possible effect on the Company's ability to attract and retain key employees, including that certain key members of senior management might choose not to remain employed with the Company prior to the completion of the Merger;

- the risks and potentially negative factors described in "*Special Factors—Certain Effects of the Merger*" and "*Special Factors—Certain Effects on the Company if the Merger is not Completed*," respectively;

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that the Company's directors, officers and employees have expended and will expend extensive efforts attempting to complete the transactions contemplated by the Merger Agreement and such persons have experienced and will experience significant distractions from their work during the pendency of such transactions and that the Company has incurred and will incur substantial costs in connection with such transactions, even if such transactions are not consummated;

- that the receipt of the Merger Consideration in exchange for Shares pursuant to the Merger Agreement will be a taxable transaction for U.S. federal income tax purposes;

- the restrictions imposed by the Merger Agreement on the Company's solicitation of acquisition proposals from third parties after the "go-shop" period, and that prospective bidders may perceive Parent's right under the Merger Agreement to negotiate with the Company to match the terms of any "superior proposal" prior to the Company being able to terminate the Merger Agreement and accept a "superior proposal" to be a deterrent to making alternative proposals;

- that the Sponsor Entities' ownership interest in the Company would likely be taken into account by third parties considering whether to make alternative proposals during the "go-shop" period;

- the possibility that the Company may be required to pay Parent (or its designee) a termination fee of $50 million or $25 million (as more fully described under "*The Merger Agreement—Termination—Termination Fees*"), under certain circumstances, including to accept a "superior proposal";

- that the Company's remedy in the event of the failure of the Merger to close as a result of a financing failure is limited to receipt of an $85 million termination fee payable by Parent;

- that Parent and Merger Sub are newly formed entities with essentially no assets and the Guarantee, provided by an affiliate of Riverstone, guarantees Parent's obligations under the Merger Agreement only with respect to payment of the Parent termination fee and certain reimbursement obligations, and is subject to a cap of $90 million;

- that, if the Merger Agreement is terminated in connection with the Company's entry into a definitive agreement with respect to a "superior proposal", the Sponsor Entities have not agreed to vote their Shares in favor of such "superior proposal";

- the understanding that some of the Company's directors and executive officers have other interests in the Merger in addition to their interests as stockholders of the Company, including the manner in which they would be affected by the Merger (as discussed under "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger*");

- the condition to the Merger that the Company must have liquidity and undrawn capacity of at least $350 million at the consummation of the Merger;

- the condition to the Merger relating to the receipt of a tax opinion in connection with the transactions;

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the condition to the Merger that no specified event of default shall have occurred or be continuing under the Company's revolving credit agreement immediately prior to giving effect to the consummation of the Merger; and

- the restrictions placed on the conduct of the Company's business prior to the completion of the Merger pursuant to the terms of the Merger Agreement, which could delay or prevent the Company from undertaking business opportunities that may arise or any other action it would

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otherwise take with respect to the operations of the Company absent the pending completion of the Merger.

The Disinterested Directors concluded that the uncertainties, risks and potentially negative factors relevant to the Merger were outweighed by the potential benefits.

In the course of reaching its decision to approve and declare advisable the Merger Agreement and the transactions contemplated thereby, including the Merger, the Disinterested Directors did not consider the liquidation value of the Company because (i) it considered the Company to be a viable, going concern, (ii) it believes that liquidation sales generally result in proceeds substantially less than sales of going concerns, (iii) it considered determining a liquidation value to be impracticable given the significant execution risk involved in any breakup of the Company and (iv) the Company will continue to operate its business following the Merger. For the foregoing reasons, the Disinterested Directors did not consider liquidation value to be a relevant methodology. Further, the Disinterested Directors did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of the Company as a going concern but rather is indicative of historical costs and because net book value does not take into account the prospects of the Company, market conditions, trends in the industry in which the Company operates or the business risks inherent in that industry. The Disinterested Directors did not seek to determine a pre-Merger going concern value for the Common Stock to determine the fairness of the Merger Consideration to the Company’s unaffiliated stockholders. The Disinterested Directors believe that the trading price of the Common Stock at any given time represents the best available indicator of the Company’s going concern value at that time so long as the trading price at that time is not impacted by speculation regarding the likelihood of a potential transaction. The Disinterested Directors were not aware of any firm offer for a merger, sale of all or a substantial part of the Company’s assets, or a purchase of a controlling amount of the Company securities having been received by the Company from anyone other than a person disclosing its offer or purchase in reports filed with the SEC in the two years preceding the signing of the Merger Agreement. The Disinterested Directors adopted Citi’s opinion and analyses. Although the reference to Disinterested Stockholders in Citi's opinion did not exclude the Company’s directors and officers (other than those affiliated with the Riverstone Filing Parties) notwithstanding that such persons are deemed affiliates of the Company, such reference did not affect the Disinterested Directors’ determination in respect of the Merger Agreement and the transactions contemplated thereby, including the Merger, because such directors and officers will receive the same Merger Consideration as unaffiliated stockholders.

The foregoing discussion is not exhaustive, but is intended to summarize the material information and factors considered by the Disinterested Directors in their consideration of the transactions contemplated by the Merger Agreement, including the Merger. The Disinterested Directors reached the unanimous decision to approve the entry into the Merger Agreement and recommend its adoption by the Company’s stockholders in light of the factors described above and other factors that each member of the Disinterested Directors believed were appropriate. In view of the variety of factors and the quality and amount of information considered, the Disinterested Directors did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching their determinations. In addition, each individual Disinterested Director may have given different weight to different factors. The Disinterested Directors conducted an overall review of the factors described above, including through discussions with the Company’s management and legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determinations. It should be noted that this explanation of the reasoning of the

Disinterested Directors and certain information presented in this section is forward-looking in nature and should be read in light of the factors set forth in the section entitled "*Cautionary Statement Concerning Forward-Looking Information*."

Position of the Riverstone Filing Parties as to the Fairness of the Merger

Under the SEC rules governing "going private" transactions, each of Parent, Merger Sub, Riverstone and the Sponsor Entities and Their Controlling Affiliates, as defined in "*Other Important Information Regarding the Parent Group and Riverstone—Identity and Background of Parent, Merger Sub, Riverstone and the Sponsor Entities and Their Controlling Affiliates*," which we refer to collectively as the Riverstone Filing Parties, is an affiliate of the Company that is engaged in the "going private" transaction and, therefore, is required to express its position as to the fairness of the proposed Merger to the Company's "unaffiliated security holders," as defined under Rule 13e-3 of the Exchange Act. The Riverstone Filing Parties are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act.

The Riverstone Filing Parties believe that the Merger (which is the Rule 13e-3 transaction for which a Schedule 13E-3 Transaction Statement was filed with the SEC) is fair to the Company's unaffiliated stockholders on the basis of the factors described in "*Special Factors—Purpose and Reasons of the Riverstone Filing Parties for the Merger*" and the additional factors described below.

The Riverstone Filing Parties did not participate in the deliberations of the Disinterested Directors regarding, or received advice from the Company's legal or financial advisors as to, the fairness of the proposed Merger. The Riverstone Filing Parties have not performed, or engaged a financial advisor to perform, any valuation or other analysis for the purpose of assessing the fairness of the Merger to the Company's unaffiliated stockholders. Based on the knowledge and analysis by the Riverstone Filing Parties of available information regarding the Company, as well as discussions with members of the Company's senior management regarding the Company and its business and the factors considered by, and the analysis and resulting conclusions of, the Board discussed in this proxy statement in "*Special Factors—Purpose and Reasons of the Company for the Merger*," the Riverstone Filing Parties believe that the Merger is substantively and procedurally fair to the Company's unaffiliated stockholders. In particular, the Riverstone Filing Parties believe that the proposed Merger is both procedurally and substantively fair to the unaffiliated stockholders of the Company based on their consideration of the following factors, among others, which are not presented in any relative order of importance:

- that the Merger Consideration represents a premium of 56% above the closing price of the Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company, a premium of 101% over the volume-weighted average price of the Shares during the 60 calendar days that ended on March 31, 2016, and a premium of 17% over the closing price of the Shares on June 2, 2016, the last trading day before the announcement of the Merger;

- that the Merger Consideration is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders;

- that consummation of the Merger will allow the unaffiliated stockholders not to be exposed to risks and uncertainties relating to the prospects of the Company following completion of the Merger;

- that the Merger Consideration resulted from lengthy negotiations between the Disinterested Directors and Riverstone both before and after the Company attempted to institute a competitive bidding process involving Party A;

- that the Merger Agreement and the transactions contemplated thereby were negotiated and unanimously approved by members of the Board (other than Messrs. Alexander and Hoffman, who are affiliated with Riverstone, and accordingly recused themselves from the vote and deliberations) and the fact that, the members of the Board who approved the Merger Agreement and transactions contemplated thereby consisted solely of the Disinterested Directors who have no economic interest or expectancy of an economic interest in the Parent Group, Riverstone or their affiliates following the Merger;

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- that the Merger is conditioned on approval by Disinterested Stockholders, present in person or by proxy at the Special Meeting, in addition to approval by the Company stockholders representing a majority of outstanding Shares entitled to vote at the Special Meeting;

- that the Merger Agreement provides for a 40-day post-signing Go-Shop Period, during which the Company—with the assistance of its legal and financial advisors—may actively solicit, receive, evaluate and potentially enter into negotiations with parties that offer Alternative Proposals;

- that the Company is permitted to continue discussions with certain parties that make a qualifying offer during the Go-Shop Period for an additional 20 days following the end of the Go-Shop Period and, subject to customary requirements included in the Merger Agreement, enter into or recommend a transaction with a person or group that makes a Superior Proposal;

- that after the No-Shop Period Start Date, the Merger Agreement further permits the Company to provide information and participate in negotiations with respect to unsolicited acquisition proposals in circumstances described in the Merger Agreement and to terminate the Merger Agreement to accept a Superior Proposal;

- that if the Company accepts a Superior Proposal made during the Go-Shop Period, the termination fee that the Company is required to pay is reduced from $50 million to $25 million;

- the requirement that in the event of a failure of the Merger to be consummated under certain circumstances, Parent must pay the Company a Parent termination fee of $85 million without the Company being required to establish any damages, which payment obligation is guaranteed by the Guarantor (as defined below in "*The Merger Agreement—Guarantee*");

- the fact that the Disinterested Directors received an opinion of Citi, dated June 2, 2016, to the Disinterested Directors as to the fairness, from a financial point of view and as of the date of the opinion, of the Merger Consideration to be received by Disinterested Stockholders pursuant to the Merger Agreement, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken (as more fully described under "*Special Factors—Opinion of Citigroup Global Markets Inc.*");

- that the Merger and the Merger Agreement were unanimously approved by the Board and that the Board unanimously determined (in each case, with Messrs. Alexander and Hoffman, who are affiliated with Riverstone, recused) that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement were fair, advisable and in the best interests of the Company and its unaffiliated stockholders; and

- that under Delaware law, the stockholders of the Company have the right to dissent to the Merger and to seek payment of the fair value of their Shares in accordance with the procedures provided under Delaware law if the proposed Merger is effected.

In their consideration of the fairness of the proposed Merger, the Riverstone Filing Parties did not find it practicable to, and did not, appraise the assets of the Company to determine the liquidation value for the Company's unaffiliated stockholders (i) because of the impracticability of determining a liquidation value given the significant execution risk involved in any breakup, (ii) because the Riverstone Filing Parties

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considered the Company to be a viable going concern and (iii) because the Company will continue to operate its business following the Merger. The Riverstone Filing Parties did not consider net book value, which is an accounting concept, for purposes of determining the fairness of the per Share Merger Consideration to the Company's unaffiliated stockholders because, in the Riverstone Filing Parties' view, net book value is neither indicative of the Company's market value nor its value as a going concern, but rather is an indicator of historical costs. The Riverstone Filing Parties did not seek to establish a pre-Merger going concern value for the Company's Shares to determine the fairness of the Merger Consideration to the unaffiliated stockholders because following the Merger, the Company will have a different capital structure, cost profile and operating strategy, among other things. However, to the extent that the closing price for the Company's Shares on the NYSE on March 31, 2016, the last trading day before first public reports of a potential sale of the Company, and June 2, 2016, the last trading day before the announcement of the Merger, represented the per Share going concern value of the Company, the Merger Consideration represented a premium of approximately 56% and 17%, respectively, to the going concern value of the Company.

The foregoing discussion of the information and factors considered and weight given by the Riverstone Filing Parties in connection with their evaluation of the fairness to the Company's unaffiliated stockholders of the Merger is not intended to be exhaustive but is believed to include all material factors considered. The Riverstone Filing Parties did not find it practicable to assign, nor did they assign, relative weight to the individual factors considered in reaching their conclusions as to fairness. The Riverstone Filing Parties believe that these factors provide a reasonable basis for their belief that the proposed Merger is fair to the Company's unaffiliated stockholders. This belief should not, however, be construed as a recommendation to any of the Company's stockholders to approve the Merger Agreement. The Riverstone Filing Parties do not make any recommendation as to how stockholders of the Company should vote their Shares on the Merger Agreement Proposal.

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Opinion of Citigroup Global Markets Inc.

The Company has engaged Citi as its financial advisor in connection with the proposed Merger. In connection with this engagement, the Company requested that Citi evaluate the fairness, from a financial point of view, of the Merger Consideration to be received by Disinterested Stockholders pursuant to the Merger Agreement. On June 2, 2016, at a meeting of the Disinterested Directors held to evaluate the Merger, Citi rendered an oral opinion, confirmed by delivery of a written opinion dated June 2, 2016, to the Disinterested Directors to the effect that, as of that date and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications described in its opinion, the Merger Consideration to be received by Disinterested Stockholders pursuant to the Merger Agreement was fair, from a financial point of view, to such holders.

The full text of Citi's written opinion, dated June 2, 2016, to the Disinterested Directors, which describes the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as Annex C to this proxy statement and should be read carefully in its entirety. The description of Citi's opinion set forth below is qualified in its entirety by reference to the full text of Citi's opinion. **Citi's financial advisory services and opinion were provided for the information of the Disinterested Directors (in their capacity as such) in connection with their evaluation of the Merger Consideration from a financial point of view and did not address any other terms, aspects or implications of the Merger. Citi expressed no view as to, and its opinion did not address, the underlying business decision of the Company to effect or enter into the Merger, the relative merits of the Merger as compared to any alternative business strategies that might exist for the Company or the effect of any other transaction in which the Company might engage or consider. Citi's opinion is not intended to be and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the proposed Merger or otherwise.**

In arriving at its opinion, Citi:

- reviewed a draft, dated June 2, 2016, of the Merger Agreement;
- held discussions with certain senior officers, directors and other representatives and advisors of the Company concerning the businesses, operations and prospects of the Company;
- reviewed certain publicly available and other business and financial information relating to the Company, including certain internal financial forecasts and other information and data relating to the Company provided to or discussed with Citi by the Company's management;
-

reviewed the financial terms of the Merger as set forth in the Merger Agreement in relation to, among other things, current and historical market prices of the Shares, the historical and projected earnings and other operating data of the Company, and the capitalization and financial condition of the Company;

- analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citi considered relevant in evaluating those of the Company;

- considered, to the extent publicly available, the financial terms of certain other transactions which Citi considered relevant in evaluating the Merger; and

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- conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citi deemed appropriate in arriving at its opinion.

In rendering its opinion, Citi assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and upon the assurances of the management and other representatives of the Company that they were not aware of any relevant information that was omitted or that remained undisclosed to Citi. With respect to financial forecasts and other information and data relating to the Company that Citi was directed to utilize in its analyses, Citi was advised by the Company's management, and Citi assumed, with the Company's consent, that such financial forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company's management as to the future financial performance of the Company and the other matters covered thereby.

Citi relied, at the Company's direction, upon the assessments of the Company's management as to, among other things, (i) matters relating to the separation of Talen Energy Holdings, Inc., the former parent company of the Company, which we refer to as Holdco, and Talen Energy Supply, from PPL Corporation, which we refer to as PPL, consummated in 2015, which we refer to as the "separation," and certain tax indemnities, opinions and other arrangements contemplated in connection with the separation, (ii) the potential impact on the Company of certain market, competitive, cyclical and other trends and developments in and prospects for, and governmental, regulatory and legislative matters relating to or otherwise affecting, the merchant power generation industry, including assumptions of the Company's management as to, among other things, future commodity, capacity markets, wholesale and retail energy prices, operational, maintenance and production costs, transmission capacity and demand for energy commodities reflected in the financial forecasts and other information and data utilized in Citi's analyses or otherwise relevant for purposes of Citi's opinion, which are subject to significant volatility and which, if different than as assumed, could have a material impact on Citi's analyses and opinion and (iii) existing and future commercial relationships, agreements and arrangements of the Company. Citi assumed, with the Company's consent, that there would be no developments with respect to any such matters that would have an adverse effect on the Company or the Merger or that otherwise would be meaningful in any respect to Citi's analyses or opinion.

Citi did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent, off-balance sheet, derivative or otherwise) of the Company or any other entity and Citi did not make any physical inspection of the properties or assets of the Company or any other entity. Citi assumed, with the Company's consent, that the Merger would be consummated in accordance with its terms and in compliance with all applicable laws, documents and other requirements, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory or third party approvals, consents, releases, waivers and agreements for the Merger, no delay, limitation, restriction or condition, including any divestiture requirements, amendments or modifications, would be imposed or occur that would have an adverse effect on the Company or the Merger or that otherwise would be meaningful in any respect to Citi's analyses or opinion. Representatives of the Company advised Citi, and Citi also assumed, that the final terms of the Merger Agreement would not vary materially from those set forth in the draft Citi reviewed. Citi did not express any view or opinion as to

the prices at which the Shares (or any other securities of or relating to the Company) may trade or otherwise be transferable at any time. Citi also did not express any view or opinion with respect to any tax (including, without limitation, tax consequences resulting from the separation, the Merger or otherwise), accounting, regulatory, legal or similar matters and Citi relied, with the Company's consent, upon the assessments of representatives of the Company as to such matters. In connection with Citi's engagement, Citi was not requested to, and Citi did not, undertake a third-party solicitation process on behalf of the Company; however, Citi held discussions on behalf of the Company with certain third parties that had made inbound inquiries regarding a possible acquisition of the Company and Citi was requested, following public announcement of the Merger, to undertake on

behalf of the Company a go-shop process, as contemplated by the provisions of the Merger Agreement and subject to certain limitations, to solicit third-party indications of interest in the acquisition of the Company.

Citi's opinion addressed only the fairness, from a financial point of view and as of the date of the opinion, of the Merger Consideration (to the extent expressly specified in the opinion) to Disinterested Stockholders. Citi's opinion did not address any other terms, aspects or implications of the Merger, including, without limitation, the form or structure of the Merger, any guarantee, support agreement or any other agreement, arrangement or understanding to be entered into in connection with or contemplated by the Merger or otherwise. Citi expressed no view as to, and its opinion did not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation or other payments to any officers, directors or employees of any parties to the Merger, or any class of such persons, relative to the Merger Consideration or otherwise. Citi's opinion was necessarily based upon information available, and financial, stock market and other conditions and circumstances existing and disclosed, to Citi as of the date of its opinion. Although subsequent developments may affect Citi's opinion, Citi has no obligation to update, revise or reaffirm its opinion. As the Disinterested Directors were aware, the credit, financial and stock markets, and the industries in which the Company operates, have experienced and continue to experience volatility and Citi expressed no opinion or view as to any potential effects of such volatility on the Company or the Merger. The issuance of Citi's opinion was authorized by Citi's fairness opinion committee.

In preparing its opinion, Citi performed a variety of financial and comparative analyses, including those described below. The summary of the analyses below is not a complete description of Citi's opinion or the analyses underlying, and factors considered in connection with, Citi's opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to summary description. Citi arrived at its ultimate opinion based on the results of all analyses undertaken by it and factors assessed as a whole, and it did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Citi believes that the analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying such analyses and its opinion.

In its analyses, Citi considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion, many of which are beyond the control of the Company. No company, business or transaction reviewed is identical or directly comparable to the Company, its businesses or the Merger and an evaluation of these analyses is not entirely mathematical; rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics or other factors that could affect the public trading, acquisition or other values of the companies, business segments or transactions reviewed and may not necessarily reflect all companies or business segments, transactions or other information deemed relevant for purposes of Citi's analyses.

The estimates contained in Citi's analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by such analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates used in, and the results derived from, Citi's analyses are inherently subject to substantial uncertainty.

Citi was not requested to, and it did not, recommend or determine the specific consideration payable in the Merger. The type and amount of consideration payable in the Merger were determined

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through negotiations between the Company and Riverstone and the decision to enter into the Merger Agreement was solely that of the Disinterested Directors. Citi's opinion was only one of many factors considered by the Disinterested Directors in their evaluation of the Merger and should not be viewed as determinative of the views of such directors or the Company's management with respect to the Merger or the Merger Consideration.

The following is a summary of the material financial analyses presented to the Disinterested Directors in connection with Citi's opinion, dated June 2, 2016. **The summary set forth below does not purport to be a complete description of the financial analyses performed by, and underlying the opinion of, Citi, nor does the order of the financial analyses described represent the relative importance or weight given to those financial analyses by Citi. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary as the tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the financial analyses, could create a misleading or incomplete view of such financial analyses. None of the Company, Riverstone, Citi or any other person assumes responsibility if future results are different from those described, whether or not any such difference is material.** For purposes of the financial analyses described below, (i) the term "adjusted EBITDA" means net income (loss) before interest, income taxes, depreciation and amortization, which we refer to as "EBITDA," adjusted for certain non-cash and other items that the Company's management believes are not indicative of ongoing operations, including, but not limited to, unrealized gains and losses on derivative contracts, stock-based compensation expense, asset retirement obligation accretion, gains and losses on securities in the nuclear decommissioning trust fund, impairments, gains or losses on sales, dispositions or retirements of assets, debt extinguishments, and transition, transaction and restructuring costs, (ii) the term "adjusted free cash flow" means cash from operations less capital expenditures, excluding growth-related capital expenditures, adjusted for changes in counterparty collateral and further adjusted for after-tax transaction and restructuring costs, and certain other after-tax cash items that the Company's management believes are not indicative of ongoing operations, (iii) other than in the case of the selected public companies analysis in respect of free cash flow yield, the Company's total debt was adjusted for the Company's cash, pro forma for certain assets sold in 2016 (as so adjusted and pro forma for certain assets sold in 2016, "adjusted net debt"), and (iv) in the case of the discounted cash flow analysis described below, unlevered cash taxes were based on a specified tax rate and taxes as provided by the Company's management, and included the benefits expected by the Company's management to result from the utilization of the Company's net operating losses and bonus depreciation during the five-year period ending December 31, 2020.

June 2, 2016 Financial Presentation

The financial presentation provided to the Disinterested Directors in connection with Citi's opinion, dated June 2, 2016, to such directors, which we refer to as the June 2, 2016 financial presentation, included the following material financial analyses:

Discounted Cash Flow Analysis. Citi performed a discounted cash flow analysis of the Company by calculating the estimated present value (as of March 31, 2016) of the unlevered free cash flows that the Company was forecasted to generate during the last three quarters of the fiscal year ending December 31, 2016 through the full fiscal year ending December 31, 2019 based on internal financial forecasts and estimates of the Company's management, as more fully described by the Company under "*—Prospective Financial Information—Post-PJM Auction Forecasts*." Citi calculated the implied terminal value of the Company by applying to the Company's fiscal year 2020 estimated adjusted EBITDA a selected range of EBITDA multiples of 7.5x to 8.5x derived based on Citi's professional judgment and taking into account, among other factors, the calendar year 2017 estimated mean EBITDA multiple observed for the selected companies. The present values (as of March 31, 2016) of the Company's cash flows and terminal values were then calculated using a selected range of discount rates of 5.9% to 6.6% derived from a weighted average cost of capital calculation. This analysis indicated the following approximate implied per Share equity value reference range for the Company, as compared to the Merger Consideration:

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Approximate Implied Per Share Equity Value Reference Range	Merger Consideration
$9.24 - $13.66	$14.00

Selected Public Companies Analysis. Citi performed a selected public companies analysis of the Company in which Citi reviewed certain financial and stock market information of the following two selected companies that Citi considered relevant as publicly traded independent power producer companies with business, financial and operating characteristics generally similar to those of the Company, which we collectively refer to as the selected companies:

- Dynegy Inc.
- NRG Energy, Inc.

Citi reviewed, among other information, enterprise values (calculated as fully diluted equity values based on closing stock prices on May 31, 2016 plus total debt, preferred stock and non-controlling interests (as applicable) and less cash and cash equivalents and investments in unconsolidated affiliates (as applicable)), as a multiple of calendar year 2017 and calendar year 2018 estimated EBITDA. Citi also reviewed, among other information, calendar year 2016 estimated free cash flow yields. Financial data of the selected companies were based on public filings, Wall Street research analysts' consensus estimates and other publicly available information and, in the case of Dynegy's calendar year 2017 and calendar year 2018 estimated EBITDA and calendar year 2016 estimated free cash flow yield, was pro forma for its pending acquisition of the U.S. fossil portfolio of Engie SA. Financial data of the Company were based on internal financial forecasts and estimates of the Company's management.

The overall low to high equity values and enterprise values observed for the selected companies were approximately $2,257 million to $5,235 million (with a mean of $3,746 million and a median of $3,746 million) and approximately $10,523 million to $24,967 million (with a mean of $17,745 million and a median of $17,745 million), respectively. The overall low to high calendar year 2017 and calendar year 2018 estimated EBITDA multiples observed for the selected companies were 7.2x to 8.8x (with a mean of 8.0x and a median of 8.0x) and 6.6x to 8.3x (with a mean of 7.4x and a median of 7.4x), respectively. The overall low to high calendar year 2016 estimated free cash flow yields observed for the selected companies were 14.7% to 21.0% (with a mean of 17.9% and a median of 17.9%). Based on Citi's professional judgment and taking into account, among other factors, the calendar year 2017 and calendar year 2018 estimated EBITDA multiples observed for the selected companies, Citi then applied selected ranges of calendar year 2017 and calendar year 2018 estimated EBITDA multiples of 7.2x to 8.8x and 6.6x to 8.3x, respectively, derived from the selected companies to the Company's calendar year 2017 and calendar year 2018 estimated adjusted EBITDA, respectively. Based on Citi's professional judgment and taking into account, among other factors, the calendar year 2016 estimated free cash flow yields observed for the selected companies, Citi also applied a selected range of calendar year 2016 estimated free cash flow yields of 14.7% to 21.0% derived from the selected companies to the Company's calendar year 2016 estimated adjusted free cash flow. Approximate implied per share equity values for the Company derived from such selected estimated EBITDA multiples were calculated as total implied enterprise value less adjusted net debt as of March 31, 2016 divided by the total number of fully diluted Shares estimated by the Company's management to be outstanding as of December 31, 2016. Approximate implied per share equity values for the Company derived from such selected estimated free cash flow yields were calculated as total implied equity value

divided by the total number of fully diluted Shares estimated by the Company's management to be outstanding as of December 31, 2016. This analysis indicated the following approximate implied per Share equity value reference ranges for the Company, as compared to the Merger Consideration.

Approximate Implied Per Share Equity Value Reference Ranges Based on:			Merger Consideration
CY 2017E Adjusted EBITDA	CY 2018E Adjusted EBITDA	CY 2016E Adjusted Free Cash Flow	$14.00
$13.31 – $21.83	$10.44 – $19.92	$13.39 – $19.09	

Selected Precedent Transactions Analysis. Citi performed a selected precedent transactions analysis of the Company in which Citi reviewed financial data relating to the following 13 selected transactions that Citi considered relevant involving target companies, assets or asset portfolios with business, financial and operating characteristics generally similar to those of the Company, which we collectively refer to as the selected transactions:

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Announcement Date	Acquiror	Target
February 25, 2016	· Dynegy Inc./Energy Capital Partners	· Engie SA (U.S. fossil portfolio)
December 23, 2015	· ArcLight Capital Partners, LLC	· Tenaska Capital Management, LLC (natural gas and duel-fired portfolio)
August 22, 2014	· Dynegy Inc.	· Duke Energy Corporation/Energy Capital Partners (Midwest generation assets)
October 18, 2013	· NRG Energy, Inc.	· Edison Mission Energy
March 14, 2013	· Dynegy Inc.	· Ameren Corporation (merchant generation business of Ameren Energy Resources Company, LLC)
July 22, 2012	· NRG Energy, Inc.	· GenOn Energy, Inc.
August 13, 2010	· The Blackstone Group L.P.	· Dynegy Inc.
April 21, 2010	· Calpine Corporation	· Pepco Holdings, Inc. (Conectiv Energy power generation assets)
April 11, 2010	· Mirant Corporation	· RRI Energy, Inc.
October 19, 2008	· Exelon Corporation	· NRG Energy, Inc.
February 26, 2007	· Investor Group	· TXU Corp.
May 30, 2006	· Mirant Corporation	· NRG Energy, Inc.
October 2, 2005	· NRG Energy, Inc.	· Texas Genco LLC

Citi reviewed, among other information, transaction values of the selected transactions (which transaction values ranged from approximately $660 million to $32 billion), calculated as the purchase prices paid for the assets or asset portfolios or fully diluted equity values of the target companies, as applicable, based on closing stock prices as of the announcement dates of the relevant transactions plus total debt plus preferred stock and non-controlling interests (as applicable) and less cash and cash equivalents and investments in unconsolidated affiliates (as applicable), as a multiple of next fiscal year estimated EBITDA. Financial data of the selected transactions were based on public filings and other publicly available information. Financial data of the Company were based on internal financial forecasts and estimates of the Company's management.

The overall low to high next fiscal year estimated EBITDA multiples observed for the selected transactions were 6.2x to 9.8x (with a mean of 7.7x and a median of 7.3x). Based on Citi's professional judgment and taking into account, among other factors, the next fiscal year estimated mean EBITDA multiple observed for the selected transactions, Citi then applied a selected range of next fiscal year estimated EBITDA multiples of 7.2x to 8.2x derived from the selected transactions to the Company's calendar year 2017 estimated adjusted EBITDA. Approximate implied per share equity values for the Company derived from such selected estimated EBITDA multiples were calculated as total implied enterprise value less adjusted net debt as of March 31, 2016 divided by the total number of fully diluted Shares estimated by the Company's management to be outstanding as of December 31, 2016. This analysis indicated the following approximate implied per Share equity value reference range for the Company, as compared to the Merger Consideration:

Approximate Implied Per Share Equity Value Reference Range	Merger Consideration
$13.40 - $18.75	$14.00

Sum-of-the-Parts Selected Precedent Transactions Analysis. Citi performed a sum-of-the-parts selected precedent transactions analysis of the Company on an asset-by-asset basis, categorized by power production technology, fuel type and independent system operator. In evaluating the Company's asset portfolio, Citi reviewed certain financial terms of the following 15 selected transactions that Citi deemed relevant as transactions involving technologies, fuel types and/or independent system operators, consisting of three selected transactions involving PJM-CCGT, which we refer to as the selected PJM-CCGT transactions, one selected transaction involving ERCOT-CCGT, which we refer to as the selected ERCOT-CCGT transaction, two selected transactions involving ISO-NE-CCGT, which we refer to as the selected ISO-NE-CCGT transactions, four selected transactions involving cogeneration, which we refer to as the selected cogeneration transactions, four selected transactions involving peaker power plants, which we refer to as the selected peaker power transactions, and one selected transaction involving coal, which we refer to as the selected coal transaction and, together with the selected PJM-CCGT transactions, the selected ERCOT-CCGT transaction, the selected ISO-NE-CCGT transactions, the selected cogeneration transactions and the selected peaker power transactions, which we collectively refer to as the selected sum-of-the-parts transactions:

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Date	Acquiror	Target
Selected PJM-CCGT Transactions		
November 13, 2015	· Macquarie Infrastructure Partners III/Siemens Financial Services	· Clean Energy Future (Lordstown Energy Center)
October 8, 2015	· TransCanada Corporation	· Talen Energy Corporation (Ironwood Power Plant)
February 27, 2012	· Energy Capital Partners	· The AES Corporation (AES Red Oak LLC)
Selected ERCOT-CCGT Transaction		
November 27, 2015	· Luminant	· NextEra Energy Resources LLC (La Frontera Portfolio)
Selected ISO-NE-CCGT Transactions		
October 13, 2015	· Calpine Corporation	· Granite Ridge Holdings, LLC (Granite Ridge Energy Center)
October 8, 2015	· Carlyle Power Partners II L.P. and Carlyle Power Opportunities Capital Partners L.P.	· Entergy Corp. (Rhode Island State Energy Center)
Selected Cogeneration Transactions		
December 12, 2014	· First Reserve Management, LP	· ArcLight Capital Partners, LLC (Redwood Portfolio)
May 1, 2014	· Nevada Power Company (d/b/a NV Energy)	· Southwest Generation (Las Vegas Cogeneration I and Las Vegas Cogeneration II)
April 8, 2013	· NRG Energy, Inc.	· Atlantic Power Corporation, John Hancock Life Insurance Company (U.S.A.) and Rockland Capital, LLC (Gregory Power Partners)
January 31, 2013	· Quantum Utility Generation, LLC	· Atlantic Power Corporation (Atlantic Power Portfolio)
Selected Peaker Power Transactions		
November 10, 2014	· DTE Energy Company	· The LS Power Group (Renaissance Power Plant)
October 3, 2014	· Wayzata Investment Partners	· Exelon Corp. (West Valley)
November 8, 2013	· Energy Capital Partners	

		· Richland-Stryker Investment LLC (Richland-Stryker Generation LLC)
September 10, 2013	· Tenaska Capital Management, LLC	· US Power Generating Company

Selected Coal Transaction

August 9, 2012	· Riverstone Holdings LLC	· Exelon Corp. (Maryland Coal Portfolio)

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Citi reviewed, among other things, transaction values of the selected sum-of-the-parts transactions (which transaction values ranged from approximately $80 million to $1.3 billion), calculated as the purchase prices paid for the target companies, assets or portfolios, as applicable, as a multiple of the capacity (which capacities ranged from approximately 205 to 2,988 megawatts) of such target companies, assets or portfolios. Financial data of the selected sum-of-the-parts transactions were based on Wall Street research analysts' estimates and other publicly available information. Financial data of the Company were based on internal financial forecasts and estimates of the Company's management.

The overall low to high dollars per kilowatt multiples observed for the selected sum-of-the-parts transactions were $151 to $929, with overall low to high (as applicable) dollars per kilowatt multiples observed for the selected PJM-CCGT transactions, the selected ERCOT-CCGT transaction, the selected ISO-NE-CCGT transactions, the selected cogeneration transactions, the selected peaker power transactions and the selected coal transaction as follows:

- selected PJM-CCGT transactions: low to high dollars per kilowatt multiples of $535 to $929 (with an average of $793);
- selected ERCOT-CCGT transaction: dollars per kilowatt multiple of $438;
- selected ISO-NE-CCGT transactions: low to high dollars per kilowatt multiples of $671 to $840 (with an average of $756);
- selected cogeneration transactions: low to high dollars per kilowatt multiples of $211 to $477 (with an average of $367);
- selected peaker power transactions: low to high dollars per kilowatt multiples of $328 to $398 (with an average of $366); and
- selected coal transaction: dollars per kilowatt multiple of $151.

Citi then applied multiples within a selected range of dollars per kilowatt of $150 to $750 to the Company's capacity (measured by megawatts) based on Citi's professional judgment and taking into account, among other things, available information, including the selected sum-of-the-parts transactions and, in the case of nuclear assets, a dollars per kilowatt multiple of $500 derived from a Wall Street research analyst estimate, and other asset values derived from the Company's public filings and internal estimates of the Company's management in the case of certain combined cycle gas plant and renewable energy assets. Approximate implied per share equity values for the Company derived from such multiples and asset values were calculated as total implied enterprise value (determined on an asset-by-asset basis) less adjusted net debt as of March 31, 2016 divided by the total number of fully diluted Shares estimated by the

Company's management to be outstanding as of December 31, 2016. This analysis indicated the following approximate implied per Share equity value reference range for the Company, as compared to the Merger Consideration:

Approximate Implied Per Share Equity Value Reference Range	Merger Consideration
$10.61 - $16.29	$14.00

Other Information

Citi observed certain additional information that was not considered part of its financial analyses for its opinion but was noted for informational purposes, including the following:

- stock price targets for the Shares as reflected in selected publicly available Wall Street research analysts' reports and other publicly available information, which indicated an overall low to high target stock price range for the Company of $7.00 to $15.00 per Share (with a consensus target stock price of $11.63 per Share);

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- historical trading prices of the Shares during the period from June 2, 2015 through May 31, 2016, which indicated low to high closing prices for the Shares during such period of approximately $5.76 to $19.80 per Share;

- utilizing publicly available information and public filings, the implied premiums paid (to the extent publicly available) in eight selected precedent all-cash U.S. mergers and acquisitions transactions announced from February 12, 2015 to March 14, 2016 and completed within the latest 12 months with transaction values of $1.0 billion to $2.0 billion, which indicated (i) overall low to high implied premiums in such transactions based on the closing stock prices of the target companies involved in such transactions one trading day prior to announcement of such transactions of approximately 17% to 50% (with 25th to 75th percentile premiums of 30.3% to 45.9%, respectively), and (ii) after applying a selected range of implied premiums of 30.3% to 45.9% to the closing price of the Shares of $9.00 per Share on March 31, 2016 (the last trading day prior to a news report regarding a potential sale of the Company), indicated an approximate implied per Share equity value reference range for the Shares of $11.72 to $13.13 per Share;

- based on public filings, Wall Street research analysts' consensus estimates and other publicly available information, the calendar year 2017 and calendar year 2018 estimated EBITDA multiples and calendar year 2016 estimated free cash flow yield for Calpine Corporation, an independent power producer with a significant natural gas portfolio, which indicated calendar year 2017 and calendar year 2018 estimated EBITDA multiples of 8.5x and 7.9x, respectively, and a calendar year 2016 estimated free cash flow yield of 14.5%; and

- based on internal financial forecasts and estimates of the Company's management and the preliminary discounted cash flow analysis described above (assuming a discount rate of 6.3%), an illustrative sensitivities overview of the potential impact on the Company's approximate implied per Share equity value assuming calendar year 2020 estimated adjusted EBITDA for the Company of $502 million to $702 million and next fiscal year estimated EBITDA multiples of 6.0x to 9.0x, which indicated an illustrative approximate implied per Share equity value reference range of $0.54 to $20.57 per Share.

Other Materials

In addition to the June 2, 2016 financial presentation summarized above, Citi also provided preliminary discussion materials to the Disinterested Directors dated (i) December 18, 2015 (utilized for purposes of a meeting of the Disinterested Directors held on that date), which we refer to as the December 18, 2015 preliminary discussion materials, (ii) January 11, 2016 (utilized for purposes of a meeting of the Disinterested Directors held on that date), which we refer to as the January 11, 2016 preliminary discussion materials, (iii) January 14, 2016 (utilized for purposes of a meeting of the Disinterested Directors held on that date), which we refer to as the January 14, 2016 preliminary discussion materials, (iv) April 29, 2016 (utilized for purposes of a meeting of the Disinterested Directors held on that date), which we refer to as the April 29, 2016 preliminary discussion materials, (v) May 13, 2016 (utilized for purposes of a meeting of the Disinterested Directors held on May 16, 2016), which we refer to as the May 13, 2016 preliminary discussion materials, (vi) May 23, 2016 (utilized for purposes of a meeting of the Disinterested Directors held on that date), which we refer to as the May 23, 2016 preliminary discussion materials, and (vii) May 27, 2016 (utilized for purposes of a meeting of the Disinterested Directors held on May 28, 2016), which we refer to

as the May 27, 2016 preliminary discussion materials. We refer to these preliminary discussion materials collectively as the preliminary discussion materials.

The preliminary financial considerations and other information in the preliminary discussion materials reflected market data as of dates proximate to such materials and were based on financial,

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economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Citi as of, the date of such materials. Accordingly, the results of such preliminary financial considerations and other information may have differed from the June 2, 2016 financial presentation as a result of, among other things, changes in the Company's internal forecasts and estimates, such financial, economic, monetary, market and other conditions and circumstances and other information. Citi also continued to refine various aspects of such preliminary financial considerations and other information.

None of the preliminary discussion materials constituted an opinion of, or recommendation by, Citi with respect to a possible transaction or otherwise.

December 18, 2015 Preliminary Discussion Materials. The December 18, 2015 preliminary discussion materials referenced, for informational purposes, among other things, (i) an overview of U.S. equity market performance from December 31, 2014 to December 15, 2015, which included comparisons of the performance of the S&P 500 index, the S&P 500 Energy Sector and an index of independent power producers comprised of Calpine Corporation, Dynegy Inc., NRG Energy, Inc. and the Company and comparisons of the performance of various U.S. equity market sectors during 2014 and 2015 (to December 15, 2015), including the energy and independent power producer sectors, (ii) the relative Share price performance of the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation during the period June 2, 2015 to December 15, 2015, as compared to the performance of the S&P 500 index and certain commodities, and related observations, (iii) selected Wall Street research analysts' views as to the Company and independent power producers generally, (iv) declines, based on public filings and other publicly available information, during the period June 2, 2015 to December 15, 2015 in the next fiscal year estimated EBITDA multiples of the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation relative to the average historical next fiscal year EBITDA multiple of Dynegy Inc., NRG Energy, Inc. and Calpine Corporation and related observations, (v) observations regarding implications for independent power producers of changes in the methodologies used to evaluate independent power producers, investor sentiment regarding independent power producers' leverage and liquidity levels and commodities exposure and supply and demand fundamentals, (vi) an overview of the credit profiles of the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation, (vii) an overview of adverse changes in bond and term loan bid prices and yields during the latest 12 months ended December 15, 2015 and (vii) an overview of certain financial investors active in the merchant generation sector.

January 11, 2016 Preliminary Discussion Materials. The January 11, 2016 preliminary discussion materials primarily focused on the types of analyses summarized above for the June 2, 2016 financial presentation, utilizing procedures that were generally consistent with those contained in the June 2, 2016 financial presentation.

The January 11, 2016 preliminary discussion materials contained the following preliminary financial analyses:

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a preliminary discounted cash flow analysis of the Company, which generally used a similar methodology as described above under "*—June 2, 2016 Financial Presentation—Discounted Cash Flow Analysis*," except that, among other things, the estimated present value of the unlevered free cash flows that the Company was forecasted to generate during the fiscal years ending December 31, 2016 through December 31, 2019 based on internal financial forecasts and estimates of the Company's management was calculated as of December 31, 2015, an implied terminal value of the Company was calculated by applying to the Company's fiscal year 2020 estimated adjusted EBITDA a selected range of EBITDA multiples of 6.8x to 7.8x, and the present values (as of December 31, 2015) of the Company's cash flows and terminal values were calculated using a selected range of discount rates of 6.7% to 7.3%; this preliminary analysis indicated an approximate implied per Share equity value reference range for the Company of $7.92 to $12.67 per Share;

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- a preliminary selected public companies analysis of the Company, which generally used a similar methodology as described above under "*—June 2, 2016 Financial Presentation—Selected Public Companies Analysis*," except that, among other things, the observed overall low to high calendar year 2017 estimated EBITDA multiples were 6.5x to 8.1x (with a mean of 7.3x and a median of 7.3x) and overall low to high calendar year 2016 estimated free cash flow yields were 23.6% to 26.2% (with a mean of 24.9% and a median of 24.9%) for the selected companies; applying these selected ranges of calendar year 2017 estimated EBITDA multiples and calendar year 2016 estimated free cash flow yields derived from the selected companies to the Company's calendar year 2017 estimated adjusted EBITDA and the Company's calendar year 2016 estimated adjusted free cash flow, respectively, indicated approximate implied per Share equity value reference ranges for the Company of $9.75 to $18.42 per Share (based on the Company's calendar year 2017 estimated adjusted EBITDA) and $8.14 to $9.03 per Share (based on the Company's calendar year 2016 estimated adjusted free cash flow), utilizing internal estimates of the Company's management;

- a preliminary selected precedent transactions analysis of the Company, which generally used a similar methodology as described above under "*—June 2, 2016 Financial Presentation—Selected Precedent Transactions Analysis*," except that, among other things, observed overall low to high next fiscal year estimated EBITDA multiples observed for the selected transactions (other than Dynegy Inc./Energy Capital Partners acquisition of Engie SA (U.S. fossil portfolio), which was announced on February 25, 2016) were 6.2x to 9.8x (with a mean of 7.7x and a median of 7.4x); applying a selected range of next fiscal year estimated EBITDA multiples of 7.2x to 8.2x derived from the selected precedent transactions to the Company's calendar year 2017 estimated adjusted EBITDA utilizing internal estimates of the Company's management indicated an approximate implied per Share equity value reference range for the Company of $13.79 to $19.35 per Share;

- a preliminary sum-of-the-parts selected precedent transactions analysis of the Company, which generally used the same methodology as described above under "*—June 2, 2016 Financial Presentation—Sum-of-the-Parts Precedent Transactions Analysis*," and reflected an approximate implied per Share equity value reference range for the Company of $10.78 to $16.65 per Share.

The January 11, 2016 preliminary discussion materials also referenced, for informational purposes, among other things, (i) stock price targets for the Shares as reflected in selected publicly available Wall Street research analysts' reports and other publicly available information, (ii) historical trading prices of the Shares during the period from June 2, 2015 to January 7, 2016 and (iii) utilizing publicly available information and public filings, the implied premiums paid (to the extent publicly available) in 12 selected precedent all-cash U.S. mergers and acquisitions transactions announced from January 12, 2015 to November 11, 2015 and completed within the latest 12 months (as of January 7, 2016) with transaction values of $0.5 million to $1.0 billion, which indicated overall low to high implied premiums based on the closing stock prices of the target companies involved in such transactions one trading day prior to announcement of such transactions of approximately 8% to 109% (with 25th to 75th percentile premiums of 14% to 63%, respectively); applying a selected range of premiums of 14% to 63% to the closing price of the Shares of $6.32 per Share on January 7, 2016 indicated an approximate implied per Share equity value reference range for the Shares of $7.21 to $10.31 per Share.

In the January 11, 2016 preliminary discussion materials, Citi also observed, for informational purposes:

- the potential impact on the discounted cash flow analysis described above of additional cash flows that the Company was forecasted to generate during the fiscal years ending December 31, 2016 through December 31, 2020 based on the Company's management's preliminary plan to execute certain priority strategic and operational initiatives, which indicated that such additional

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cash flows could result in an additional approximate implied per Share equity value for the Company of $8.17 to $8.98 per Share;

- based on public filings, Wall Street research analysts' consensus estimates and other publicly available information, the calendar year 2017 estimated EBITDA multiple and calendar year 2016 estimated free cash flow yield for Calpine Corporation, which indicated for Calpine Corporation a calendar year 2017 estimated EBITDA multiple of 8.3x and a calendar year 2016 estimated free cash flow yield of 15.1%; and

- utilizing public filings, Wall Street research analysts' estimates and other publicly available information, calendar year 2016 estimated EBITDA multiples for Calpine Corporation, Dynegy Inc. and NRG Energy, Inc. after adjusting for the net present value of net operating loss carryforwards, which indicated calendar year 2016 estimated EBITDA multiples for Calpine Corporation, Dynegy Inc. and NRG Energy, Inc. of 8.3x, 6.3x and 7.2x, respectively (with an average of 7.3x), as compared to such companies' unadjusted calendar year 2016 estimated EBITDA multiples of 8.9x, 6.7x and 7.5x, respectively.

The January 11, 2016 preliminary discussion materials also referenced, for informational purposes, among other things, (i) the relative Share price performance of the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation during the period June 2, 2015 to January 7, 2016, as compared to the performance of the S&P 500 index and certain commodities, and related observations, (ii) a comparison of certain financial and trading metrics and data and the respective asset mixes of the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation and related observations, (iii) declines, based on public filings and other publicly available information, during the period from June 2, 2015 to January 7, 2016 in the next fiscal year estimated EBITDA multiples of the Company, Dynegy Inc. NRG Energy, Inc. and Calpine Corporation relative to the average historical next fiscal year EBITDA multiple of Dynegy Inc. NRG Energy, Inc. and Calpine Corporation, increases during such period in such companies' free cash flow yields relative to the average historical next fiscal year free cash flow yield of Dynegy Inc., NRG Energy, Inc. and Calpine Corporation and related observations, (iv) certain strategic considerations in connection with a potential sale of the Company and (v) an overview of the Company's assets.

January 14, 2016 Preliminary Discussion Materials. The January 14, 2016 preliminary discussion materials contained an illustrative sensitivities overview based on internal financial forecasts and estimates of the Company's management of the potential impact of power and commodity price changes on the Company's approximate implied per Share equity value, as calculated pursuant to preliminary discounted cash flow analyses, which generally used the same methodology as described above under "*—January 11, 2016 Preliminary Discussion Materials*," except that gas and power prices were assumed to decline by 20% and 10%, respectively, in a "downside" case and to increase by 20% and 10%, respectively, in an "upside" case. This overview indicated overall illustrative approximate implied per Share equity value reference ranges for the Company of $7.92 to $12.68 per Share under the base case without taking into account changes in gas and power prices, $4.23 to $8.49 per Share under the downside case and $14.77 to $20.40 per Share under the upside case.

April 29, 2016 Preliminary Discussion Materials. The April 29, 2016 preliminary discussion materials referenced, for informational purposes, among other things, (i) certain Share price information for the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation, including the companies' relative stock price performance from March 31, 2016 to April 28, 2016, (ii) based on internal financial forecasts and estimates of the Company's management, public filings and other publicly available information, improvements from January 7, 2016 to April 28, 2016 in the companies' respective next fiscal year estimated EBITDA multiples and free cash flow yields and (iii) premiums implied if the Company were acquired for $13.00 or $14.00 per Share in cash, noting that the Company's closing stock prices of $9.00 per Share on March 31, 2016, $10.04 per Share on April 1, 2016 and $11.81 per Share on

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April 28, 2016 implied premiums of approximately 44.4%, 29.5% and 10.1%, respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 39.4% and 18.5%, respectively, based on a $14.00 per Share purchase price and further noting that the Company's implied stock prices of $9.00 per Share on March 31, 2016, $9.08 per Share on April 1, 2016 and $9.86 per Share on April 28, 2016 assuming the Company's stock price performed consistently with the stock prices of its peers implied premiums of approximately 44.4%, 43.1% and 31.8%, respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 54.1% and 41.9%, respectively, based on a $14.00 per Share purchase price.

May 13, 2016 Preliminary Discussion Materials. The May 13, 2016 preliminary discussion materials referenced, for informational purposes, (i) certain Share price information for the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation, including the companies' relative stock price performance from March 31, 2016 to May 13, 2016 and (ii) premiums implied if the Company were acquired for $13.00 or $14.00 per Share in cash, noting that the Company's closing stock prices of $9.00 per Share on March 31, 2016, $10.04 per Share on April 1, 2016 and $13.07 per Share on May 13, 2016 implied premiums of approximately 44.4%, 29.5% and (0.5%), respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 39.4% and 7.1%, respectively, based on a $14.00 per Share purchase price and further noting that the Company's implied stock prices of $9.00 per Share on March 31, 2016, $9.11 per Share on April 1, 2016 and $10.28 per Share on May 13, 2016 assuming the Company's stock price performed consistently with the stock prices of its peers implied premiums of approximately 44.4%, 42.7% and 26.4%, respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 53.7% and 36.2%, respectively, based on a $14.00 per Share purchase price.

May 23, 2016 Preliminary Discussion Materials. The May 23, 2016 preliminary discussion materials primarily focused on the types of analyses summarized above for the June 2, 2016 financial presentation, utilizing procedures that were generally consistent with those contained in the June 2, 2016 financial presentation.

The May 23, 2016 preliminary discussion materials contained the following preliminary financial analyses:

- a preliminary discounted cash flow analysis of the Company, which generally used the same methodology as described above under "*—June 2, 2016 Financial Presentation—Discounted Cash Flow Analysis*," except that, among other things, the implied terminal value of the Company was calculated by applying to the Company's fiscal year 2020 estimated adjusted EBITDA a selected range of next fiscal year estimated EBITDA multiples of 7.4x to 8.4x and the present values (as of March 31, 2016) of the Company's cash flows and terminal values were calculated using a selected range of discount rates of 6.0% to 6.7%, which indicated an approximate implied per Share equity value reference range for the Company of $10.97 to $15.68 per Share;

- a preliminary selected public companies analysis of the Company, which generally used the same methodology as described above under "*—June 2, 2016 Financial Presentation—Selected Public Companies Analysis*," except that, among other things, the observed overall low to high calendar year 2017 and calendar year 2018 estimated EBITDA

multiples were 7.1x to 8.6x (with a mean of 7.9x and a median of 7.9x) and 6.5x to 8.2x (with a mean of 7.4x and a median of 7.4x), respectively, and overall low to high calendar year 2016 estimated free cash flow yields were 15.3% to 22.2% (with a mean of 18.7% and a median of 18.7%) for the selected companies; applying these selected ranges of calendar year 2017 and calendar year 2018 estimated EBITDA multiples and calendar year 2016 estimated free cash flow yields derived from the selected companies to the Company's calendar year 2017 and calendar year 2018 estimated adjusted EBITDA and the Company's calendar year 2016 estimated adjusted free cash flow, respectively, indicated approximate implied per Share equity value reference ranges for the Company of $13.02 to $20.94 per Share (based on the Company's calendar year 2017 estimated adjusted

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EBITDA), $10.17 to $19.41 per Share (based on the Company's calendar year 2018 estimated adjusted EBITDA) and $12.66 to $18.42 per Share (based on the Company's calendar year 2016 estimated adjusted free cash flow), utilizing internal estimates of the Company's management;

- a preliminary selected precedent transactions analysis of the Company, which generally used the same methodology and reflected the same approximate implied per Share equity value reference range for the Company as described above under "*—June 2, 2016 Financial Presentation—Selected Precedent Transactions Analysis*;" and

- a preliminary sum-of-the-parts selected precedent transactions analysis of the Company, which generally used the same methodology and reflected the same approximate implied per Share equity value reference range for the Company as described above under "*—June 2, 2016 Financial Presentation— Sum-of-the-Parts Selected Precedent Transactions Analysis*."

The May 23, 2016 preliminary discussion materials also contained an illustrative sensitivities overview based on internal financial forecasts and estimates of the Company's management and the preliminary discounted cash flow analysis described above (assuming a discount rate of 6.3%) of the potential impact on the Company's approximate implied per Share equity value assuming calendar year 2020 estimated adjusted EBITDA for the Company of $597 million to $697 million and next fiscal year estimated EBITDA multiples of 6.0x to 9.0x, which indicated an illustrative approximate implied per Share equity value reference range for the Company of $4.15 to $20.40 per Share.

The May 23, 2016 preliminary discussion materials also referenced, for informational purposes, among other things, (i) stock price targets for the Shares as reflected in selected publicly available Wall Street research analysts' reports and other publicly available information, (ii) historical trading prices of the Shares during the period from June 2, 2015 to May 19, 2016 and (iii) utilizing publicly available information and public filings, the implied premiums paid (to the extent publicly available) in nine selected precedent all-cash U.S. mergers and acquisitions transactions announced from February 12, 2015 to March 14, 2016 and completed within the latest 12 months (as of May 19, 2016) with transaction values of $1.0 billion to $2.0 billion, which indicated overall low to high implied premiums based on the closing stock prices of the target companies involved in such transactions one trading day prior to announcement of such transactions of approximately 17% to 50% (with 25th to 75th percentile premiums of 31.0% to 44.5%, respectively); applying a selected range of premiums of 31.0% to 44.5% to the closing price of the Shares of $9.00 per Share on March 31, 2016 (the last trading day prior to the publishing of a news report regarding a potential acquisition of the Company) indicated an approximate implied per Share equity value reference range for the Company common stock of $11.79 to $13.01 per Share.

In the May 23, 2016 preliminary discussion materials, Citi also observed, for informational purposes:

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based on public filings, Wall Street research analysts' consensus estimates and other publicly available information, the calendar year 2017 and calendar year 2018 estimated EBITDA multiples and calendar year 2016 estimated free cash flow yield for Calpine Corporation, which indicated for Calpine Corporation calendar year 2017 and calendar year 2018 estimated EBITDA multiples of 8.5x and 7.8x, respectively, and a calendar year 2016 estimated free cash flow yield of 14.8%; and

· utilizing public filings, Wall Street research analysts' estimates and other publicly available information, quarterly historical next fiscal year estimated EBITDA multiples for Dynegy Inc., NRG Energy, Inc. and Calpine Corporation for the period beginning December 31, 2009 through May 19, 2016, which indicated 10th to 90th percentile next fiscal year estimated EBITDA multiples for such companies of 6.7x to 10.1x; applying this range of EBITDA multiples to the

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calendar year 2017 estimated adjusted EBITDA of the Company based on internal financial forecasts and estimates of the Company's management indicated an approximate implied per Share equity value reference range for the Shares of $10.47 to $29.10 per Share.

The May 23, 2016 preliminary discussion materials also referenced, for informational purposes, (i) a general timeline and overview of the transaction process, (ii) certain Share price information for the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation, including such companies' relative stock price performance during the period from March 31, 2016 to May 19, 2016, (iii) based on internal financial forecasts and estimates of the Company's management, public filings and other publicly available information, improvements during the period from January 7, 2016 to May 19, 2016 in the next fiscal year estimated EBITDA multiples of the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation, the discount to the Company's next fiscal year estimated adjusted EBITDA trading multiple relative to the next fiscal year estimated EBITDA multiples of Dynegy Inc., NRG Energy, Inc. and Calpine Corporation, improvements during such period in the Company's and such other companies' free cash flow yields and in the Company's weighted average cost of capital and related observations, and (iv) premiums implied if the Company were acquired for $13.00 or $14.00 per Share in cash, noting that the Company's closing stock prices of $9.00 per Share on March 31, 2016, $10.04 per Share on April 1, 2016 and $12.49 per Share on May 19, 2016 implied premiums of approximately 44.4%, 29.5% and 4.1%, respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 39.4% and 12.1%, respectively, based on a $14.00 per Share purchase price and further noting that the Company's implied stock prices of $9.00 per Share on March 31, 2016, $9.11 per Share on April 1, 2016 and $10.24 per Share on May 19, 2016 assuming the Company's stock price performed consistently with the stock prices of its peers implied premiums of approximately 44.4%, 42.7% and 26.9%, respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 53.7% and 36.7%, respectively, based on a $14.00 per Share purchase price.

May 27, 2016 Preliminary Discussion Materials. The May 27, 2016 preliminary discussion materials primarily focused on the types of analyses summarized above for the June 2, 2016 financial presentation, utilizing procedures that were generally consistent with those contained in the June 2, 2016 financial presentation.

The May 27, 2016 preliminary discussion materials contained the following preliminary financial analyses:

- a preliminary discounted cash flow analysis of the Company, which generally used the same methodology as described above under "*—June 2, 2016 Financial Presentation—Discounted Cash Flow Analysis*," except that, among other things, the implied terminal value of the Company was calculated by applying to the Company's fiscal year 2020 estimated adjusted EBITDA a selected range of next fiscal year estimated EBITDA multiples of 7.4x to 8.4x and the present values (as of March 31, 2016) of the Company's cash flows and terminal values were calculated using a selected range of discount rates of 6.0% to 6.6%; this preliminary analysis indicated an approximate implied per Share equity value reference range for the Company of $8.82 to $13.21 per Share;

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a preliminary selected public companies analysis of the Company, which generally used the same methodology as described above under "*—June 2, 2016 Financial Presentation—Selected Public Companies Analysis*," except that, among other things, the observed overall low to high calendar year 2017 and calendar 2018 estimated EBITDA multiples were 7.1x to 8.7x (with a mean of 7.9x and a median of 7.9x) and 6.5x to 8.3x (with a mean of 7.4x and a median of 7.4x), respectively, and overall low to high calendar year 2016 estimated free cash flow yields were 15.7% to 21.7% (with a mean of 18.7% and a median of 18.7%) for the selected companies; applying these selected ranges of calendar year 2017 and calendar year 2018 estimated EBITDA multiples and calendar year 2016 estimated free cash flow yields derived from the selected

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companies to the Company's calendar year 2017 and calendar year 2018 estimated adjusted EBITDA and the Company's calendar year 2016 estimated adjusted free cash flow, respectively, indicated approximate implied per Share equity value reference ranges for the Company of $12.80 to $21.15 per Share (based on the Company's calendar year 2017 estimated adjusted EBITDA), $9.97 to $19.62 per Share (based on the Company's calendar year 2018 estimated adjusted EBITDA) and $12.95 to $17.92 per Share (based on the Company's calendar year 2016 estimated adjusted free cash flow), utilizing internal estimates of the Company's management;

- a preliminary selected precedent transactions analysis of the Company, which generally used the same methodology and reflected the same approximate implied per Share equity value reference range for the Company as described above under "*—June 2, 2016 Financial Presentation—Selected Precedent Transactions Analysis*;" and

- a preliminary sum-of-the-parts selected precedent transactions analysis of the Company, which generally used the same methodology and reflected the same approximate implied per Share equity value reference range for the Company as described above under "*—June 2, 2016 Financial Presentation— Sum-of-the-Parts Selected Precedent Transactions Analysis*."

The May 27, 2016 preliminary discussion materials also contained an illustrative sensitivities overview based on internal financial forecasts and estimates of the Company's management and the preliminary discounted cash flow analysis described above (assuming a discount rate of 6.3%) of the potential impact on the Company's approximate implied per Share equity value assuming calendar year 2020 estimated adjusted EBITDA for the Company ranging from $502 million to $702 million and next fiscal year estimated EBITDA multiples ranging from 6.0x to 9.0x, which indicated an illustrative approximate implied per Share equity value reference range for the Company of $0.52 to $20.53 per Share.

The May 27, 2016 preliminary discussion materials also referenced, for informational purposes, among other things, (i) stock price targets for the Shares as reflected in selected publicly available Wall Street research analysts' reports and other publicly available information, (ii) historical trading prices of the Shares during the period from June 2, 2015 to May 25, 2016 and (iii) utilizing publicly available information and public filings, the implied premiums paid (to the extent publicly available) in nine selected precedent all-cash U.S. mergers and acquisitions transactions announced from February 12, 2015 to March 14, 2016 and completed within the latest 12 months with transaction values of $1.0 billion to $2.0 billion, which indicated overall low to high implied premiums based on the closing stock prices of the target companies involved in such transactions one trading day prior to announcement of such transactions of approximately 17% to 50% (with 25th to 75th percentile premiums of 31.0% to 44.5%, respectively); applying a selected range of premiums of 31.0% to 44.5% to the closing price of the Shares of $9.00 per Share on March 31, 2016 (the last trading day prior to the publishing of a news report relating to a potential acquisition of the Company) indicated an approximate implied per Share equity value reference range for the Shares of $11.79 to $13.01 per Share.

In the May 27, 2016 preliminary discussion materials, Citi also observed, for informational purposes:

- based on public filings, Wall Street research analysts' consensus estimates and other publicly available information, the calendar year 2017 and calendar year 2018 estimated EBITDA multiples and calendar year 2016 estimated free cash flow yield for Calpine Corporation, which indicated for Calpine Corporation observed calendar year 2017 and calendar year 2018 estimated EBITDA multiples of 8.5x and 7.8x, respectively, and a calendar year 2016 estimated free cash flow yield of 14.8%; and

· utilizing public filings, Wall Street research analysts' estimates and other publicly available information, quarterly historical next fiscal year estimated EBITDA multiples for Dynegy Inc., NRG Energy, Inc. and Calpine Corporation for the period beginning December 31, 2009 through May 25, 2016, which indicated 10th to 90th percentile next fiscal year estimated EBITDA multiples of 6.7x to 10.1x; applying these EBITDA multiples to the calendar year 2017 estimated adjusted EBITDA of the Company based on internal financial forecasts and estimates of the Company's management indicated an approximate implied per Share equity value reference range for the Shares of $10.47 to $29.10 per Share.

The May 27, 2016 preliminary discussion materials also referenced, for informational purposes, certain other information, including (i) a general timeline and overview of the transaction process, (ii) certain Share price information for the Company, Dynegy Inc., NRG Energy, Inc. and Calpine Corporation, including the companies' relative stock price performance during the period from March 31, 2016 to May 25, 2016, and stock price declines following the May 24, 2016 announcement of PJM Auction results as compared to an increase in the S&P 500 index, (iii) based on internal financial forecasts and estimates of the Company's management, public filings and other publicly available information, improvements during the period from January 7, 2016 to May 25, 2016 in the next fiscal year estimated EBITDA multiples of the Company, Dynegy Inc., NRG Energy and Calpine Corporation, the discount to the Company's next fiscal year estimated adjusted EBITDA multiple relative to the next fiscal year estimated EBITDA multiples of Dynegy Inc., NRG Energy and Calpine Corporation, improvements during such period in the Company's and such other companies' free cash flow yields and in the Company's weighted average cost of capital and related observations, and (iv) premiums implied if the Company were acquired for $13.00 or $14.00 per Share in cash, noting that the Company's closing stock prices of $9.00 per Share on March 31, 2016, $10.04 per Share on April 1, 2016 and $11.11 per Share on May 25, 2016 implied premiums of approximately 44.4%, 29.5% and 17.0%, respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 39.4% and 26.0%, respectively, based on a $14.00 per Share purchase price and further noting that the Company's implied stock prices of $9.00 per Share on March 31, 2016, $9.11 per Share on April 1, 2016 and $10.22 per Share on May 25, 2016 assuming the Company's stock price performed consistently with the stock prices of its peers implied premiums of approximately 44.4%, 42.7% and 27.2%, respectively, based on a $13.00 per Share purchase price and approximately 55.6%, 53.7% and 37.0%, respectively, based on a $14.00 per Share purchase price.

Miscellaneous

The Company has agreed to pay Citi for its services in connection with the proposed Merger an aggregate fee of $25 million, a portion of which was payable during the course of Citi's engagement, a portion of which was payable upon delivery of Citi's opinion, a portion of which is payable in connection with the go-shop process and approximately $14 million is payable contingent upon consummation of the Merger. In addition, the Company has agreed to reimburse Citi for Citi's expenses, including fees and expenses of counsel, and to indemnify Citi and related parties against certain liabilities, including liabilities under federal securities laws, arising out of Citi's engagement.

As the Disinterested Directors were aware, Citi and its affiliates in the past have provided, currently are providing and in the future may provide investment banking, commercial banking and other similar financial services to the

Company and its affiliates unrelated to the proposed Merger, for which services Citi and its affiliates have received and expect to receive compensation, including, during the two-year period prior to the date of Citi's opinion, having acted or acting as (i) financial advisor in connection with the separation and related transactions and as financial advisor to the Company in connection with its acquisition of MACH Gen, LLC, (ii) remarketing agent for a repurchase of senior notes of the Company and as lead or joint bookrunning manager for certain debt offerings of certain affiliates of the Company and (iii) lead arranger, administrative agent and collateral trustee for, and/or as a lender or letter of credit issuer under, credit facilities of certain affiliates of the Company, for which services described in clauses (i)

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through (iii) above Citi and its affiliates received during such two-year period aggregate fees of approximately $30 million. In addition, a consent fee of approximately $695,000 was payable to Citi's affiliate, Citibank, N.A., as a lender in respect of the waiver of change of control provisions under the Credit Agreement in connection with the Merger. As the Disinterested Directors also were aware, Citi and its affiliates in the past have provided, currently are providing and in the future may provide investment banking, commercial banking and other similar financial services to Riverstone and/or certain of its affiliates and portfolio companies, for which services Citi and its affiliates have received and expect to receive compensation, including, during the two-year period prior to the date of Citi's opinion, having acted or acting as (i) joint bookrunning manager for certain equity and debt offerings of certain affiliates and/or portfolio companies of Riverstone and (ii) arranger and/or bookrunner for, and/or as a lender under, credit facilities, term loans, construction loans and/or letters of credit of certain affiliates and/or portfolio companies of Riverstone, for which services described in clauses (i) and (ii) above Citi and its affiliates received during such two-year period aggregate fees of approximately $20 million. In the ordinary course of business, Citi and its affiliates may actively trade or hold the securities of the Company, Riverstone and their respective affiliates and/or portfolio companies for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citi and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with the Company, Riverstone and their respective affiliates and/or portfolio companies.

The Company selected Citi as its financial advisor in connection with the proposed Merger based on Citi's reputation, experience and familiarity with the Company and its business. Citi is an internationally recognized investment banking firm that regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

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Purpose and Reasons of the Company for the Merger

The Company's purpose for engaging in the Merger is to enable its stockholders to receive the Merger Consideration, which Merger Consideration represents a premium of (i) 85% over the closing price of the Shares on December 2, 2015, the day on which the acquisition proposal was first communicated to the chairman of the Board, (ii) 56% over the closing price of the Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company and (iii) 17% over the closing price of the Shares on June 2, 2016, the last trading day before the announcement of the Merger. The Company believes that the Merger provides the best opportunity to maximize stockholder value. The Company has determined to undertake the Merger at this time based on the analyses, determinations and conclusions of the Disinterested Directors described in detail above under "*Special Factors—Recommendation of the Board; Fairness of the Merger*."

Purpose and Reasons of the Riverstone Filing Parties for the Merger

Under the SEC rules governing "going private" transactions, each of the Riverstone Filing Parties is an affiliate of the Company that is engaged in the "going private" transaction and, therefore, each is required to express its purposes and reasons for the Merger to the Company's "unaffiliated security holders," as defined under Rule 13e-3 of the Exchange Act. The Riverstone Filing Parties are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act.

If the Merger is completed, the Company will become a subsidiary of the Sponsor Entities. For the Riverstone Filing Parties, the purpose of the Merger is to effectuate the transactions contemplated by the Merger Agreement and to bear the rewards and risks of such ownership after the Shares cease to be publicly traded. The Riverstone Filing Parties did not consider any alternatives for achieving these purposes.

Although Talen Energy has only been a public company since June 2015, the Riverstone Filing Parties also believe that as a private company, Talen Energy could operate more efficiently and effectively. Operating as a public company entails substantial expense. The Riverstone Filing Parties believe that other improvements to the Company's cost structure and strategic direction could be achieved, free of the market pressures imposed on a publicly traded company with regard to operating results. In addition, the Riverstone Filing Parties considered what they believed were competitive advantages of the Company ceasing to be a public company, including less transparency to competitors and greater access to capital resources to capitalize on market opportunities, if any. Further, absent the reporting and other substantial burdens placed on public companies, the Riverstone Filing Parties believe that the management and employees of the Company will be able to better execute on the Company's future strategic plans due to increased time and narrowed focus.

Riverstone was aware of the increased costs and burdens associated with public company status at the time of the Talen Transactions, but at that time it believed that those costs could be managed and that they would be outweighed by the potential synergies created by the Talen Transactions. Riverstone believed that these potential synergies, among

other things, would allow it to realize a greater return by selling its Shares of Talen Energy than it could have obtained by selling RJS to a third party.

However, unanticipated and meaningful declines in natural gas and wholesale power prices combined with an increasingly negative view of the merchant power industry in the fall of 2015, resulted in the trading price of the Shares declining from $20.06 per Share on the close of business on the date of consummation of the Talen Transactions to $7.20 per share at the close of business on December 3, 2015. Due to these changing circumstances, Riverstone decided that the best manner in which to derive value from its investment in Talen Energy would be to invest in, manage and operate the business privately, without the burdens and constraints associated with public company status, and, accordingly, it no longer felt that the costs associated with being a public company were justifiable.

The Riverstone Filing Parties have undertaken to pursue the Merger at this time for the reasons described above.

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Although the Riverstone Filing Parties believe that there will be significant opportunities associated with their investment in the Company, the Riverstone Filing Parties realize that there are also substantial risks (including the risks and uncertainties relating to the prospects of the Company) and that such opportunities may never be fully realized.

The Riverstone Filing Parties believe that structuring the transaction as a merger transaction is preferable to other transaction structures because (i) it will enable the Parent Group to acquire all of the outstanding Shares at the same time and (ii) it represents an opportunity for the Company's stockholders (except the Sponsor Entities) to receive a compelling premium for their Shares in the form of the Merger Consideration. Further, the Riverstone Filing Parties believe that structuring the transaction as a merger transaction provides a prompt and orderly transfer of ownership of the Company in a single step, without the necessity of financing separate purchases of the Shares in a tender offer and implementing a second-step merger to acquire any Shares not tendered into any such tender offer, and without incurring any additional transaction costs associated with such activities.

Plans for the Company After the Merger

At the effective time of the Merger, Parent anticipates that the Company will generally continue its current operations, but will cease to be an independent public company. If the Merger is consummated, the Shares will be delisted from the NYSE and will cease to be registered under the Exchange Act (via termination of registration pursuant to Section 12(g) of the Exchange Act). At the effective time of the Merger, the directors of Merger Sub immediately prior to the effective time will become the directors of the Company, and the officers of the Company immediately prior to the effective time will remain the officers of the Company, in each case until their successor is elected or appointed and qualified or until the earlier of his or her death, resignation or removal, as the case may be.

Certain Effects of the Merger

If the Merger Agreement is adopted by the requisite votes of the Company's stockholders and all other conditions to the closing of the Merger are either satisfied or waived, Merger Sub will merge with and into the Company, with the Company surviving the Merger.

Treatment of the Shares

At the effective time of the Merger, each Share outstanding immediately prior to the effective time of the Merger (other than Excluded Shares and the Shares underlying the Company's stock options and the Shares that are subject to the Company's restricted stock unit awards, the Company's performance units and the Company's director stock units) will be converted into the right to receive the Merger Consideration, less applicable withholding taxes, upon the terms and subject to the conditions set forth in the Merger Agreement, whereupon all such Shares will be automatically canceled, will cease to be outstanding, and will cease to exist, and the holders of such Shares will cease to have any rights with respect thereto, other than the right to receive the Merger Consideration.

Treatment of Stock Options and Other Equity-Based Awards

Stock Options. At the effective time of the Merger, outstanding stock options, whether vested or unvested, will be cancelled in exchange for a cash payment, payable as soon as practicable following the effective time of the Merger, equal to the product of (i) the total number of the Shares subject to the stock option immediately prior to the effective time of the Merger multiplied by (ii) the excess, if any, of the Merger Consideration over the exercise price per Share of the stock option, without interest and less applicable taxes required to be withheld, which will be paid as promptly as practicable following the effective time of the Merger. Any outstanding stock option that has an exercise price per Share equal to or in excess of the Merger Consideration will be canceled at the effective time of the Merger for no consideration.

Restricted Stock Units. At the effective time of the Merger, outstanding restricted stock units will be cancelled in exchange for the RSU Cash Payment. For restricted stock units granted prior to June 2, 2016, the RSU Cash Payment will be paid as promptly as practicable following the effective time of the Merger. For restricted stock units granted between June 2, 2016 and the effective time of the Merger, the RSU Cash Payment will be paid following the effective time of the Merger subject to the same vesting schedule and other vesting terms and conditions applicable to the underlying restricted stock units as of the effective time of the Merger (including conditions governing certain terminations of employment).

Performance Units. At the effective time of the Merger, outstanding performance units, other than those held by Messrs. Farr, McGuire, Hopf and Rausch will be cancelled in exchange for a cash payment, payable as promptly as practicable following the effective time of the Merger, equal to the product of (i) the Merger Consideration multiplied by (ii) the total number of the Shares underlying the cancelled performance units assuming the target achievement of applicable performance goals and the satisfaction of all other conditions of delivery, without interest and less applicable taxes required to be withheld. A pro rata portion of the performance units held by Messrs. Farr, McGuire, Hopf and Rausch (determined based on the relative portion of the applicable performance period that has elapsed as of the effective time of the Merger) will be treated in the same manner as the performance units held by all other employees of the Company, and the remaining performance units held by Messrs. Farr, McGuire, Hopf and Rausch will be converted into the right to receive a cash payment in an amount equal to the product of

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(x)(a) the total number of the Shares that would be delivered to the executive officer assuming the target achievement of the performance goals applicable to such performance unit, minus (b) the total number of the Shares that would be delivered to the executive officer upon a “change in control” under the terms of the applicable performance unit award agreement and (y) the Merger Consideration, which cash amount will be subject to the service-based (but not the performance-based) vesting terms and conditions applicable to the underlying performance unit as of the effective time of the Merger (including conditions governing certain terminations of employment).

Director Stock Units. At the effective time of the Merger, each outstanding director stock unit will be converted into cash payment, without interest, equal to the product of (i) the Merger Consideration multiplied by (ii) the total number of the Shares represented by that director stock unit, with such amount payable or distributed in accordance with the terms of the Directors Deferred Compensation Plan (and any applicable deferral election).

Benefits of the Merger for the Company’s Unaffiliated Stockholders

The primary benefit of the Merger to the unaffiliated stockholders will be their right to receive the Merger Consideration, less applicable withholding taxes, for each Share held by such stockholders as described above, representing a premium of 56% above the closing price of Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company, a premium of 101% over the volume-weighted average price of Shares during the 60 calendar days that ended on March 31, 2016, and a premium of 17% over the closing price of Shares on June 2, 2016, the last day before the announcement of the Merger. Additionally, such stockholders will avoid the risk after the Merger of any possible decrease in our future earnings, growth or value.

Detriments of the Merger to the Company’s Unaffiliated Stockholders

The primary detriments of the Merger to our unaffiliated stockholders include the lack of an interest of such stockholders in the potential future earnings, growth, or value realized by the Company after the Merger.

Certain Effects of the Merger for Riverstone and the Sponsor Entities

Following the Merger, it is contemplated that all of the equity interests in the Company will be owned by the Sponsor Entities. If the Merger is completed, these equity investors, and Riverstone by virtue of its control of the Sponsor Entities, will be the sole beneficiaries of our future earnings, growth and value, if any, and such equity investors will be the only ones entitled to vote on corporate matters affecting the Company.

Additionally, following the Merger, the Company will be a private company, wholly owned by the Sponsor Entities and any additional investors permitted by the Sponsor Entities, and, as such, will be relieved of the burdens on companies having publicly traded equity securities, including the pressure to meet analyst forecasts and the requirements and restrictions on trading that our directors, officers and beneficial owners of more than 10% of the Shares face as a result of the provisions of Section 16 of the Exchange Act. In addition, registration of the Shares under the Exchange Act will be terminated, which will reduce the information required to be furnished by the Company to our stockholders and the SEC. Talen Energy Supply files periodic reports with the SEC under the Exchange Act as a voluntary filer because it has debt that is publicly tradable, and it may choose to continue to do so following the Merger. The Company currently estimates that the amount of any regulatory compliance cost savings will be approximately $1.5 million per year, excluding any decision regarding future filings of Talen Energy Supply. The Sponsor Entities, and Riverstone by virtue of its control of the Sponsor Entities, will benefit from any regulatory compliance cost savings realized by the Company after it becomes a private company.

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As of December 31, 2015, the Company recorded deferred tax assets of (i) $110 million in respect of accrued federal net operating loss carryforwards, and (ii) $19 million in respect of accrued state net operating loss carryforwards, that the Company expected (on a more likely than not basis) to be able to utilize to offset future tax liabilities prior to the expiration of such net operating loss carryforwards. After the completion of the Merger, the Company again will evaluate the facts and circumstances to determine the extent (if any) to which such asset may be utilizable. Because utilization of the net operating losses after the Merger will depend on the income and other deductions of the Company after the Merger, which cannot be determined in advance, no assurance can be given as to when, or the extent to which (if at all), such utilization will occur after the Merger. As a result of the Sponsor Entities' ownership interests in the Company following the completion of the Merger, the Sponsor Entities, and Riverstone by virtue of its control of the Sponsor Entities, will become the beneficiaries of any such utilization.

The primary detriments of the Merger to the Sponsor Entities include the fact that all of the risk of any possible decrease in the earnings, growth or value of the Company following the Merger will be borne by the Sponsor Entities and any additional permitted investors. Additionally, the equity investment of the Sponsor Entities and any additional investors permitted by them in the Company will be illiquid, with no public trading market for such securities.

The directors of Merger Sub immediately prior to the effective time of the Merger will be the directors of the surviving corporation and the officers of the Company immediately prior to the effective time of the Merger will be the officers of the surviving corporation, in each case until their successor is elected or appointed and qualified or until the earlier of his or her death, resignation or removal, as the case may be. The certificate of incorporation of the surviving corporation will be amended and restated in its entirety to be in the form of the certificate of incorporation attached as Exhibit A to the Merger Agreement. The bylaws of the Merger Sub immediately prior to the effective time of the Merger will be the bylaws of the surviving corporation.

The Sponsor Entities beneficially own approximately 35% of the issued and outstanding Shares. Following consummation of the Merger, the Sponsor Entities will own 100% of the Shares and will have a corresponding interest in our net book value and net earnings or losses. Each stockholder of the Sponsor Entities will have an indirect interest in our net book value and net earnings or losses in proportion to such stockholder's ownership interest in the Sponsor Entities. Our net loss for the fiscal year ended December 31, 2015 was approximately $341 million and our net book value as of December 31, 2015 was approximately $4.303 billion. Our net income for the six months ended June 30, 2016 was approximately $148 million and our net book value as of June 30, 2016 was approximately $4.465 billion. The table below sets forth the direct and indirect interests in the Company's net book value and net earnings of the Sponsor Entities before the Merger and the Sponsor Entities immediately after the Merger, based on the net book value at December 31, 2015 and June 30, 2016 and net income (loss) for the fiscal year ended December 31, 2015 and the six months ended June 30, 2016.

Ownership of the Company Prior to the Merger	Ownership of the Company After the Merger

	% Ownership	Net book value at June 30, 2016	Net book value at December 31, 2015	Net income (loss) for the six months ended June 30, 2016	Net income (loss) for the year ended December 31, 2015	% Ownership	Net book value at June 30, 2016	Net book value at December 31, 2015	Net income (loss) for the six months ended June 30, 2016	Net income (loss) for the year ended December 31, 2015
	(dollars in millions)									
Sponsor Entities	35%	$I,563	$I,506	$M1.80	$ (119.4)	100%	$L,465	$L,303	$I48	$ (341)

Certain Effects on the Company if the Merger is not Completed

If the Merger Agreement is not adopted by the Company's stockholders or if the Merger is not completed for any other reason, Talen Energy's stockholders will not receive any payment for their Shares in connection with the Merger. Instead, Talen Energy will remain an independent public company, and the Shares will continue to be quoted on the NYSE, for so long as it continues to meet eligibility listing standards. In addition, if the Merger is not completed, the Company expects that management will operate Talen Energy's business in a manner similar to that in which it is being operated today and that Talen Energy's stockholders will continue to be subject to the same risks and opportunities to which they

are currently subject, including, without limitation, risks related to the power generation industry in which Talen Energy operates and adverse economic conditions.

Failure to complete the Merger could negatively impact our business and the market price of the Shares.

Furthermore, if the Merger is not completed, and depending on the circumstances that would have caused the Merger not to be completed, the price of the Shares may decline significantly. If that were to occur, it is uncertain when, if ever, the price of the Shares would return to the price at which the Shares trade as of the date of this proxy statement. Accordingly, if the Merger is not completed, there can be no assurance as to the effect of these risks and opportunities on the future value of your Shares. If the Merger is not completed, the Board will continue to evaluate and review the Company's business operations, properties, dividend policy, share repurchase policy and capitalization, among other things, make such changes as are deemed appropriate and continue to seek to identify strategic alternatives to enhance stockholder value. If the Merger Agreement is not adopted by the Company's stockholders or if the Merger is not completed for any other reason, there can be no assurance that any other transaction acceptable to Talen Energy will be offered or that Talen Energy's business, prospects or results of operation will not be adversely impacted.

If the Merger is not completed for any reason, we will be subject to a number of material risks, including the disruption to our business resulting from the announcement of the signing of the Merger Agreement, the diversion of management's attention from our day-to-day business and the substantial restrictions imposed by the Merger Agreement on the operation of our business during the period before the completion of the Merger may make it difficult for us to achieve our business goals if the Merger does not occur.

Failure to complete the Merger could trigger the payment of a termination fee.

If the Merger Agreement is terminated, under specified conditions, Talen Energy would be required to pay Parent a termination fee in an amount equal to $50 million. If the Merger Agreement had been terminated in connection with a Superior Proposal with an Excluded Party, the Company would have been required to pay Parent a termination fee of $25 million.

Upon termination of the Merger Agreement by the Company or Parent under specified conditions, Parent will be required to pay the Company a termination fee of $85 million. See "*The Merger Agreement—Termination—Termination Fees*."

Prospective Financial Information

The Company does not generally make public projections as to future performance or earnings beyond the current fiscal year and is especially cautious of making projections for extended periods due to the unpredictability of its business and the markets in which it operates. However, financial projections prepared by management were made available to the Board in connection with its consideration of the Company's stand-alone prospects and potential strategic transactions available to the Company. Certain of these financial projections and forecasts (or certain information contained therein) also were made available to the Company's financial and legal advisors and to Riverstone and the Sponsor Entities.

These financial projections and forecasts are included in this proxy statement not to influence your decision whether to vote for or against the proposal to adopt the Merger Agreement, but because these financial projections and forecasts were made available to the Board, as well as, in the case of certain of these financial projections and forecasts (or certain information contained therein), to the

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Company's financial and legal advisors and to Riverstone and the Sponsor Entities. The inclusion of this information should not be regarded as an indication that the Company, the Board, the Company's financial or legal advisors, Riverstone, the Sponsor Entities or any other recipient of this information considered, or now considers, such financial projections or forecasts to be necessarily predictive of actual future results. No person has made or makes any representation to any stockholder regarding the information included in these financial projections or forecasts.

The prospective financial information is subjective in many respects and reflects numerous judgments, estimates and assumptions that are inherently uncertain, many of which are difficult to predict or cannot be predicted, are subject to significant economic and competitive uncertainties and are beyond the Company's control, including estimates and assumptions regarding industry performance, general business, economic, regulatory, market and financial conditions, future commodity, capacity markets, wholesale and retail energy prices, operational, maintenance and production costs, transmission capacity and demand for energy commodities, as well as other future events. Important factors may cause actual results to differ from the prospective financial information, including the factors described under "*Cautionary Statement Concerning Forward-Looking Information*," the section entitled "Risk Factors" of our annual report on Form 10-K for the year ended December 31, 2015 and other risk factors detailed from time to time in the Company's other reports filed with the SEC, including those that are incorporated by reference in this proxy statement. In addition, since the financial projections and forecasts cover multiple years, such information by its nature becomes less reliable with each successive year. As a result, there can be no assurance that the projected results, and underlying estimates and assumptions made in preparing the financial projections and forecasts will be realized or that actual results will not be significantly higher or lower than projected.

Except as otherwise discussed below, the financial projections and forecasts do not take into account any circumstances or events occurring after the date they were prepared. Except as may be required in order to comply with applicable securities laws, the Company does not intend to update, or otherwise revise, the financial projections or forecasts, or the specific portions presented, to reflect circumstances existing after the date the financial projections and forecasts were made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error. In addition, the financial projections and forecasts assume that the Company will remain a publicly traded company.

The financial projections and forecasts were not prepared with a view toward public disclosure, soliciting proxies or complying with Generally Accepted Accounting Principles, which we refer to as GAAP, the published guidelines of the SEC regarding financial projections and forecasts or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections and forecasts. Neither Ernst & Young LLP, the Company's independent registered public accounting firm, nor any other independent registered public accounting firm has examined, compiled or performed any procedures with respect to the accompanying financial projections and forecasts, and, accordingly, neither Ernst & Young LLP nor any other public accounting firm expresses an opinion or any other form of assurance with respect to such projections and forecasts. The Ernst & Young LLP reports incorporated by reference into this proxy statement relate to the Company's historical financial information. They do not extend to the financial projections and forecasts and should not be read to do so.

The financial projections and forecasts include non-GAAP financial measures, and they were presented because management believed they could be useful indicators of the Company's projected future operating performance and cash flow. The Company prepared the financial projections and forecasts on a non-GAAP basis. The financial projections and forecasts included in this proxy statement should not be considered in isolation or in lieu of the Company's operating and other financial information determined in accordance with GAAP (see "*Other Important Information Regarding the Company—Selected Historical Consolidated Financial Data*"). In addition, because non-GAAP financial measures are not determined consistently by all companies, the non-GAAP measures presented in these financial projections and forecasts may not be comparable to similarly titled measures of other companies.

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For the foregoing reasons, as well as the bases and assumptions on which the financial projections and forecasts were compiled, the inclusion of specific portions of the financial projections and forecasts in this proxy statement should not be regarded as an indication that the Company considers such financial projections or forecasts to be necessarily predictive of actual future events, and the financial projections and forecasts should not be relied on as such an indication. No one has made any representation to any stockholder of the Company or anyone else regarding the ultimate performance of the Company as reflected in the financial projections and forecasts discussed below.

December Business Plan

Set forth below is prospective financial information based on the information contained in the Company's long-range plan, which had been prepared by the Company's management for review by the Board in connection with routine internal planning processes and not in connection with any potential transaction involving the Company. Amounts set forth below are in millions of U.S. dollars.

The Company's management used the following key assumptions in preparing the December Business Plan:

- Energy Margins:
  - Forward market prices as of October 30, 2015.
  - Blending of market information and the Company's fundamental pricing models beginning in 2018 for assets located in the PJM, New York Independent System Operator, which we refer to as NYISO, and Western Electricity Coordinating Council, which we refer to as WECC, markets.
  - Transition to 100% fundamental price forecast by 2020 for assets located in the PJM, NYISO and WECC markets.
  - Generation availability based on timing and duration for planned and unplanned (historical average) outages.
- Capacity Margins:
  - PJM capacity margins based on the actual PJM auction results through May 2019.

- PJM capacity margins, beginning with June 2019, based on internally developed prices forecast.

- Exclusion of economics associated with the Ironwood, C.P. Crane, Holtwood and Lake Wallenpaupack generating facilities, which were sold in 2016 pursuant to agreements announced in 2015.

- Operations and maintenance expenses, prepared in the fourth fiscal quarter 2015, developed by each department based on expected headcount, general maintenance, contractors and expected outage costs.

- Capital expenditures, prepared in the fourth quarter 2015, based on expected cost for each project, service contract, uranium pricing, along with experience associated with normal outage cost.

- Taxes based on the result of operations, traditional tax income reporting reconciliation items, along with preliminary estimates for the utilization of net operating losses acquired in connection with the acquisition of MACH Gen, LLC, which we refer to as MACH Gen, in November 2015.

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	2016	2017	2018	2019	2020
Adjusted EBITDA[a]	$774	$717	$666	$691	$685
Adjusted Free Cash Flow[b]	$275	$164	$145	$160	$197
Gross Margin[c]	$1,771	$1,720	$1,681	$1,695	$1,712

(a) Adjusted EBITDA represents net income (loss) before interest, income taxes, depreciation and amortization, or EBITDA, further adjusted for certain non-cash and other items that the Company's management believes are not indicative of ongoing operations, including, but not limited to, unrealized gains and losses on derivative contracts, stock-based compensation expense, asset retirement obligation accretion, gains and losses on securities in the nuclear decommissioning trust fund, impairments, gains or losses on sales, dispositions or retirements of assets, debt extinguishments, and transition, transaction and restructuring costs.

(b) Adjusted Free Cash Flow represents Cash from Operations less capital expenditures, excluding growth-related capital expenditures, adjusted for changes in counterparty collateral and further adjusted for after-tax transaction and restructuring costs, and certain other after-tax cash items that management believes are not indicative of ongoing operations. Adjusted Free Cash Flow should not be considered an alternative to Cash from Operations, which is determined in accordance with GAAP. We believe that Adjusted Free Cash Flow, although a non-GAAP measure, is an important measure to both management and investors as an indicator of the Company's ability to sustain operations without additional outside financing beyond the requirement to fund maturing debt obligations.

(c) A non-GAAP financial measure representing Operating Income adjusted to account for items that the Company's management believes are not indicative of profitability from ongoing operations. Gross Margin should not be considered an alternative to Operating Income, which is determined in accordance with GAAP. We believe that Gross Margin, although a non-GAAP measure, is an important measure to both the Company's management and investors as an indicator of the Company's profitability.

Set forth below is a reconciliation to GAAP of each of Adjusted EBITDA, Adjusted Free Cash Flow and Gross Margin (amounts shown in millions). Net Income (Loss), Cash from Operations and Operating Income, respectively, are the GAAP financial measures that are most closely comparable to Adjusted EBITDA, Adjusted Free Cash Flow and Gross Margin, respectively.

	2016	2017	2018	2019	2020
Net Income (Loss)	$370	$3	$3	$22	$19
Income Taxes	$(9)	$(15)	$(18)	$(9)	$(5)
Interest Expense	$226	$197	$183	$192	$184
Depreciation and Amortization	$614	$606	$580	$565	$562
EBITDA	$1,201	$791	$748	$770	$761
Nuclear Fuel Amortization	$(143)	$(136)	$(137)	$(135)	$(136)

Non-Cash Compensation	$12	$16	$18	$17	$18
Asset Retirement Obligation	$39	$42	$45	$49	$53
Nuclear decommissioning trust losses (gains)	$(10)	$(10)	$(10)	$(10)	$(10)
(Gain)/Loss on Sale of Assets	$(367)				
Transition Services Agreement (TSA) costs and Other Adjustments	$41	$14	$2	—	—
Adjusted EBITDA	$774	$717	$666	$691	$685
Cash from Operations	$414	$626	$602	$626	$623
Capital Expenditures, excluding growth	$(464)	$(470)	$(458)	$(465)	$(426)
Transition Services Agreement (TSA) costs and Other Adjustments	$41	$14	$2	—	—
Taxes on TSA and Other Adjustments	$(17)	$(5)	$(1)	—	—
Taxes Paid on Mitigated Assets	$300				
Adjusted Free Cash Flow	$275	$164	$145	$160	$197
Operating Income	$577	$174	$158	$195	$189
Operations and Maintenance Expense	$1,066	$1,057	$1,062	$1,049	$1,076
Depreciation	$471	$470	$443	$430	$426
(Gain) loss on Sale	$(367)				
Taxes, other than income	$47	$41	$43	$45	$46
Energy Related Business Revenue	$(23)	$(24)	$(25)	$(24)	$(26)
Gross Margin	$1,771	$1,720	$1,681	$1,695	$1,712

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May Forecasts

Set forth below is prospective financial information based on the information contained in the updated forecasts with respect to the Company's long-range plan prepared by the Company's management in May 2016 to assist the Disinterested Directors in evaluating the Company's potential strategic transactions with the assistance of the Company's advisors and in light of the passage of time since the December Business Plan was prepared. The methodology applied by management to market items was consistent with the Company's historical planning and budgeting process and the methods used in preparing the December Business Plan. Amounts set forth below are in millions of U.S. dollars.

The Company's management used the following key assumptions in preparing the May Forecasts:

- Energy Margins:
  - Forward market prices as of April 30, 2016.
  - Blending of market information and the Company's fundamental pricing models beginning in 2018 for assets located in the PJM, NYISO and WECC markets.
  - Transition to 100% fundamental price forecast by 2020 for assets located in the PJM, NYISO and WECC markets.
  - Generation availability based on timing and duration for planned and unplanned (historical average) outages.
- Capacity Margins:
  - PJM capacity margins based on the actual PJM auction results through May 2019.
  - PJM capacity margins, beginning with June 2019, based on internally developed prices forecast.
- Operations and maintenance expenses, prepared in the first fiscal quarter 2016, developed by each department based on expected headcount, general maintenance, contractors and expected outage cost.

- Capital expenditures, prepared in the first quarter 2016, based on expected cost for each project, service contract, uranium pricing, along with experience associated with normal outage cost.

- Taxes based on the result of operations, traditional tax income reporting reconciliation items, along with bonus depreciation through 2019 and the utilization of net operating losses acquired in connection with the acquisition of MACH Gen in November 2015.

	2016	2017	2018	2019	2020
Adjusted EBITDA[(a)]	$755	$704	$713	$641	$647
Adjusted Free Cash Flow[(b)]	$370	$139	$205	$143	$185
Gross Margin[(c)]	$1,712	$1,689	$1,724	$1,633	$1,657

(a) Adjusted EBITDA represents net income (loss) before interest, income taxes, depreciation and amortization, or EBITDA, further adjusted for certain non-cash and other items that the Company’s management believes are not indicative of ongoing operations, including, but not limited to, unrealized gains and losses on derivative contracts, stock-based compensation

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expense, asset retirement obligation accretion, gains and losses on securities in the nuclear decommissioning trust fund, impairments, gains or losses on sales, dispositions or retirements of assets, debt extinguishments, and transition, transaction and restructuring costs.

(b) Adjusted Free Cash Flow represents Cash from Operations less capital expenditures, excluding growth-related capital expenditures, adjusted for changes in counterparty collateral and further adjusted for after-tax transaction and restructuring costs, and certain other after-tax cash items that management believes are not indicative of ongoing operations. Adjusted Free Cash Flow should not be considered an alternative to Cash from Operations, which is determined in accordance with GAAP. We believe that Adjusted Free Cash Flow, although a non-GAAP measure, is an important measure to both management and investors as an indicator of the Company's ability to sustain operations without additional outside financing beyond the requirement to fund maturing debt obligations.

(c) A non-GAAP financial measure representing Operating Income adjusted to account for items that the Company's management believes are not indicative of profitability from ongoing operations. Gross Margin should not be considered an alternative to Operating Income, which is determined in accordance with GAAP. We believe that Gross Margin, although a non-GAAP measure, is an important measure to both the Company's management and investors as an indicator of the Company's profitability.

Set forth below is a reconciliation to GAAP of each of Adjusted EBITDA, Adjusted Free Cash Flow and Gross Margin (amounts shown in millions). Net Income (Loss), Cash from Operations and Operating Income, respectively, are the GAAP financial measures that are most closely comparable to Adjusted EBITDA, Adjusted Free Cash Flow and Gross Margin, respectively.

	2016	2017	2018	2019	2020
Net Income (Loss)	$153	$4	$32	$(9)	$0
Income Taxes	$102	$(10)	$7	$(23)	$(11)
Interest Expense	$220	$217	$196	$181	$152
Depreciation and Amortization	$559	$566	$560	$570	$580
EBITDA	$1,033	$778	$796	$720	$723
Nuclear Fuel Amortization	$(141)	$(136)	$(137)	$(135)	$(136)
Non-Cash Compensation	$11	$16	$18	$17	$18
Asset Retirement Obligation	$40	$42	$45	$49	$53
Unrealized (gains) losses on derivative contracts	$(82)				
Nuclear decommissioning trust losses (gains)	$(12)	$(10)	$(10)	$(10)	$(10)
(Gain)/Loss on Sale of Assets	$(140)				
Transition Services Agreement (TSA) costs and Other Adjustments	$46	$14	$2	—	—
Adjusted EBITDA	$755	$704	$713	$641	$647
Cash from Operations	$500	$612	$681	$610	$607
Capital Expenditures, excluding growth	$(450)	$(481)	$(477)	$(467)	$(423)
Counterparty collateral paid (received)	$(22)				

Transition Services Agreement (TSA) costs and Other Adjustments	$69	$14	$2	—	—
Taxes on TSA and Other Adjustments	$(28)	$(6)	$(1)	—	—
Taxes Paid on Mitigated Assets	$300				
Adjusted Free Cash Flow	$370	$139	$205	$143	$185
Operating Income	$460	$201	$225	$140	$132
Operations and Maintenance Expense	$1,030	$1,040	$1,058	$1,038	$1,060
Depreciation	$417	$430	$423	$435	$445
(Gain) loss on Sale	$(140)	—	—	—	—
Taxes, other than income	$47	$41	$43	$45	$46
Energy Related Business	$(20)	$(24)	$(25)	$(24)	$(26)
Unrealized (Gain) Loss	$(82)				
Gross Margin	$1,712	$1,689	$1,724	$1,633	$1,657

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Post-PJM Auction Forecasts

Set forth below is prospective financial information based on the projections prepared by the Company's management in late May 2016 to assist the Disinterested Directors in evaluating the impact of the PJM Auction on the Company and its future stand-alone prospects. Amounts set forth below are in millions of U.S. dollars.

In addition to the key assumptions that the Company's management used in preparing the May Forecasts, the Company's management also relied on the PJM Auction results, including a reduction in the Company's forecast revenues for calendar years 2019 and 2020, respectively, in preparing the Post-PJM Auction Forecasts.

	2016	2017	2018	2019	2020
Adjusted EBITDA[(a)]	$755	$704	$713	$576	$602
Adjusted Free Cash Flow[(b)]	$370	$139	$205	$78	$140

(a) Adjusted EBITDA represents net income (loss) before interest, income taxes, depreciation and amortization, or EBITDA, further adjusted for certain non-cash and other items that the Company's management believes are not indicative of ongoing operations, including, but not limited to, unrealized gains and losses on derivative contracts, stock-based compensation expense, asset retirement obligation accretion, gains and losses on securities in the nuclear decommissioning trust fund, impairments, gains or losses on sales, dispositions or retirements of assets, debt extinguishments, and transition, transaction and restructuring costs.

(b) Adjusted Free Cash Flow represents Cash from Operations less capital expenditures, excluding growth-related capital expenditures, adjusted for changes in counterparty collateral and further adjusted for after-tax transaction and restructuring costs, and certain other after-tax cash items that management believes are not indicative of ongoing operations. Adjusted Free Cash Flow should not be considered an alternative to Cash from Operations, which is determined in accordance with GAAP. We believe that Adjusted Free Cash Flow, although a non-GAAP measure, is an important measure to both management and investors as an indicator of the Company's ability to sustain operations without additional outside financing beyond the requirement to fund maturing debt obligations.

Set forth below is a reconciliation to GAAP of each of Adjusted EBITDA and Adjusted Free Cash Flow (amounts shown in millions). Net Income (Loss) and Cash from Operations, respectively, are the GAAP financial measures that are most closely comparable to Adjusted EBITDA and Adjusted Free Cash Flow, respectively.

	2016	2017	2018	2019	2020
Net Income (Loss)	$153	$4	$32	$(48)	$(27)
Income Taxes	$102	$(10)	$7	$(49)	$(29)
Interest Expense	$220	$217	$196	$181	$152
Depreciation and Amortization	$417	$430	$423	$435	$445
EBITDA	$892	$642	$658	$520	$542
Non-Cash Compensation	$11	$16	$18	$17	$18
Asset Retirement Obligation	$40	$42	$45	$49	$53
Unrealized (gains) losses on derivative contracts	$(82)				
Nuclear decommissioning trust losses (gains)	$(12)	$(10)	$(10)	$(10)	$(10)
(Gain)/Loss on Sale of Assets	$(140)				
Transition Services Agreement (TSA) costs and Other Adjustments	$46	$14	$2	—	—
Adjusted EBITDA	$755	$704	$713	$576	$602
Cash from Operations	$500	$612	$681	$545	$562
Capital Expenditures, excluding growth	$(450)	$(481)	$(477)	$(467)	$(423)
Counterparty collateral paid (received)	$(22)				
Transition Services Agreement (TSA) costs and Other Adjustments	$69	$14	$2	—	—
Taxes on TSA and Other Adjustments	$(28)	$(6)	$(1)	—	—
Taxes Paid on Mitigated Assets	$300				
Adjusted Free Cash Flow	$370	$139	$205	$78	$140

Interests of Executive Officers and Directors of the Company in the Merger

The Company's executive officers and directors have interests in the Merger that are different from, or in addition to, those of the Company's stockholders generally. In considering the recommendations of the Board, including that you vote to approve the Merger Agreement Proposal, you should be aware of these interests. In reaching its decision to make such recommendations and to approve the Merger, the Board was aware of and considered the interests described below.

Payments to Executive Officers in Respect of Equity Awards

Upon the effective time of the Merger, each restricted stock unit, performance unit and director stock unit will be converted into the right to receive the Merger Consideration as described below. All unvested stock options held by the Company's executive officers have exercise prices in excess of the Merger Consideration, and therefore such stock options will be canceled as of the closing date of the Merger for no consideration.

Restricted Stock Units. At the effective time of the Merger, outstanding restricted stock units will be cancelled in exchange for the RSU Cash Payment. For restricted stock units granted prior to June 2, 2016, the RSU Cash Payment will be paid as promptly as practicable following the effective time of the Merger. For restricted stock units granted between June 2, 2016 and the effective time of the Merger, the RSU Cash Payment will be paid following the effective time of the Merger subject to the same vesting schedule and other vesting terms and conditions applicable to the underlying restricted stock units as of the effective time of the Merger (including conditions governing certain terminations of employment).

Performance Units. At the effective time of the Merger, outstanding performance units, other than those held by Messrs. Farr, McGuire, Hopf and Rausch will be cancelled in exchange for a cash payment, payable as promptly as practicable following the effective time of the Merger, equal to the product of (i) the Merger Consideration multiplied by (ii) the total number of the Shares underlying the cancelled performance units assuming the target achievement of applicable performance goals and the satisfaction of all other conditions of delivery, without interest and less applicable taxes required to be withheld. A pro rata portion of the performance units held by Messrs. Farr, McGuire, Hopf and Rausch (determined based on the relative portion of the applicable performance period that has elapsed as of the effective time of the Merger) will be treated in the same manner as the performance units held by all other employees of the Company, and the remaining performance units held by Messrs. Farr, McGuire, Hopf and Rausch will be converted into the right to receive a cash payment in an amount equal to the product of (x)(a) the total number of the Shares that would be delivered to the executive officer assuming the target achievement of the performance goals applicable to such performance unit, minus (b) the total number of the Shares that would be delivered to the executive officer upon a "change in control" under the terms of the applicable performance unit award agreement and (y) the Merger Consideration, which cash amount will be subject to the service-based (but not the performance-based) vesting terms and conditions applicable to the underlying performance unit as of the effective time of the Merger (including conditions governing certain terminations of employment).

Director Stock Units. At the effective time of the Merger, each outstanding director stock unit will be converted into an obligation to pay an amount in cash, without interest, equal to the product of (i) the Merger Consideration multiplied by (ii) the total number of the Shares represented by that director stock unit, with such amount payable or distributed in accordance with the terms of the Directors Deferred Compensation Plan (and any applicable deferral election).

For an estimate of the amount payable to each of Talen Energy's named executive officers in respect of such unvested equity-based awards on the closing date of the Merger, which we assume to be August 1, 2016 for these purposes, see "—Golden Parachute Compensation" below.

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The table below also sets forth the total amount, based on the number of Shares and equity-based awards determined as described above, per individual, payable in respect of such Shares and equity-based awards on the closing date of the Merger, assuming (i) the closing date of the Merger was August 1, 2016 and (ii) the number of outstanding Shares and equity-based awards for each director and executive officer on the closing of the Merger were equal to the number of Shares and equity-based awards that were outstanding as of August 1, 2016, the latest practicable date to determine such amounts before the filing of this proxy statement (such numbers do not forecast any grants, any vesting, additional issuances, dividends, additional deferrals or forfeitures of equity-based awards following the date of this proxy statement). For purposes of these estimates, the number of the Shares owned and the Shares subject to restricted stock units, performance units and director stock units were multiplied by the per Share Merger Consideration of $14.00. All of the director stock units noted in the table below were fully vested as of August 1, 2016.

Shares and Equity Awards held by Directors and Executive Officers

Name	**Shares of Common Stock (#)**	Restricted Stock Units (#)	Performance Units (#)	Director Stock Units (#)	Amount ($)
Named Executive Officers					
Paul A. Farr	64,997	330,148	407,366	N/A	$11,235,154
Jeremy R. McGuire	22,119	71,133	90,121	N/A	$2,576,222
Clarence J. Hopf, Jr.	9,065	47,269	54,972	N/A	$1,558,284
Timothy S. Rausch	16,759	51,905	77,701	N/A	$2,049,110
James E. Schinski	32,128	48,915	52,179	N/A	$1,865,108
Other Executive Officers					
Paul M. Breme	321	34,180	41,500	N/A	$1,064,014
Directors					
Ralph A. Alexander	0	N/A	N/A	0	$0
Frederick M. Bernthal	734	N/A	N/A	16,842	$246,059
Edward J. Casey, Jr.	0	N/A	N/A	16,842	$235,783
Philip G. Cox	1,072	N/A	N/A	17,106	$254,485
Louis K. Goeser	6,940	N/A	N/A	16,842	$332,943
Stuart E. Graham	4,415	N/A	N/A	45,853	$703,745
Michael B. Hoffman	0	N/A	N/A	0	$0

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The Company's executive officers and directors also hold vested stock options, which, provided they remain unexercised at the effective time of the Merger, will be canceled in exchange for the Merger Consideration, as described above. The value of vested stock options held by the Company's executive officers and directors is not included in the estimate above because the exercise price for each stock option outstanding as of August 1, 2016 is greater than the Merger Consideration.

Change in Control Severance Agreements

Each of Messrs. Farr, McGuire, Hopf, and Rausch is party to a Change in Control Severance Agreement with the Company, which provides for enhanced severance and other separation benefits in the event an executive officer experiences a qualifying termination of employment in connection with the completion of a transaction such as the Merger.

The Change in Control Severance Agreements provide that, in the event the executive officer is terminated by the Company without "cause" (as defined below) or by the executive officer for "good reason" (in each case, as defined below) (a "qualifying termination") during the two-year period (or three-year period, in the case of Mr. Farr) following completion of the Merger or in the event the executive officer experiences a qualifying termination prior to the completion of the Merger and such qualifying termination was at the request or direction of Riverstone, he will be paid or provided with the following severance benefits:

- a lump-sum cash payment payable on the first day of the seventh month following the executive officer's date of termination equal to two times (three, in the case of Mr. Farr) the sum of (i) the executive officer's base salary in effect immediately prior to the date of termination or, if higher, immediately prior to the first occurrence of an event or circumstance constituting "good reason," and (ii) the average of annual bonuses earned by the executive officer in respect of the last three fiscal years ending immediately prior to the fiscal year in which the termination occurs or, if higher, the fiscal year immediately prior to the fiscal year in which an event or circumstance constituting "good reason" first occurs, or in the case of Mr. Farr, Mr. Farr's target annual cash bonus payable in respect of the fiscal year in which the termination occurs or, if higher, immediately prior to the fiscal year in which an event or circumstance constituting "good reason" first occurs;

- a lump-sum cash payment payable within 30 days following the executive officer's date of termination equal to the value of any annual bonus or cash incentive plan payment the executive officer would have received for service in the final calendar year of employment, as if 100% of target goals were achieved, but prorated based on the number of full calendar months of service completed;

- a lump-sum cash payment payable within 30 days following the executive officer’s date of termination equal to the value of any restricted stock units that he would have been awarded for service in the final calendar year of employment, as if 100% of target goals (including time-based vesting requirements) were achieved, but prorated based on the number of full calendar months of service completed;

- for executive officers other than Mr. Farr, a lump-sum cash payment payable on the first day of the seventh month following the executive officer’s date of termination equal to the aggregate

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amount of COBRA premiums otherwise payable by the executive officer for the 24-month period following termination and for Mr. Farr, continuation of life, disability, accident, and health benefits substantially similar to those provided to Mr. Farr and his dependents immediately prior to the date of termination or, if more favorable to Mr. Farr, immediately prior to the first occurrence of an event or circumstance constituting "good reason" for the 36-month period following termination;

- a lump-sum cash payment payable on the first day of the seventh month following the executive officer's date of termination equal to the value of any unpaid incentive compensation that has been allocated or awarded for a previous performance period but not yet paid;

- accelerated vesting of all contingent cash-based incentive compensation awards for all then uncompleted periods, calculated on a prorated basis of months of completed service, assuming achievement at the actual level of performance (or maximum level of performance, for Mr. Farr) as of the date of the completion of a transaction such as the Merger, except for a pro rata portion of the performance units held by Messrs. Farr, McGuire, Hopf and Rausch, which will be treated as described in "*The Merger Agreement—Treatment of Stock Options and Other Equity-Based Awards*" below;

- in the case of Mr. Farr, a lump sum cash payment payable on the first day of the seventh month following the executive officer's date of termination equal to the excess of (i) the actuarial equivalent of the aggregate retirement pension which Mr. Farr would have accrued under the terms of all Talen Energy pension plans (including tax-qualified, supplemental, and excess defined benefit pension plans), determined as if Mr. Farr were fully vested thereunder and had accumulated after the date of termination 36 additional months of service credit thereunder and had been credited under each pension plan during such period with compensation equal to his compensation during the twelve months immediately preceding the date of termination or, if higher, during the 12 months immediately prior to the first occurrence of an event or circumstance constituting good reason, over (ii) the actuarial equivalent of the aggregate retirement pension which Mr. Farr had accrued pursuant to the provisions of the pension plans as of the date of termination;

- outplacement services until December 31 of the second calendar year after termination (or for three years after termination in the case of Mr. Farr) or, if earlier, until the first acceptance by the executive officer of an offer of employment, and, for executive officers other than Mr. Farr, not to exceed $50,000; and

- post-retirement health care and life insurance benefits, but only if the executive officer would have become eligible to receive such benefits within the 24-month period (36-month period in the case of Mr. Farr) following termination commencing on the date on which such coverage would have first become available (or, for Mr. Farr, if later, the date on which the above-referenced benefits continuation would have ceased).

For purposes of the Change in Control Severance Agreements, "good reason" will exist, subject to certain exceptions and notice and cure opportunities, after the occurrence of any one of the following events without the executive officer's consent: (i) an adverse change in the executive officer's duties, or for Mr. Farr, reporting relationship, or a

substantial adverse change in the executive officer's responsibilities; (ii) a reduction in the executive officer's base salary, except for across-the-board decreases uniformly affecting management, key employees and salaried employees of the Company; (iii) a relocation of the executive officer's primary work location by more than 30 miles; (iv) the failure of the Company to pay the executive officer any portion of his current or deferred compensation within seven days of the date on which it is due; (v) the failure of the Company, or any successor thereto, to continue in effect any compensation or benefit plan in which the executive officer participates immediately prior to the completion of a transaction such as the Merger that

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is material to the executive officer's compensation unless an alternative equitable arrangement is made or (vi) the failure of the Company, or any successor thereto, to continue to provide the executive officer with benefits substantially similar to those enjoyed by the executive officer under any of the Company's pension, savings, life insurance, medical, health and accident or disability plans in which the executive officer was participating immediately prior to the completion of a transaction such as the Merger, except for across-the-board changes in any plans that impact all participants uniformly, or any other action taken by the Company that would directly or indirectly materially reduce any such benefits enjoyed by the executive officer.

For purposes of the Change in Control Severance Agreements, "cause" will generally exist upon (i) the willful and continued failure by the executive officer to substantially perform his duties with the Company after a written demand for substantial performance is delivered to the executive officer by the Board and (ii) the willful engaging by the executive officer in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise.

The Change in Control Severance Agreements provide that in the event that payments and other benefits made to the named executive officers are subject to the golden parachute excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, such payments will be reduced to the extent such reduction would result in the named executive officer retaining a greater after-tax amount.

Executive Severance Plan

The Company maintains the Executive Severance Plan, which provides for the payment of severance benefits to Messrs. Schinski and Breme and other selected executives in the event of an involuntary termination of employment meeting the conditions described in the plan. In the event an eligible executive is terminated by Talen Energy without "cause" (as defined below) or by the executive for "good reason" (as defined below) at any time prior to or following the effective date of the Merger, and the executive does not have a Change in Control Severance Agreement with the Company as described above, and subject to the executive's execution and non-revocation of a release of claims in favor of Talen Energy, the Talen Energy Executive Severance Plan provides that Messrs. Schinski and Breme and such other selected executives will be entitled to receive the following severance payments:

- a lump-sum cash payment payable within 60 days following the executive's date of termination equal to two times (in the case of Messrs. Schinski and Breme) or one time (in the case of other selected executives) the executive's base salary in effect immediately prior to the date of termination;
- a lump-sum cash payment payable within 60 days following the executive's date of termination equal to the aggregate amount of COBRA premiums otherwise payable by the executive for the 24-month (in the case of Messrs. Schinski

and Breme) or 12-month (in the case of other selected executives) period following termination for the executive and his eligible dependents;

- a lump-sum cash payment payable within 60 days following the executive's date of termination equal to the value of any annual bonus or cash incentive plan payment the executive would have received for service in the final calendar year of employment, as if 100% of target goals were achieved, prorated based on the number of full calendar months of service completed; and

- outplacement assistance at the level offered to executive level employees of the Company for a period of 18 months, not to exceed $50,000 (in the case of Messrs. Schinski and Breme) or 12 months, not to exceed $25,000 (in the case of other selected executives).

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For purposes of the Executive Severance Plan, "cause" will exist upon (i) the executive officer's engagement in misconduct which is materially injurious to the Company or any of its affiliates, (ii) the executive officer's insubordination after clear and lawful direction, (iii) the executive officer's commission of a felony in the performance of duties to the Company or any of its affiliates, (iv) the executive officer's commission of an act or acts constituting any fraud against or embezzlement from the Company or any of its affiliates, (v) the executive officer's material breach of any confidentiality or non-competition covenant entered into between the executive officer and the Company or any of its affiliates, (vi) the executive officer's employment with a competitor while employed by the Company or any of its affiliates and (vii) the executive officer's egregious violation of the Company policy resulting in termination.

For purposes of the Executive Severance Plan, "good reason" will exist, subject to certain notice and cure opportunities, upon one or more of the following events without the executive officer's consent (i) a change caused by the Company in the executive officer's duties and responsibilities which is materially inconsistent with the executive officer's position at the Company or any of its affiliates, (ii) a material reduction in the executive officer's annual base salary, annual incentive compensation opportunity or other employee benefits (excluding any such reduction that is part of a plan to reduce annual base salaries, annual incentive compensation opportunities or other employee benefits of comparably situated employees of the Company or any of its affiliates generally), or (iii) a relocation of the executive officer's principal place of employment to a location that is more than 50 miles from the executive officer's current principal place of employment.

For an estimate of the value of the payments and benefits described above that would become payable under the Executive Severance Plan to Mr. Schinski, see "—*Golden Parachute Compensation*" below. The aggregate value of the payments and benefits that would become payable to Mr. Breme, the Company's other executive officer, assuming that the effective time of the Merger is August 1, 2016 and Mr. Breme experienced a termination without "cause" or resignation with "good reason" on such date, is $1,118,742. This estimate is based on compensation and benefit levels in effect on August 1, 2016, the latest practicable date to determine such amounts before the filing of this proxy statement; therefore, if compensation and benefit levels are changed after such date, the actual value of Mr. Breme's severance payments and benefits may be different from those provided for above.

Retention Bonus Plan

Pursuant to the Merger Agreement and prior to the effective time of the Merger, the Company may, after consultation with Riverstone, establish one or more cash retention programs for employees, other than Messrs. Farr, McGuire, Hopf and Rausch, and may make individual retention awards in an aggregate amount not to exceed $5,000,000. No retention award may be payable prior to the earlier of the effective time of the Merger and September 2, 2017, and all retention award payments must be subject to the relevant employee signing a release of claims prior to payment. In the event of an award recipient's termination of employment by the Company without cause or due to the employee's death or disability prior to the effective time of the Merger, the Company may pay a pro rata portion of the retention bonus award on the closing of the Merger. On June 20, 2016, the Company granted a retention award to Mr. Schinski in the

amount of $400,000 and to Mr. Breme in the amount of $444,050, which will be payable as described above.

Indemnification Benefits

Each of the Company’s executive officers and directors are entitled to the indemnification benefits in favor of the Company directors and executive officers, as described in more detail in “*The Merger Agreement—Indemnification; Directors’ and Officers’ Insurance*.”

Golden Parachute Compensation

The table below, entitled “Potential Change-in-Control Payments to Named Executive Officers,” along with its footnotes, sets forth the information required by Item 402(t) of Regulation S-K regarding the compensation payable to the Company’s chief executive officer, chief financial officer and three other

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most highly compensated executive officers, as determined for purposes of its most recent annual proxy statement (each of whom we refer to as a "named executive officer"), which compensation is subject to an advisory vote of the Company's stockholders, as described below in "*Merger-Related Executive Compensation Arrangements (The Golden Parachute Proposal—Proposal 3).*" The table assumes the consummation of the Merger occurred on August 1, 2016 and the employment of the named executive officer was terminated without "cause" or for "good reason" on such date. The value of any equity-based awards was calculated by multiplying the number of the Shares subject to restricted stock units and performance units by the per Share Merger Consideration of $14.00.

The calculations in the table below do not include amounts that the Company's executive officers were already entitled to receive or vested in as of the date hereof or amounts under contracts, agreements, plans or arrangements to the extent they do not discriminate in scope, terms or operation in favor of executive officers and that are available generally to all the Company's salaried employees.

Potential Change-in-Control Payments to Named Executive Officers

Name	**Cash ($) (1)**	**Equity ($) (2)**	**Welfare Benefits ($) (3)**	**Total ($) (4)**
Paul A. Farr	$10,231,250	$10,325,196	$ 108,134	$20,664,580
Jeremy R. McGuire	$2,360,683	$2,257,504	$ 50,000	$4,668,239
Clarence J. Hopf, Jr.	$1,674,186	$1,431,374	$ 50,000	$3,115,560
Timothy S. Rausch	$2,148,759	$1,814,484	$ 50,000	$4,013,243
James E. Schinski	$1,359,730	$1,415,316	$ 50,000	$2,825,046

(1) As described above in "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Change in Control Severance Agreements*," the cash payments to Messrs. Farr, McGuire, Hopf, and Rausch consist of (i) two times (three times, in the case of Mr. Farr) the sum of (a) the executive officer's base salary in effect immediately prior to the date of termination or, if higher, immediately prior to the first occurrence of an event or circumstance constituting "good reason," and (b) the average of annual bonuses earned by the executive officer in respect of the last three fiscal years ending immediately prior to the fiscal year in which the termination occurs or, if higher, the fiscal year immediately prior to the fiscal year in which an event or circumstance constituting "good reason" first occurs (or, in the case of Mr. Farr, the target annual cash bonus payable in respect of the fiscal year in which the termination occurs), (ii) a pro rata portion of the value of any annual bonus or cash incentive plan payment the executive officer would have received for service in the final calendar year of employment based on target achievement of any applicable performance goals, and (iii) a pro rata portion of the value of any restricted stock units that the executive officer would have been awarded for service in the final calendar year of employment based on target achievement of any performance goals, (iv) for named executive officers other than Mr. Farr, a lump-sum cash payment equal to the aggregate amount of COBRA premiums otherwise payable by the executive officer for the 24-month period following termination and (v) for Mr. Farr, a lump sum cash payment equal to the excess of (a) the actuarial equivalent of the aggregate retirement pension which Mr. Farr would have accrued under the terms of all pension plans (including tax-qualified, supplemental,

and excess defined benefit pension plans), determined as if Mr. Farr were fully vested thereunder and had accumulated after the date of termination 36 additional months of service credit thereunder, over (b) the actuarial equivalent of the aggregate retirement pension which Mr. Farr had accrued pursuant to the provisions of the pension plans as of the date of termination. As described above in "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Executive Severance Plan*," the cash payments to Mr. Schinski consist of (i) two times the executive officer's base salary, (ii) a lump-sum cash payment equal to the aggregate amount of COBRA premiums otherwise payable by the executive officer for the 24-month period following termination, (iii) a pro rata portion of Mr. Schinski's annual bonus assuming 100% of target goals were achieved and (iv) payment of Mr. Schinski's retention bonus award.

Other than Mr. Schinski's retention bonus award, the above payments are "double-trigger" in nature as they will only be

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payable in the event of a termination of employment without "cause" or for "good reason" following the effective time of the Merger, as described above. Mr. Schinski's retention bonus award is "single-trigger" in nature as it will become payable immediately upon the closing date, whether or not his employment is terminated. The amounts shown in this column are based on the compensation and benefit levels in effect on August 1, 2016, the latest practicable date to determine such amounts before the filing of this proxy statement; therefore, if compensation and benefit levels are changed after such date, actual payments to an executive officer may be different than those provided for above.

The cash payments described in this column (1) include the following components:

Name	Base Salary Severance ($)	Annual Cash Bonus Severance ($)	Pro Rata Bonus ($)	Retention Bonus ($)	Pro Rata Restricted Stock Units ($)	Cash Value of Welfare and Retirement Benefits ($)	Total ($)
Paul A. Farr	$2,850,000	$ 3,135,000	$609,583	$0	$2,216,667	$ 1,420,000	$10,231,250
Jeremy R. McGuire	$963,040	$ 639,312	$196,621	$0	$519,640	$ 42,070	$2,360,683
Clarence J. Hopf, Jr.	$800,000	$ 418,229	$116,667	$0	$303,333	$ 35,957	$1,674,186
Timothy S. Rausch	$979,490	$ 612,221	$142,842	$0	$371,390	$ 42,815	$2,148,759
James E. Schinski	$800,000	N/A	$116,667	$400,000	$N/A	$ 43,063	$1,359,730

(2) As described above in "*The Merger Agreement—The Merger; Merger Consideration—Treatment of Stock Options and Other Equity-Based Awards*," the equity amounts consist of the accelerated vesting and payment of unvested restricted stock units, performance units (assuming achievement of target performance). All unvested stock options held by the Company's executive officers have exercise prices in excess of the Merger Consideration, and therefore such stock options will be canceled as of the closing date of the Merger for no consideration. The amounts shown are based on the number of such equity-based awards held by each named executive officer as of August 1, 2016, the latest practicable date to determine such amounts before the filing of this proxy statement. The amounts shown do not attempt to forecast any grants, additional issuances, dividends, additional deferrals or forfeitures of equity-based awards following the date of this proxy statement. Depending on when the closing date occurs, certain equity-based awards will vest in accordance with their terms.

The above payments are "single-trigger" in nature as they will become payable immediately upon the closing date, whether or not employment is terminated, except that a portion of the performance unit payment for Messrs. Farr, McGuire, Hopf and Rausch is "double-trigger" in nature in that it will only be payable in the event of a termination of employment without "cause" or for "good reason" or due to death or disability following the effective time of the Merger.

The equity payments described in this column (2) include the following components:

Name	Restricted Stock Units ($)	"Single Trigger" Performance Units ($)	"Double Trigger" Performance Units ($)	Total ($)
Paul A. Farr	$ 4,622,072	$ 1,118,110	$ 4,585,014	$ 10,325,196
Jeremy R. McGuire	$ 995,862	$ 243,376	$ 1,018,318	$ 2,257,504
Clarence J. Hopf, Jr.	$ 661,766	$ 149,100	$ 620,508	$ 1,431,374
Timothy S. Rausch	$ 726,670	$ 235,298	$ 852,516	$ 1,814,484
James E. Schinski	$ 684,810	$ 730,506	$ N/A	$ 1,415,316

(3) As described above in the sections entitled "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Change in Control Severance Agreements*" and "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Executive Severance Plan*," the welfare benefits to the named executive officers consist of (i) outplacement

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services until December 31 of the second calendar year after termination (for Mr. Schinski, until the 18-month anniversary of termination) or, if earlier, until the first acceptance by the executive officer of an offer of employment, not to exceed $50,000 and, for Mr. Farr, outplacement services for a period of three years or, if earlier, until the first acceptance by Mr. Farr of an offer of employment; and (ii) for Mr. Farr, life, disability, accident and health and benefits continuation for three years.

The above payments are "double-trigger" in nature as they will only be payable in the event of a termination of employment without cause or for constructive termination following the completion of the Merger. The amounts reflected in the column above reflect health and benefits rates in effect for 2016; therefore if benefits levels change between the date of this proxy statement and the closing of the Merger, such amounts will change.

(4) The amounts in this column represent the total of all compensation in columns (1), (2) and (3).

The "single-trigger" and "double-trigger" components of the aggregate total compensation amounts, respectively, for each executive officer are as follows:

Name	Single-Trigger Payments ($)	Double-Trigger Payments ($)
Paul A. Farr	$ 5,740,182	$ 14,924,398
Jeremy R. McGuire	$ 1,239,238	$ 3,429,001
Clarence J. Hopf, Jr.	$ 810,866	$ 2,344,694
Timothy S. Rausch	$ 961,968	$ 3,051,275
James E. Schinski	$ 1,815,316	$ 1,009,730

Any amounts shown in the tables above that are subject to the golden parachute excise tax under Section 4999 of the Code may be subject to reduction to the extent such reduction would result in the named executive officer retaining a greater after-tax amount of such payment.

Intent to Vote in Favor of the Merger

Our directors and executive officers have informed us that, as of the date of this proxy statement, they intend to vote all of the Shares owned directly by them in favor of the Merger Agreement Proposal and each of the other proposals listed in this proxy statement. As of [ ], 2016, the Record Date for the Special Meeting, our directors and executive officers directly owned, in the aggregate, [ ] Shares entitled to vote at the Special Meeting, or collectively approximately [ ]% of the outstanding Shares entitled to vote at the Special Meeting.

Material U.S. Federal Income Tax Consequences of the Merger

The following discussion is a summary of material U.S. federal income tax consequences of the Merger to U.S. Holders (as defined below) of the Shares. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a holder of the Shares in light of their particular circumstances. This discussion is based on the Code, the Treasury regulations promulgated under the Code, judicial authority, published administrative positions of the Internal Revenue Service, which we refer to as the IRS, and other applicable authorities, all as in effect as of the date of this proxy statement, and all of which are subject to change or differing interpretations at any time, with possible retroactive effect. We have not sought, and do not intend to seek, any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion, and no assurance can be given that the IRS will agree with the views expressed herein, or that a court will not sustain any challenge by the IRS in the event of litigation. This discussion does not describe any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction and does not consider any aspects of U.S. federal tax law other than income taxation, nor does it address any aspects of the unearned income Medicare contribution tax. In addition, this discussion only applies to the Shares that are held as a capital asset (generally, property held for investment) within the meaning of Section 1221 of the Code

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and does not address tax considerations applicable to any holder of the Shares that may be subject to special treatment under U.S. federal income tax law, including:

- a bank or other financial institution;
- a tax-exempt organization;
- a retirement plan or other tax-deferred account;
- a partnership, S corporation or other pass-through entity (or an investor in a partnership, S corporation or other pass-through entity);
- a person holding a direct or indirect interest in Parent or Merger Sub;
- an insurance company;
- a mutual fund;
- a real estate investment trust;
- a dealer or broker in stocks and securities or in currencies;
- a trader in securities that elects mark-to-market treatment;
- a stockholder subject to the alternative minimum tax provisions of the Code;
- a stockholder that received the Shares through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;
- a person that has a functional currency other than the U.S. dollar;
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a person that holds the Shares as part of a hedge, straddle, constructive sale, conversion or other integrated transaction; and

· certain former U.S. citizens or long-term residents.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. Such holders should consult their own tax advisors regarding the tax consequences of exchanging the Shares pursuant to the Merger. In addition, holders of Shares who are not U.S. Holders may be subject to different tax consequences than those described below and are urged to consult their tax advisors regarding their tax treatment under U.S. and non-U.S. tax laws.

The following summary is for general informational purposes only and is not a substitute for careful tax planning and advice. Holders are urged to consult their own tax advisor with respect to the specific tax consequences to them of the Merger in light of their own particular circumstances, including U.S. federal estate, gift and other non-income tax consequences, and tax consequences under state, local and non-U.S. tax laws.

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U.S. Holders

The following is a summary of the material U.S. federal income tax consequences of the Merger that will apply to U.S. Holders. For purposes of this discussion, the term U.S. Holder refers to a beneficial owner of the Shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident in the United States;
- a corporation (or any other entity or arrangement treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has validly elected to be treated as a "United States person" under applicable Treasury regulations.

Exchange of the Shares for Cash Pursuant to the Merger Agreement. The exchange of the Shares for cash in the Merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder will recognize gain or loss equal to the difference, if any, between the amount of cash received and the holder's adjusted tax basis in the Shares exchanged therefor. Gain or loss will be determined separately for each block of the Shares (generally, the Shares acquired at the same cost in a single transaction) held by such U.S. Holder. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if such U.S. Holder's holding period for the Shares is more than one year at the time of the exchange. Long-term capital gains recognized by an individual U.S. Holder are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding Tax. Proceeds from the exchange of the Shares pursuant to the Merger generally will be subject to information reporting. In addition, backup withholding tax at the applicable rate (currently 28%) generally will apply unless the applicable U.S. Holder or other payee provides a valid taxpayer identification number and complies with certain certification procedures (generally, by providing a properly completed IRS Form W-9) or otherwise establishes an exemption from backup withholding tax. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding tax rules from a payment to a U.S. Holder will be allowed as a credit against that holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS. Each U.S. Holder should duly complete, sign and deliver to the exchange agent an appropriate IRS Form W-9 to provide the information and certification necessary to avoid backup withholding tax, unless an exemption applies and is established in a manner satisfactory to the exchange agent.

Tax Condition to the Closing of the Merger Agreement

Pursuant to the Separation Agreement, dated as of June 5, 2014, by and among PPL, Holdco, the Company, PPL Energy Supply, LLC and the Sponsor Entities, entered into in connection with the Talen Transactions, the Company agreed not to take certain actions (such as the Merger), during the two-year period ending June 1, 2017, unless (i) the Company obtains, at its sole cost either, (A) a private letter ruling from the IRS to the effect that such action will not affect the intended tax-free status of the Talen Transactions, or (B) an opinion of nationally recognized tax counsel or KPMG, PricewaterhouseCoopers, Deloitte or Ernst & Young to the effect that such action will not affect the intended tax-free status of the Talen Transactions, or (ii) PPL waives the requirement to obtain such tax opinion or a private letter ruling from the IRS.

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In order for the Merger to close, either (i) the Company must have obtained, at its sole cost, (A) a private letter ruling from the IRS to the effect that such transaction will not affect the intended tax-free status of the Talen Transactions, or (B) an opinion from Kirkland & Ellis, LLP, the Company's counsel, or any other nationally recognized tax counsel or KPMG, PricewaterhouseCoopers, Deloitte or Ernst & Young to the effect that, based on certain representations made by the Company, PPL and the Sponsor Entities and subject to the limitations and qualifications set forth in such opinion, the Merger will not affect the intended tax-free status of the Talen Transactions, or (ii) PPL must waive the requirement to obtain such tax opinion or a private letter ruling from the IRS.

Financing of the Merger

We anticipate that the funds needed to complete the Merger will be funded with approximately $[   ] billion cash on hand of the Company, which may include cash borrowed under the Credit Facility, prior to the closing of the Merger, and proceeds from a new secured term loan (as described below). Under the Merger Agreement, the Company has agreed to deposit with a designated exchange agent prior to the effective time of the Merger the amount of cash necessary to pay the amounts due to the Company's stockholders and holders of equity awards at the closing of the Merger (which we anticipate, based upon the Shares and equity awards outstanding as of August 1, 2016, will be approximately $1.2 billion).

In connection with the Merger, on June 2, 2016, Parent and Merger Sub obtained a commitment letter for up to an aggregate principal amount of $1.1 billion, which, as amended from time to time in accordance with the Merger Agreement, we refer to as the Debt Commitment Letter, from Goldman Sachs Bank USA, Royal Bank of Canada, Barclays Bank PLC, Credit Suisse AG and Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and Deutsche Bank AG New York Branch, Morgan Stanley Senior Funding, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., collectively referred to as the Commitment Parties, and will rank *pari passu* with the Credit Facility. We anticipate that $250 million in proceeds from the new secured term loan will be used (i) to fund the payment of fees and expenses in connection with the debt financing as well as certain fees and expenses under the Merger Agreement and (ii) for ongoing working capital and other general corporate purposes of the surviving corporation. The remaining $850 million of the commitment may be used as a backstop facility as described in more detail under "*The Debt Commitment Letter*."

Also in connection with the Merger Agreement, Talen Energy Supply entered into a consent agreement with respect to the Credit Agreement, which we refer to as the Credit Agreement Amendment, pursuant to which the requisite lenders agreed to waive the change of control event of default that otherwise would result from the closing of the Merger and Talen Energy Supply agreed to certain other amendments to the Credit Agreement (including a reduction in total commitments thereunder from $1.85 billion to $1.4 billion), which other amendments will become effective as of the closing of the Merger.

Also in connection with the Merger Agreement, Talen Energy Supply entered into that certain Supplemental Indenture No. 14, which we refer to as the Supplemental Indenture, to the Indenture, dated as of October 1, 2001, which, as further amended and supplemented, we refer to as the Indenture, by and among Talen Energy Supply, Talen Investment Corporation, Talen Generation, LLC, Susquehanna Nuclear, LLC, Martins Creek, LLC, Brunner Island, LLC, Pennsylvania Mines, LLC, Montour, LLC, Lower Mount Bethel Energy, LLC, Raven Power Generation Holdings, LLC, Raven Power Finance LLC, Raven Power Operating LLC, Raven Power Marketing LLC, Raven Power Fort Smallwood LLC, Raven Lot 15 LLC, Raven FS Property Holdings LLC, Fort Armistead Road – Lot 15 Landfill, LLC, H.A. Wagner LLC, Brandon Shores LLC, Jade Power Generation Holdings LLC, C/R Topaz Holdings, LLC, Topaz Power Group GP II, LLC, Topaz Power Group LP II, LLC, Barney M. Davis, LP, Laredo WLE, LP, Nueces Bay WLE, LP, Talen Energy Marketing, LLC and Topaz Power Holdings, LLC, which we collectively refer to as the New Guarantors, and the Bank of New York Mellon, as trustee, which we refer to as the Trustee, relating to Talen Energy Supply's Senior Notes,

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6.500% Series due 2025, which we refer to as the 2025 Senior Notes. Pursuant to the Supplemental Indenture, the New Guarantors have guaranteed, effective upon the closing of the Merger and the other transactions contemplated by the Merger Agreement, all of Talen Energy Supply's obligations under the Indenture with respect to the 2025 Senior Notes. On August 5, 2016, Talen Energy Supply entered into that certain Supplemental Indenture No. 15, which we refer to as the Subsequent Supplemental Indenture, to the Indenture by and among Talen Energy Supply, the New Guarantors and the Trustee relating to the 2025 Senior Notes. Pursuant to the Subsequent Supplemental Indenture, Talen Energy Supply and the New Guarantors agreed that any future release of the New Guarantors from their obligations in connection with the 2025 Senior Notes would be subject to the consent to such release by the holders of the 2025 Senior Notes constituting at least a majority in aggregate principal amount of 2025 Seniors Notes then outstanding, other than with respect to certain customary automatic release provisions.

In addition, Talen Energy Supply entered into (i) that certain Guaranty, which we refer to as the Series 2009A Guaranty, by and among Talen Energy Supply and the New Guarantors, relating to Talen Energy Supply's Exempt Facilities Revenue Refunding Bonds, Series 2009A (PPL Energy Supply, LLC Project) municipal bonds, which we refer to as the Series 2009A bonds, issued pursuant to the Series 2009A Trust Indenture dated as of April 1, 2009, which we refer to as the Series 2009A Indenture, (ii) that certain Guaranty, which we refer to as the Series 2009B Guaranty, by and among Talen Energy Supply and the New Guarantors, relating to Talen Energy Supply's Exempt Facilities Revenue Refunding Bonds, Series 2009B (PPL Energy Supply, LLC Project) municipal bonds, which we refer to as the Series 2009B bonds, issued pursuant to the Series 2009B Trust Indenture dated as of April 1, 2009, which we refer to as the Series 2009B Indenture, and (iii) that certain Guaranty, which we refer to as the Series 2009C Guaranty, and which we refer to together with the Series 2009A Guaranty and Series 2009B Guaranty, as the Guaranties, by and among Talen Energy Supply and the New Guarantors, relating to Talen Energy Supply's Exempt Facilities Revenue Refunding Bonds, Series 2009C (PPL Energy Supply, LLC Project) municipal bonds, which we refer to as the Series 2009C bonds, and together with the Series 2009A bonds and Series 2009B bonds, as the Municipal Bonds) issued pursuant to the Series 2009C Trust Indenture dated as of April 1, 2009, which we refer to as the Series 2009C Indenture, and together with the Series 2009A Indenture and Series 2009B Indenture, as the Municipal Bonds Indentures. Pursuant to the Guaranties, the New Guarantors have guaranteed, effective upon the closing of the Merger and the other transactions contemplated by the Merger Agreement, all of Talen Energy Supply's obligations under the Municipal Bonds Indentures with respect to the Municipal Bonds.

We believe proceeds from the new secured term loan, together with cash on hand of the Company (which may include cash borrowed under the Credit Facility prior to the closing of the Merger), will be sufficient to complete the Merger, but we cannot assure you of that. Such amounts may be insufficient if, among other things, the Commitment Parties fail to fund the new secured term loan in breach of the Debt Commitment Letter or the definitive documents related to such facility, the Company's cash on hand, including amounts available to be drawn under the Credit Facility, is less than the Company expects, or the fees, expenses or other amounts required to be paid or reserved in connection with the Merger are greater than anticipated. Under the terms of the Debt Commitment Letter, the Commitment Parties' obligation to fund the new secured term loan is subject to customary conditions, including the consummation of the Merger in accordance with the terms of the Merger Agreement and other customary conditions, including, but not limited to:

- the execution and delivery of definitive documentation consistent with the Debt Commitment Letter;
- the absence, since June 2, 2016, of a material adverse effect (which, for purposes of the Debt Commitment Letter, is defined as in the Merger Agreement) on the Company and its subsidiaries taken as a whole;
- the payment of all applicable fees and expenses;
- the delivery of certain audited and unaudited financial statements of the Company and its subsidiaries and certain pro forma financial statements of the borrower;
- the Commitment Parties having been afforded a marketing period of at least 20 consecutive business days (subject to certain blackout dates and other conditions) following receipt of certain

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financial statements and other information customarily delivered for the preparation of a confidential information memorandum;

- receipt by the lenders of documentation and other information required under applicable “know your customer” and anti-money laundering rules and regulations (including the PATRIOT Act);

- the delivery of customary closing documents; and

- the accuracy of certain representations and warranties in the Merger Agreement and specified representations and warranties in the definitive debt documents.

If any portion of the debt financing becomes unavailable on the terms and conditions (including the flex provisions) contemplated in the Debt Commitment Letter, Parent shall promptly notify the Company of such unavailability and, to the knowledge of Parent, the reason therefor, and use its reasonable best efforts to cause to be obtained, as promptly as practicable and in any event no later than the last day of the marketing period, sufficient alternative financing on terms and conditions, taken as a whole, no less favorable to Parent than the terms and conditions (including the flex provisions) in the Debt Commitment Letter. As of [ ], 2016, the last practicable date before the printing of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event the debt financing is not available as anticipated. The documentation governing the new secured term loan contemplated by the Debt Commitment Letter has not been finalized and, accordingly, the actual terms of the debt financing may differ from those described in this proxy statement. The Commitment Parties may invite other banks, financial institutions and institutional lenders to participate in the debt financing contemplated by the Debt Commitment Letter.

Although obtaining the proceeds of the new secured term loan is not a condition to the completion of the Merger, the failure of Parent and Merger Sub to obtain sufficient debt financing may result in the failure of the Merger to be completed. In that case, Parent and Merger Sub may be obligated to pay the Company a fee of $85 million. See “*The Merger Agreement—Termination—Termination Fees*” for a further discussion of the Parent termination fee. Payment of the Parent termination fee is guaranteed by Riverstone Global Energy and Power Fund V (FT), L.P. pursuant to the limited guarantee referred to below in “*The Merger Agreement—Guarantee*.”

Fees and Expenses

The estimated fees and expenses incurred or expected to be incurred by the Company in connection with the Merger are as follows:

Description	**Amount**
Financial advisory fees and expenses	$[ ]
Legal fees and expenses	$[ ]
Accounting and tax advisory fees	$[ ]
SEC filing fees	$185,290
Printing, proxy solicitation and mailing costs	$525,000
Miscellaneous	$[ ]
Total	$[ ]

It is also expected that Merger Sub and/or Parent will incur approximately $32 million of legal, financial and other advisory fees.

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Except as provided below in "*The Merger Agreement—Remedies*," whether or not the transactions contemplated by the Merger Agreement are consummated, all fees and expenses incurred in connection with the Merger will be paid by the party incurring or required to incur such fees and expenses.

Regulatory Approvals

Under the HSR Act and related rules, certain transactions, including the Merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the DOJ and the FTC, and all statutory waiting period requirements have been satisfied. Notification and Report Forms were filed with the Antitrust Division of the DOJ and the FTC on June 16, 2016, and the Antitrust Division of the DOJ and the FTC granted early termination of the applicable waiting period on June 24, 2016.

The Merger is also conditioned on obtaining approvals from (i) the FERC under Section 203 of the Federal Power Act, (ii) the NRC, in connection with any indirect transfer of control of the NRC licenses deemed to be created by the Merger and/or with respect to change in control over radiological monitoring licenses at certain coal-fired generating facilities, (iii) the NYPSC, in connection or in compliance with its rules and regulations, (iv) the FCC, with respect to change in control over wireless radio licenses and (v) applicable state agencies with respect to change in control over radiological monitoring licenses at certain coal-fired generating facilities. Application for Order Approving Indirect Transfer of Control of Facility Operating Licenses was filed with the NRC on June 29, 2016. An application requesting grant of regulatory approvals by FERC and a petition requesting expedited review and declaratory ruling by NYPSC were each filed on July 15, 2016.

At any time before or after the effective time of the Merger, the Antitrust Division of the DOJ or the FTC could take action under the antitrust laws, including seeking to enjoin the consummation of the Merger, conditionally approve the Merger upon the divestiture of assets of the Company, subject the consummation of the Merger to regulatory conditions or seek other remedies. In addition, state attorneys general and other regulators could take action under the antitrust or other laws as they deem necessary or desirable in the public interest, including, without limitation, seeking to enjoin the completion of the Merger or permitting completion subject to regulatory conditions. Private parties may also seek to take legal action under the applicable laws under some circumstances. There can be no assurance that a challenge to the Merger will not be made or, if such a challenge is made, that it would not be successful.

Litigation Relating to the Merger

Currently, the Company is not aware of any pending litigation related to the Merger.

Effective Time of the Merger

The closing of the Merger is expected to take place on (i) the date that is three business days following the date on which the last of the conditions to the closing of the Merger (described in "*The Merger Agreement—Conditions to the Completion of the Merger*") has been satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing of the Merger, but subject to the satisfaction or waiver of those conditions at such time) or (ii) such other date as agreed to in writing by Parent, Merger Sub and the Company. Notwithstanding the foregoing, Parent and Merger Sub will not be required to effect the Closing until the earlier to occur of (x) any business day during the marketing period to be specified by Parent to the Company on no less than two business days' written notice to the Company and (y) the third business day following the final day of the marketing period.

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The effective time of the Merger will occur as soon as practicable following the closing of the Merger upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later date as we and Parent and Merger Sub agree and specify in the certificate of merger).

Payment of Merger Consideration

At the effective time of the Merger, each Share outstanding immediately prior to the effective time of the Merger (other than (i) Excluded Shares and (ii) the Shares underlying the Company's stock options and the Shares that are subject to the Company's restricted stock unit awards, the Company's performance units and the Company's director stock units) will be converted into the right to receive the Merger Consideration, less any applicable withholding taxes, upon the terms and subject to the conditions set forth in the Merger Agreement whereupon all such Shares will be automatically canceled, will cease to be outstanding and will cease to exist, and the holders of such Shares will cease to have any rights with respect thereto other than the right to receive the Merger Consideration. Prior to the effective time of the Merger, the Company will designate an exchange agent to exchange the Shares for the Merger Consideration. Prior to the effective time of the Merger, the Company will deposit with the exchange agent, for the benefit of the holders of the Shares, sufficient cash to pay the aggregate Merger Consideration. The exchange agent will promptly pay each holder of record the Merger Consideration upon the entry through a book-entry transfer agent of the surrender of such Shares on a book-entry account statement. Interest will not be paid or accrue in respect of any cash payments of the Merger Consideration. The exchange agent will reduce the amount of any Merger Consideration paid by any applicable withholding taxes.

After the completion of the Merger, you will cease to have any rights as a stockholder of the Company other than the right to receive the Merger Consideration upon the terms and subject to the conditions set forth in the Merger Agreement.

At any time following the first anniversary of the closing date of the Merger, upon the surviving corporation's demand, the exchange agent will return to the surviving corporation all funds in its possession. After that time, if you have not received payment of the Merger Consideration, you may look only to the surviving corporation for payment of the Merger Consideration, subject to applicable abandoned property, escheat and other similar laws.

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Provisions for Unaffiliated Stockholders

No provision has been made to grant the Company’s stockholders, other than Parent or its affiliates, access to the corporate files of the Company or any other party to the Merger or to obtain counsel or appraisal services at the expense of the Company or any other such party.

Accounting Treatment

The Company, as the surviving corporation in the Merger, is considered the acquirer for accounting purposes. Therefore, its net assets remain at historical cost.

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THE MERGER AGREEMENT

The following describes the material provisions of the Merger Agreement, which is attached as Annex A to this proxy statement and which is incorporated by reference herein. The description in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the Merger Agreement. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. The Company and Parent encourage you to read carefully the Merger Agreement in its entirety before making any decisions regarding the Merger because it is the principal document governing the Merger.

In reviewing the Merger Agreement, please remember that it is included to provide you with information regarding its terms. The Merger Agreement contains representations and warranties by each of the parties to the Merger Agreement. These representations and warranties have been made for the benefit of the other party to the Merger Agreement and:

- *have been qualified by certain disclosures that were made to the other party in connection with the negotiation of the Merger Agreement, which disclosures are not reflected in the Merger Agreement; and*

- *may apply standards of materiality in a way that is different from what may be viewed as material by you or other investors.*

Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in public disclosures by the Company. As of the date of this proxy statement, except as set forth in the Company's public disclosures, there are no specific material facts that exist that the Company believes materially contradicts its representations and warranties in the Merger Agreement. The Company will provide additional disclosure in its public reports to the extent it becomes aware of the existence of any specific material facts that are required to be disclosed under U.S. federal securities laws and might contradict its representations and warranties contained in the Merger Agreement. In any event, the representations and warranties and other provisions of the Merger Agreement should not be read alone, but instead should be read together with the information provided elsewhere in this proxy statement and in the documents incorporated by reference herein. See "Where You Can Find More Information."

The Merger; Merger Consideration

The Merger

The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the DGCL, Merger Sub will merge with and into the Company. As a result of the Merger, the separate corporate existence of Merger Sub will cease and the Company will be the surviving corporation in the Merger and will continue its corporate existence under Delaware law.

At the effective time of the Merger:

- each Share that as of immediately prior to the effective time of the Merger is owned by the Company as treasury stock or owned by Merger Sub will be canceled and cease to exist, without consideration;

- each Share that as of immediately prior to the effective time of the Merger is owned by a Sponsor Entity, Parent or any of the Company's subsidiaries will be converted into one fully paid and nonassessable share of common stock, par value $0.001 per share, of the surviving corporation;
- each Share issued and outstanding as of immediately prior to the effective time of the Merger (other than Excluded Shares described in the preceding two bullets and Dissenting Shares, if any) will be converted into the right to receive the Merger Consideration; and
- each issued and outstanding share of capital stock of Merger Sub will be canceled and cease to exist, without any consideration.

At the effective time of the Merger:

- the certificate of incorporation of the Company (as the surviving corporation in the Merger) will be amended and restated at the effective time of the Merger to be in the form of the certificate of incorporation attached as an exhibit to the Merger Agreement, until amended as provided by such certificate of incorporation and the DGCL;
- the bylaws of Merger Sub as in effect immediately prior to the effective time of the Merger will become the bylaws of the Company (as the surviving corporation in the Merger), until amended as provided by the certificate of incorporation, such bylaws and the DGCL;
- each of the directors of Merger Sub as of immediately prior to the effective time of the Merger will become a director of the surviving corporation, until his or her successor is elected or appointed and qualified or until the earlier of his or her death, resignation or removal, as the case may be; and
- each of the officers of the Company as of immediately prior to the effective time of the Merger will remain an officer of the surviving corporation, until his or her successor is appointed and qualified or until the earlier of his or her death, resignation or removal, as the case may be.

Treatment of Stock Options and Other Equity-Based Awards

Stock Options. At the effective time of the Merger, outstanding stock options, whether vested or unvested, will be canceled in exchange for a cash payment equal to the product of (i) the total number of the Shares subject to the stock option immediately prior to the effective time of the Merger multiplied by (ii) the excess, if any, of the Merger Consideration over the exercise price per Share of the stock option, without interest and less applicable taxes required to be withheld, which will be paid as promptly as practicable following the effective time of the Merger. Any

outstanding stock option that has an exercise price per Share equal to or in excess of the Merger Consideration will be canceled at the effective time of the Merger for no consideration.

Restricted Stock Units. At the effective time of the Merger, outstanding restricted stock units will be canceled in exchange for the RSU Cash Payment. For restricted stock units granted prior to June 2, 2016, the RSU Cash Payment will be paid as promptly as practicable following the effective time of the Merger. For restricted stock units granted between June 2, 2016 and the effective time of the Merger, the RSU Cash Payment will be paid following the effective time of the Merger subject to the same vesting schedule and other vesting terms and conditions applicable to the underlying restricted stock units as of the effective time of the Merger (including conditions governing certain terminations of employment).

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Performance Units. At the effective time of the Merger, outstanding performance units, other than those held by Messrs. Farr, McGuire, Hopf and Rausch will be canceled in exchange for a cash payment, payable as promptly as practicable following the effective time of the Merger, equal to the product of (i) the Merger Consideration multiplied by (ii) the total number of the Shares underlying the cancelled performance units assuming the target achievement of applicable performance goals and the satisfaction of all other conditions of delivery, without interest and less applicable taxes required to be withheld. A pro rata portion of the performance units held by Messrs. Farr, McGuire, Hopf and Rausch (determined based on the relative portion of the applicable performance period that has elapsed as of the effective time of the Merger) will be treated in the same manner as the performance units held by all other employees of the Company, and the remaining performance units held by Messrs. Farr, McGuire, Hopf and Rausch will be converted into the right to receive a cash payment in an amount equal to product of (i) (a) the total number of the Shares that would be delivered to the executive officer assuming the target achievement of the performance goals applicable to such performance unit, minus (b) the total number of the Shares that would be delivered to the executive officer upon a “change in control” under the terms of the applicable performance unit award agreement and (y) the Merger Consideration, which cash amount will be subject to the service-based (but not the performance-based) vesting terms and conditions applicable to the underlying performance unit as of the effective time of the Merger (including conditions governing certain terminations of employment).

Director Stock Units. At the effective time of the Merger, each outstanding director stock unit will be converted into cash payment, without interest, equal to the product of (i) the Merger Consideration multiplied by (ii) the total number of the Shares represented by that director stock unit, with such amount payable or distributed in accordance with the terms of the Directors Deferred Compensation Plan (and any applicable deferral election).

Exchange Procedures

Prior to the effective time of the Merger, the Company will designate an exchange agent for the purpose of exchanging the Shares for the Merger Consideration. Prior to the effective time of the Merger, the Company will take such actions as are necessary and appropriate such that funds are available to the Company on the closing date of the Merger in an amount equal to the sum of (i) the aggregate Merger Consideration and (ii) the Equity Award Consideration, which is the amount necessary for the surviving corporation to make payments to the holders of stock options, restricted stock units, performance units and director stock units. Out of such available funds, the Company will deposit with the exchange agent prior to the effective time of the Merger, cash in an amount necessary to pay the aggregate Merger Consideration. Following the effective time of the Merger, Parent agrees to cause the surviving corporation to make available to the exchange agent, from time to time as needed, additional cash, without interest, to pay the Merger Consideration. All payments of the Equity Award Consideration will be made as promptly as reasonably practicable following the effective time of the Merger, but in no event later than the first regularly scheduled payroll date following the effective time of the Merger.

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Withholding

Parent, the surviving corporation and the exchange agent will be entitled to deduct and withhold (or cause to be deducted and withheld) from any amounts otherwise payable pursuant to the Merger Agreement any amount it is required to deduct and withhold with respect to the making of such payment under the applicable U.S. federal, state, local or foreign law. To the extent amounts are so deducted and withheld, and paid over to the appropriate governmental authority, such withheld amounts will be treated for purposes of the Merger Agreement as having been paid to the person with respect to which such deduction and withholding was made.

Effective Time of the Merger; Closing

Unless otherwise mutually agreed in writing between the Company and Parent, the closing of the Merger will take place on the third business day following the satisfaction or waiver of the conditions to the closing of the Merger (see "*The Merger Agreement—Conditions to the Completion of the Merger*") (other than those conditions that by their nature are to be satisfied at the closing of the Merger, but subject to the satisfaction or waiver of those conditions), except that Parent will not be required to effect closing until the earlier to occur of (i) the third business day following the final day of the marketing period or (ii) such earlier date as may be specified by Parent on no less than two business days' prior notice to the Company, in each case subject to the satisfaction or waiver of the conditions of the Merger (other than those conditions that by their nature are to be satisfied at the closing of the Merger, but subject to the satisfaction or waiver of those conditions at such time).

We are working to complete the Merger as promptly as practicable. Assuming timely satisfaction of necessary closing conditions, we anticipate that the Merger will be completed by the end of 2016. The effective time of the Merger will occur on the same day as the closing of the Merger, following the closing of the Merger upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as the Company and Parent may agree and specify in such certificate of merger).

Marketing Period

The "marketing period" referred to above is the first period of 20 consecutive business days (provided that (i) the marketing period will either end on or prior to August 17, 2016, or if the marketing period has not ended on or prior to August 17, 2016, then the marketing period will commence no earlier than September 6, 2016, (ii) July 1-5, 2016, October 10, 2016 and November 23-27, 2016 are not considered business days for purposes of the marketing period and (iii) the marketing period shall either end on or prior to December 21, 2016 or, if the marketing period has not ended on or prior to December 21, 2016, then the marketing period shall commence no earlier than January 2, 2017)

after the date of the Merger Agreement during and at the end of which (a) Parent shall have all of the required information (as described under "*The Merger Agreement—Financing; Talen Energy Cooperation*") regarding the Company and its subsidiaries and (b) the conditions to each party's obligations to effect the Merger (other than obtaining the stockholder approvals (as described under "*The Merger Agreement—Conditions to the Completion of the Merger*"), after May 2, 2017, the termination or expiration of all waiting periods applicable to the Merger under the HSR Act and the receipt by the parties of any required regulatory approvals, and those conditions that by their terms are to be satisfied at the closing of the Merger) have been satisfied or waived (and remain satisfied or waived) and nothing has occurred and no condition exists that would cause any of the conditions to the obligations of Parent or Merger Sub to effect the Merger to fail to be satisfied, assuming that the date of the closing of the Merger were to be scheduled for any time during such 20 consecutive business day period.

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However, the marketing period will not commence or be deemed to have commenced if, prior to the completion of the marketing period, (i) the Company's independent accountants shall have withdrawn any audit opinion with respect to any financial statements included in the required information, in which case the marketing period shall not be deemed to commence unless and until, at the earliest, a new unqualified audit opinion is issued with respect to such financial statements for the applicable period by the applicable independent accountants or another independent public accounting firm of recognized national standing reasonably acceptable to Parent, (ii) the Company or any of its subsidiaries shall have failed to file any report or other document required to be filed with the Securities Exchange Commission by the date required under the Exchange Act or the Securities Act, as applicable, containing any financial statements that would be required to be contained therein, in which case the marketing period shall not be deemed to commence unless and until, at the earliest, all such reports have been filed or (iii) the Company publicly announces its intention to (or determines that it must) restate any historical financial statements or other historical financial information included in the required information, in which case, the Marketing Period shall not be deemed to commence unless and until such restatement has been completed or the Company has publicly announced that it has concluded that no such restatement shall be necessary.

The marketing period will end on any earlier date prior to the expiration of the relevant twenty consecutive business day period if the debt financing or any alternative financing pursuant to the terms of the Merger Agreement is obtained on such earlier date.

The purpose of the marketing period as described above is to provide Parent with a reasonable and appropriate period of time during which the Commitment Parties can market and place the debt financing contemplated by the Debt Commitment Letter entered into by Parent and Merger Sub in connection with the Merger, as described in more detail under "*The Merger Agreement—Financing; Talen Energy Cooperation*" and "*The Debt Commitment Letter*."

Conditions to the Completion of the Merger

The obligations of Company and Parent to complete the Merger are subject to the satisfaction (or waiver, if permissible under applicable law) on or prior to the closing of the Merger of the following conditions:

- the Merger Agreement shall have been adopted by the affirmative vote of (i) the holders of a majority of outstanding Shares entitled to vote thereon and (ii) the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by Disinterested Stockholders;

- all waiting periods (and extensions thereof) applicable to the Merger under the HSR Act will have been terminated or have expired;

- certain specified regulatory approvals will have been obtained, including the approval of the FERC, the NRC, the NYPSC and the FCC, and certain other required regulatory consents and approvals;

- no law, statute, ordinance, code, rule, regulation, injunction, judgment, order or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority will be in effect enjoining, restraining, preventing or prohibiting consummation of the Merger or making the consummation of the Merger illegal; and

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- (i) the Company shall have received either (A) a private letter ruling from the IRS to the effect that the Merger will not effect the intended tax-free status of the Talen Transactions, or (B) an opinion of nationally recognized tax counsel or KPMG, PricewaterhouseCoopers, Deloitte or Ernst & Young to the effect that the Merger will not affect the intended tax-free status of the Talen Transactions, or (ii) PPL shall have waived the requirement to obtain such tax opinion or a private letter ruling from the IRS.

In addition, each of Parent's and Merger Sub's obligations to effect the Merger is subject to the satisfaction (or waiver, if permissible under applicable law) on or prior to the closing of the Merger of the following conditions:

- certain specified representations and warranties of the Company with respect to organization, capitalization, authority, absence of certain changes, anti-takeover statutes, financial advisor opinion, brokers and advisors and stockholder approval being true and correct in all material respects as of the date of the Merger Agreement and as of the effective time of the Merger (except to the extent that such representation and warranty expressly speaks as of an earlier date, in which case, such representation and warranty must be true and correct as of such earlier date);

- certain representations and warranties of the Company with respect to the absence of any change, event, occurrence, fact, development, circumstance, condition or effect that has had or would reasonably be expected to have a material adverse effect from December 31, 2015 to the date of the Merger Agreement being true and correct in all respects as of the date of the Merger Agreement and as of the effective time of the Merger (except to the extent that such representation and warranty expressly speaks as of an earlier date, in which case, such representation and warranty must be true and correct as of such earlier date);

- certain representations and warranties of the Company with respect to the outstanding Shares and equity awards as of June 2, 2016 and certain related capitalization matters being true and correct, disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, as of the date of the Merger Agreement and as of the effective time of the Merger (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure to be true and correct is *de minimis*;

- the representations and warranties of the Company, excluding the representations and warranties identified in the foregoing three bullets, being true and correct (disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect) as of the date of the Merger Agreement and as of the effective time of the Merger (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure to be true and correct would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect;

- Parent having received a certificate signed on behalf of the Company by an executive officer of the Company stating that the conditions relating to representations and warranties have been satisfied;

- the Company having performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the closing of the Merger, and Parent having received a certificate signed on behalf of the Company by an executive officer of the Company to such effect**;**

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- no law, regulatory approvals described above or governmental authority imposing or requiring any undertakings, terms, conditions, liabilities, obligations, commitments or sanctions, or any structural or remedial actions or other acts or things (including any required action, as specified in the Merger Agreement, to obtain all regulatory approvals) that, individually or in the aggregate, constitute a burdensome condition, which is defined as an undertaking, term, condition, liability, obligation, commitment or sanction (including any required action, as specified in the Merger Agreement, to obtain all regulatory approvals) imposed upon or otherwise affecting, directly or indirectly, the Company, the surviving corporation or any of their subsidiaries, that (a) individually or in the aggregate would have or would be reasonably likely to have a material adverse effect on the business, assets, results of operations or financial condition of the Company and its subsidiaries, taken as a whole, after giving effect to the Merger, or (b) would require or involve, directly or indirectly, (i) the sale or disposition of Susquehanna Steam Electric Station, Susquehanna Nuclear, LLC or assets or properties thereof that are material to the ownership, operation or maintenance of Susquehanna Steam Electric Station or (ii) the funding or establishment of cash reserves, letters of credit or other credit support in excess of $250,000,000 with respect to regulatory approvals; provided that no such undertakings, terms, conditions, liabilities, obligations, commitments or sanctions (including any required action by a governmental authority) imposed upon or otherwise affecting, directly or indirectly, the Company, the surviving corporation or any of their respective subsidiaries as a direct result of any investment, acquisition or joint venture, in each case in power generation, made or entered into by any affiliate (as defined in 18 C.F.R. Section 35.36(a)(9)) of Parent or Merger Sub (other than the Company and its subsidiaries) that owns or controls electric generation or transmission facilities within any geographic market relevant for the preparation of a horizontal Competitive Analysis Screen under 18 C.F.R. Section 33.3 for the transactions contemplated by the Merger Agreement, shall be taken into account in determining whether a “burdensome condition” exists;

- after giving effect to the Merger and the closing of the Merger, including the debt financing, and assuming the prior payment of the aggregate Merger Consideration, the Equity Award Consideration and any transaction costs, and without giving effect to the posting, provision, funding, establishment or grant of, or commitment to post, provide, fund, establish or grant, up to an aggregate amount equal to $250,000,000 in credit support with respect to regulatory approvals in the aggregate (it being understood that credit support to the extent above $250,000,000 shall be given effect), the pro forma liquidity amount (which is defined to mean the (i) amount of aggregate commitments of the lenders available to be drawn under the Credit Agreement (as defined below) to make loans thereunder, less the aggregate outstanding principal amount of all outstanding loans and letters of credit issued thereunder and (ii) the cash and cash equivalents in U.S. dollars immediately available to the Company and its consolidated subsidiaries that would be reflected on a consolidated balance sheet prepared in accordance with GAAP and would not appear as “restricted” on such consolidated balance sheet) being greater than or equal to $350,000,000 less an amount, in U.S. dollars, determined as of immediately prior to the closing of the Merger, equal to the lesser of (a) $85,000,000 and (b) the aggregate amount of cash or letters of credit required to be posted by the Company or its Subsidiaries as replacement collateral in respect of any affected energy marketing and trading transactions, as defined in the Merger Agreement, in accordance with their terms in order to permit such affected energy marketing and trading transactions to remain in effect immediately after giving effect to the Closing;

- immediately prior to giving effect to the consummation of the Merger, no specified event of default, as defined in the Merger Agreement, having occurred or continuing under the Credit Agreement; and
- no change, event, occurrence, fact, development, circumstance, condition or effect having occurred that, individually or in the aggregate, has had or would reasonably be expected to have (i) a material adverse effect, (ii) a Susquehanna material adverse effect, which is defined to mean (a) an incident reasonably expected to constitute an extraordinary nuclear occurrence (as defined in the Atomic Energy Act) at the Susquehanna Steam Electric Station or (b) Susquehanna Unit 1 or Susquehanna Unit 2 being placed in NRC Reactor Oversight Process Matrix Column 4 or Column 5, and Parent having received a certificate signed on behalf of the Company by an executive officer of the Company to such effect.

In addition, the Company's obligation to effect the Merger is subject to the satisfaction (or waiver, if permissible under applicable law) on or prior to the closing of the Merger of the following conditions:

- the representations and warranties of each of Parent and Merger Sub being true and correct (disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect) as of the date of the Merger Agreement and as of the effective time of the Merger (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure to be true and correct, individually or in the aggregate, has not had and would not reasonably be expected to prevent, materially delay or materially impede consummation by Parent and Merger Sub of the Merger, and the Company having received a certificate on behalf of Parent and Merger Sub to such effect; and
- each of Parent and Merger Sub having performed in all material respects all obligations required to be performed by them under the Merger Agreement at or prior to the closing of the Merger, and the Company having received a certificate on behalf of Parent and Merger Sub to such effect.

For purposes of the Merger Agreement, "material adverse effect" means, when used with respect to the Company, any change, event, occurrence, fact, development, circumstance, condition or effect that, individually or in the aggregate, (a) would or would reasonably be expected to prevent or materially impede or materially delay the consummation by the Company of the Merger; or (b) is or would reasonably be expected to be materially adverse to the business, assets, results of operations or financial condition of the Company and its subsidiaries taken as a whole; other than, in the case of clause (b), any change, event, occurrence, or effect to the extent arising out of or resulting from or relating to the following: (i) general changes in the industries or markets in which the Company or its subsidiaries operates; (ii) any enactment of, change in, or change in interpretation of, any law or GAAP or governmental policy after June 2, 2016; (iii) general economic, regulatory or political conditions (or changes therein after June 2, 2016) or conditions (or changes therein after June 2, 2016) in the financial, credit or securities markets (including changes in interest or currency exchange rates) in any country or region in which the Company or any of its subsidiaries conducts business; (iv) any acts of God, natural disasters, terrorism, armed hostilities, sabotage, war or any escalation or worsening of acts of terrorism, armed hostilities or war; (v) subject to certain exceptions, the execution, announcement or performance of the Merger Agreement, the consummation of the Merger, or the identity of Parent, including the

impact thereof on relationships, contractual or otherwise, with customers, suppliers, distributors, partners, employees, consultants or governmental authorities; (vi) the taking of any specific action as expressly required by the terms of the Merger Agreement or at the written direction of Parent or Merger Sub or the

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failure to take any specific action by the Company or its subsidiaries if that specific action is expressly prohibited by the Merger Agreement and Parent denied a written request from the Company seeking consent to take such specific action; (vii) any change in the market price, or change in trading volume, of the capital stock of the Company, in and of itself; (viii) any failure by the Company or its subsidiaries to meet internal, analysts' or other earnings estimates or financial projections or forecasts for any period, or any changes in credit ratings and any changes in any analysts recommendations or ratings with respect to the Company or any of its subsidiaries, in each case, in and of itself; and (ix) any pending, initiated or threatened legal or administrative proceeding, claim, suit or action against the Company, any of its subsidiaries or any of their respective officers or directors, in each case, arising out of or relating to the execution of the Merger Agreement or the Merger; provided that the changes, events, occurrences or effects set forth in clauses (i), (ii), (iii) and (iv) may be taken into account in determining whether a "material adverse effect" has occurred or would reasonably be expected to occur, in each case to the extent, and only to the extent, that such changes, events, occurrences, facts, developments, circumstances, conditions or effects have a disproportionate adverse impact on the Company and its subsidiaries, taken as a whole, compared to other companies operating in the industries in which any of the Company or its subsidiaries operate; provided, further, that the exceptions in clauses (vii) and (viii) above will not prevent or otherwise affect a determination that the underlying cause of any failure or change referred to therein (if not otherwise falling within any of the exceptions provided by clauses (i) through (vi) and (ix) above) has had or contributed to a "material adverse effect."

Solicitation of Acquisition Proposals

During the Go-Shop Period, the Company, its subsidiaries, directors, officers, employees and representatives had the right to:

- solicit, initiate, encourage or facilitate any Alternative Proposal, including by furnishing non-public information pursuant to acceptable confidentiality agreements (to the extent that any material non-public information furnished to another person had not previously been provided to Parent, the Company was required to substantially concurrently provide such information to Parent); and

- enter into, or otherwise participate in any discussions or negotiations with any persons or groups of persons regarding any Alternative Proposal.

We refer to the following as an Alternative Proposal: any inquiry, proposal or offer from any person (other than Parent, Merger Sub and any affiliates thereof) to purchase or otherwise acquire, in a single transaction or series of related transactions, (i) assets of the Company and its subsidiaries (including securities of subsidiaries), whether by asset acquisition, joint venture or otherwise, that account for 20% or more of the Company's consolidated assets or from which 20% or more of the Company's revenues or earnings on a consolidated basis are derived, (ii) 20% or more of the outstanding Shares (or 20% or more of the voting power in respect thereof) or the capital stock or voting power of the surviving entity or the resulting direct or indirect parent of the Company or such surviving entity (including if such ownership is through the equityholders of any such parent) pursuant to a merger, consolidation or other business

combination, recapitalization, liquidation, dissolutions, binding share exchange purchase or sale of shares of capital stock, tender offer, exchange offer or similar transaction or (iii) any combination of the foregoing.

Except as expressly permitted under the Merger Agreement, from the No-Shop Period Start Date, the Company is required to, and is required to cause its subsidiaries and their respective directors, officers, employees and representatives to, immediately cease all existing discussions or negotiations with any person with respect to any Alternative Proposal and request that all confidential information previously furnished to any such

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person be returned or destroyed promptly. From and after the No-Shop Period Start Date until the earlier of the effective time of the Merger or the termination of the Merger Agreement in accordance with its terms, the Company will not, and will cause its subsidiaries and their respective directors, officers, employees and representatives not to, directly or indirectly:

- solicit, initiate, propose, knowingly encourage or knowingly facilitate (including by way of furnishing non-public information) any Alternative Proposal or any proposal, offer, inquiry or request for information or request for negotiations or discussions that would reasonably be expected to lead to any Alternative Proposal or inquiries regarding or the making, disclosure, submission or consummation of any Alternative Proposal;
- engage in, knowingly facilitate, knowingly encourage or otherwise participate in any discussions (except solely to notify such person of the existence of the no-shop provisions of the Merger Agreement without any other or further discussions) or negotiations regarding, or furnish to any person any non-public information in connection with, any Alternative Proposal or any proposal, offer, inquiry or request for information or request for negotiations or discussions that would reasonably be expected to lead to any Alternative Proposal;
- approve, authorize, endorse, declare advisable, adopt, enter into or recommend, or publicly propose to approve, authorize, endorse, declare advisable, adopt, enter into or recommend any Alternative Proposal, merger agreement or similar agreement constituting or providing for an Alternative Proposal;
- adopt resolutions or otherwise take any action to make the provisions of any anti-takeover statute inapplicable to any Alternative Proposal; or
- resolve, agree or propose to do any of the foregoing actions.

Notwithstanding the foregoing, at any time from and after the No-Shop Period Start Date and prior to the obtaining of the stockholder approvals, if the Company receives a written Alternative Proposal that did not result from a material breach of the no-shop provisions of the Merger Agreement, from any person, the Company and its representatives may engage in negotiations and discussions with respect to the Alternative Proposal and provide information (including non-public information) regarding the Company and its subsidiaries to any person making such Alternative Proposal pursuant to acceptable confidentiality agreements (to the extent that any material non-public information provided to another person had not previously been provided to Parent, the Company will substantially concurrently provide such information to Parent), if the Board determines in good faith after consultation with outside legal and financial advisors that such Alternative Proposal either constitutes a Superior Proposal or would reasonably be expected to lead to a Superior Proposal.

Notwithstanding the occurrence of the No-Shop Period Start Date, the Company and its subsidiaries and their respective representatives were permitted to continue to engage in the activities permitted during the Go-Shop Period

with respect to an excluded party until the earlier of (i) 12:01 a.m., Eastern time, on August 1, 2016, which we refer to as the Cut-Off Time, and (ii) the date on which such person ceases to be an excluded party. Within two business days after the No-Shop Period Start Date, the Company was required to notify Parent in writing of each person that the Company considered to be an excluded party as of the No-Shop Period Start Date. An "excluded party" means any person or group of persons from whom the Company has received during the Go-Shop Period a *bona fide* written Alternative Proposal (provided that for purposes of the definition of "excluded party," the references to "20%" in the definition of "Alternative Proposal" will be deemed to be references to "50%") that the Board determines in good faith, after consultation with outside legal and financial advisors, prior to the No-Shop Period Start Date,

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is, or would reasonably be expected to lead to, a Superior Proposal; provided that any such person or group of persons shall cease to be an excluded party upon the earliest to occur of the following: (i) the ultimate equityholder(s) of such person and the other persons who were members of such group, if any, as of immediately prior to the No-Shop Period Start Date cease to constitute at least 50% of the equity financing of such person or group at any time from and after the No-Shop Period Start Date; (ii) if at any time prior to the Cut-Off Time, such person's Alternative Proposal is withdrawn, terminated or expires; and (iii) the Cut-Off Time.

Following the No-Shop Period Start Date, the Company will keep Parent informed on a reasonably current basis of the existence, status and terms of any Alternative Proposal or any proposal, or inquiry that would reasonably be expected to lead to an Alternative Proposal, including material terms and conditions and the identity of the person making such Alternative Proposal or other proposal, inquiry, offer or request. With respect to an Alternative Proposal (or other such proposal, inquiry, offer or request) received in writing, the Company will promptly notify Parent of the identity of the person making such Alternative Proposal and provide Parent with a copy of such written Alternative Proposal or other such proposal, inquiry, offer or request.

Except as expressly permitted by the terms of the Merger Agreement, the Board will not (i) fail to include the Board's affirmative recommendation with respect to the adoption of the Merger Agreement in the proxy statement, (ii) withdraw, qualify or withhold, amend or modify or publicly propose to withdraw or withhold, amend, qualify or modify in a manner adverse to Parent or Merger Sub, the Board's recommendation, (iii) fail to, within ten days following a written request from Parent following any public announcement of an Alternative Proposal or any material modification thereto, publicly reaffirm the Board's recommendation (provided that Parent may not make any such request more than one time in respect of each Alternative Proposal or each material modification thereto), (iv) fail to recommend against any Alternative Proposal that is a tender or exchange offer within ten business days after the commencement of such of such tender or exchange offer, (v) approve, authorize, endorse, declare advisable, adopt, enter into, recommend, or publicly propose to approve, authorize, endorse, declare advisable, adopt, enter into, or recommend to the stockholders of the Company, an Alternative Proposal, (vi) approve or enter into, or publicly propose to approve or enter into, any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, or other agreement providing for or constituting any Alternative Proposal (other than an acceptable confidentiality agreement), or (vii) resolve, agree or publicly propose to do any of the foregoing, which we refer to as an "adverse recommendation change").

Prior to the time the stockholder approvals are obtained, provided that the Company, its subsidiaries and their directors, officers, employees and other representatives have not materially breached the no-shop provisions of the Merger Agreement, the Board (i) may make an adverse recommendation change of the type described in clause (i), clause (ii) of the immediately preceding paragraph or, solely with respect to the actions described in clauses (i) and (ii), clause (vii) of the immediately preceding paragraph, in response to an intervening event (as defined below) if the Board determines in good faith, after consultation with outside legal counsel, that failure to take such action would reasonably be expected to be inconsistent with its fiduciary duties under applicable law, and (ii) solely with respect to an Alternative Proposal that the Board has determined in good faith, after consultation with outside legal counsel and financial advisors, constitutes a Superior Proposal, may make an adverse recommendation change or terminate the Merger Agreement pursuant to its termination provisions in order to concurrently enter into a definitive agreement

with respect to such Superior Proposal.

In each case, prior to making an adverse recommendation change or terminating the Merger Agreement:

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- the Company must provide prior written notice to Parent, at least four business days in advance, that it intends to effect such adverse recommendation change or terminate the Merger Agreement, which notice must include the basis for such adverse recommendation change or termination, including, in the case of an intervening event, a description of the circumstances of such event and a description of the reasons for taking such action, and in the case of a Superior Proposal, the financial and other material terms of such Superior Proposal and a copy of the proposed agreement relating to such Superior Proposal and the identity of the person making such Superior Proposal, and any other material documents in respect of such Superior Proposal; provided that any material change to the facts and circumstances relating to the intervening event or to the terms of such Superior Proposal (including any change to the economic terms thereof) requires a new written notice to Parent, at least three business days in advance of effecting such adverse recommendation change or terminating the Merger Agreement.

- after providing such notice and prior to effecting such adverse recommendation change or terminating the Merger Agreement, the Company must make available and direct its necessary representatives to discuss and negotiate in good faith with Parent during such period any proposed modifications to the terms of the Merger Agreement; and

- after providing such notice and prior to effecting such adverse recommendation change or terminating the Merger Agreement, (i) in the case of an intervening event, the Board, after taking into account any modifications to the Merger Agreement to which Parent and Merger Sub would agree, determines in good faith, after consultation with outside legal counsel, that failure to effect such adverse recommendation change would reasonably be expected to be inconsistent with its fiduciary duties under applicable law or (ii) in the case of a Superior Proposal, the Board, after taking into account any modifications to the Merger Agreement to which Parent and Merger Sub would agree, determines in good faith, after consultation with outside legal counsel and financial advisors, that such Alternative Proposal continues to constitute a Superior Proposal; provided that any such purported termination to enter into a definitive agreement for a Superior Proposal shall not be effective unless and until the Company pays the Company termination fee in full (as described in more detail under "*The Merger Agreement—Termination—Termination Fees*").

Nothing in the provisions of the Merger Agreement relating to Alternative Proposals prevents the Board from (i) taking and disclosing to its stockholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) under the Exchange Act (ii) making any disclosure to the stockholders of the Company if the Board determines in good faith, after consultation with outside legal counsel, that the failure to make such disclosure would reasonably be expected to be inconsistent with applicable law (iii) in response to an inquiry, responding to inform any person of the go-shop provisions of the Merger Agreement or (ii) making any "stop-look-and-listen" communication to the stockholders of the Company pursuant to Rule 14d-9(f) under the Exchange Act or any similar communication.

We refer to the following as an "intervening event": a material event, change, effect, development, condition or occurrence that affects or would be reasonably likely to affect the business, financial condition or continuing results of operations of the Company and its subsidiaries, taken as a whole, that (i) is not known and is not reasonably foreseeable by the Board as of the date of the Merger Agreement, (ii) does not relate to a Superior Proposal or an Alternative Proposal and (iii) did not result from any breach of the Merger Agreement by the Company or its subsidiaries or its or their directors, officers, employees or other representatives.

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We refer to the following as a Superior Proposal: any *bona fide* written Alternative Proposal (provided that for purposes of the definition of Superior Proposal, the references to "20%" in the definition of Alternative Proposal will be deemed to be references to "50%") that did not result from any material breach of the no-shop provisions of the Merger Agreement, which the Board determines in good faith, after consultation with outside legal counsel and financial advisors, to be more favorable to Disinterested Stockholders than the Merger from a financial perspective, taking into account the applicable legal, financial, regulatory, timing and other aspects of such proposal and the Merger Agreement that the Board considers relevant, and to be reasonably likely to be completed on the terms proposed.

Financing; Talen Energy Cooperation

Parent and Merger Sub have represented that the third party debt financing arranged by Parent in connection with the Merger (assuming such debt financing is funded in accordance with the Debt Commitment Letter), when taken together with the unrestricted balance sheet cash and undrawn revolver capacity of the Company and assuming that the surviving corporation has pro forma liquidity of at least $350 million (subject to certain limited exceptions) after payment of the aggregate Merger Consideration and Equity Award Consideration and any transaction costs, will provide sufficient funds required for consummation of the Merger.

Parent and Merger Sub have agreed to use their reasonable best efforts to cause the debt financing to be obtained on the terms and conditions (including the flex provisions) described in the Debt Commitment Letter, and will use reasonable best efforts to:

- maintain in effect the Debt Commitment Letter;
- negotiate definitive agreements with respect to the debt financing, which we refer to as the Definitive Documents, on the terms and conditions (including any flex provisions) contained in the Debt Commitment Letter or on such terms, taken as a whole, no less favorable to Parent or Merger Sub than the terms and conditions (including any flex provisions) in the Debt Commitment Letter and that would not adversely affect the ability of Parent and Merger Sub to consummate the transactions contemplated by the Merger Agreement;
- comply in all material respect with their respective obligations under the Debt Commitment Letter and the Definitive Documents;
- timely satisfy, or seek waiver of, all conditions to funding applicable to Parent and within Parent's control in the Debt Commitment Letter and the Definitive Documents; and

- subject to certain conditions, enforce their rights under the Debt Commitment Letter, including through litigation pursued in good faith.

Without the prior written consent of the Company, Parent will not permit any amendment or modification to be made to, replacement or supplement of, or any waiver of any of its rights under, the Debt Commitment Letter or the Definitive Documents which would:

- reduce the aggregate amount of the debt financing;

- add conditions to the debt financing or amend, replace, supplement or modify any conditions to the debt financing relative to the conditions in the Debt Commitment Letter as in effect as

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of June 2, 2016 in a manner that would reasonably be expected to prevent, impede, impair or delay the availability of the debt financing or the consummation of the Merger;

- adversely affect the ability of Parent or Merger Sub to enforce their respective rights under the Debt Commitment Letter or the Definitive Documents relative to their respective ability to enforce their rights thereunder as of June 2, 2016; or

- prevent or materially impede, impair or delay the availability of the debt financing or the consummation of the Merger.

Subject to certain exceptions, Parent has agreed to give the Company prompt written notice if:

- Parent obtains knowledge of any material breach or default (or any event that would reasonably be expected to result in a material breach or default) by any party to the Debt Commitment Letter or the Definitive Documents;

- Parent or Merger Sub receives any written notice or other written communication from any debt financing source with respect to any (i) actual or threatened breach, default, termination or repudiation of the Debt Commitment Letter or any Definitive Document, in each case, with respect to any material provision thereof or (ii) material dispute among any parties to the Debt Commitment Letter or the Definitive Documents, in each case, with respect to the debt financing; and

- Parent or Merger Sub believes in good faith that all or any portion of the debt financing will not be available to the Company on the terms set forth in the Debt Commitment Letter or the Definitive Documents.

If any portion of the debt financing becomes unavailable on the terms and conditions (including the flex provisions) contemplated in the Debt Commitment Letter, Parent shall promptly notify the Company of such unavailability and, to the knowledge of Parent, the reason therefor, and use its reasonable best efforts to cause to be obtained, as promptly as practicable and in any event no later than the last day of the marketing period, sufficient alternative financing on terms and conditions, taken as a whole, not materially less favorable to Parent than the terms and conditions (including the flex provisions) in the Debt Commitment Letter.

The Company has agreed to use its reasonable best efforts to, and to cause each of its subsidiaries to use their reasonable best efforts to, and to use its reasonable best efforts to cause its and their respective representatives (including legal and accounting) to use their reasonable best efforts to, in each case, at Parent’s sole expense, provide Parent and Merger Sub such cooperation reasonably requested by Parent in connection with the debt financing, including:

- assisting with the preparation of all offering documents, including furnishing customary authorization letters in connection therewith;

- preparing and furnishing to Parent and the debt financing sources as promptly as practicable (A) the following required information, which we refer to as the Required Information:
- (a)(i) the audited financial statements, including combined balance sheets, statements of operations, statements of cash flows, statements of stockholders equity of the Company, as of and for the years ended December 31, 2015 and December 31, 2016 and (ii) the audited financial statements, including combined balance sheets, statements of operations, statements of cash flows, statements of stockholders equity of PPL Energy Supply, LLC, as of and for the years ended December 31, 2013 and December 31, 2014;
- (b) within 45 days after the end of each subsequent interim fiscal quarter, unaudited financial statements, including consolidated balance sheets, statements of operations and statements of cash flows of the Company for such fiscal quarter and for the comparable periods of the preceding fiscal year; and
- (c) a pro forma consolidated balance sheet and related pro forma statement of income of the Borrower on a consolidated basis as of the last day of and for the most recently completed four fiscal quarter period ending prior to the consummation of the Merger for which financial statements were required to be delivered pursuant to the preceding clause (b), prepared after giving effect to the Merger and the transactions consummated in connection therewith as if the Merger and the transactions consummated in connection therewith had occurred as of such date (in each case of such balance sheet) or at the beginning of such period (in the case of the statement of income);

and (B) certain other information reasonably requested by Parent regarding the Company and its subsidiaries that is customarily provided to assist in preparation of the bank information memorandum;

- participating (and using reasonable best efforts to cause members of senior management of the Company to participate) in marketing efforts, including a reasonable number of meetings,

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presentations, road shows, sessions with rating agencies, due diligence sessions and other similar assistance;

- assisting in the preparation of, and executing and delivering, the Definitive Documents and other documents as may reasonably be requested by Parent with respect to solvency matters;
- assisting the debt financing sources in benefiting from existing lending relationships of the Company and its subsidiaries;
- facilitating the pledging of collateral;
- taking all corporate actions necessary and reasonably requested by Parent to permit the consummation of the debt financing and to permit the proceeds thereof to be made available on the closing date of the Merger;
- causing its independent accountants to provide assistance and cooperation to Parent;
- providing at least three business days prior to the closing date of the Merger all documentation and other information required by applicable "know your customer" and anti-money laundering rules and regulations;
- satisfying the conditions precedent set forth in the Debt Commitment Letter;
- periodically updating any information required to be provided by the Company under the Debt Commitment Letter to the extent it does not meet the applicable requirements set forth in the Merger Agreement;
- assisting Parent in preparing pro forma financial information and financial statements to be included in the offering documents in connection with the debt financing;
- cooperating with Parent to execute certain confirmations and waivers to permit and facilitate the transactions contemplated by the Merger Agreement; and
- cooperating with Parent to obtain corporate and facilities rating from rating agencies;

provided, however, that, (a) the Company and its subsidiaries will not be required to extend such cooperation to the extent it would interfere unreasonably with the business or operations of the Company or its subsidiaries or would require the Company or its subsidiaries to pay any commitment or other fee or make any other payment in connection

with the debt financing prior to the closing date of the Merger (unless promptly reimbursed by Parent pursuant to the terms of the Merger Agreement), (b) no obligation of the Company or any of its subsidiaries under any agreement executed pursuant to the foregoing will be effective prior to the closing of the Merger (provided, however, that the Company will be required to provide prior to the closing of the Merger, to the extent reasonably requested by Parent, customary authorization letters with respect to any offering documents in connection with the debt financing) and (c) the Board will not be required to enter into any resolutions or take similar action approving the debt financing prior to the effective time of the Merger.

In addition, the Company has agreed to use its reasonable best efforts to, and to cause each of its subsidiaries to use their reasonable best efforts to, provide Parent such cooperation reasonably requested by Parent in connection with:

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- the Credit Agreement Amendment; and

- certain supplemental indentures, guarantees and other documents with respect to its outstanding unsecured debt securities, which we refer to as the Enhancement Documents, as requested by Parent;

provided, however, that, (a) the Company and its subsidiaries will not be required to pay any commitment or any other payment in connection with such amendment or such supplemental documents (unless paid directly in full by Parent on behalf of the Company prior to the effectiveness thereof) and (b) no obligation of the Company or any of its subsidiaries under any agreement executed pursuant to the foregoing will be effective prior to the effective time of the Merger.

Subject to certain exceptions, Parent has agreed to indemnify and hold harmless the Company, its subsidiaries and its and their representatives from and against any and all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with the arranging of the debt financing (including any alternative financing), any Enhancement Documents or the Credit Agreement Amendment (including any action taken in accordance with the Company's cooperation requirements with respect to the foregoing and any information utilized in connection therewith (other than historical information relating to the Company or its subsidiaries provided by the Company or its subsidiaries in writing)). Parent has agreed to, promptly upon request by the Company, reimburse the Company for all reasonable and documented out-of-pocket costs (including reasonable attorneys' and accountants' fees) incurred by the Company or its subsidiaries in connection with the arrangement of the debt financing (including any alternative financing) and the Credit Agreement Amendment (including any action taken in accordance with the Company's cooperation requirements with respect to the foregoing); provided, however, that the Company shall bear all such costs related to its obligations with respect to the preparation, review, delivery and audit of historical information relating to the Company or its subsidiaries).

The obtaining of the debt financing (including any alternative financing) or the Credit Agreement Amendment is not a condition to the closing of the Merger.

Subject to certain conditions and exceptions, Parent and Merger Sub will be permitted to terminate up to $850,000,000 of commitments in respect of the senior secured term loan facility contemplated by the Debt Commitment Letter; provided that the change in control expiration date with respect to certain of the Company's outstanding bonds has expired.

Regulatory Approvals; Third-Party Consents

The Company, Parent and Merger Sub, their respective subsidiaries and, in limited circumstances, Parent's affiliates, have agreed to use their respective reasonable best efforts to, and cooperate with the other parties to, cause the Merger to be consummated as soon as practicable, including using their reasonable best efforts to:

- make promptly all required submissions and filings with applicable governmental authorities that are necessary to obtain certain regulatory approvals;
- promptly furnish information required in connection with such submissions and filings;
- obtain approvals of FERC, the NRC, the NYPSC and the FCC as soon as practicable; and
- defend any litigation or other action challenging the consummation of any of the transactions contemplated by the Merger Agreement;

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provided that, subject to certain limited exceptions, neither party will be required to pay any fee, penalty or other consideration to any other party (other than filing fees payable to governmental authorities) for any consent or approval required for the consummation of the Merger.

Each of the parties will jointly coordinate the overall development of the positions and strategies taken, information presented and regulatory action requested in any application, filing or other communication with a governmental authority in connection with the regulatory approvals necessary to consummate the Merger, except that the Company and its subsidiaries may not make any material filing or submission with a governmental authority in connection with any regulatory approval without Parent's prior written consent.

The Company and Parent have agreed to, and have agreed to cause their respective subsidiaries and, in certain limited circumstances, their affiliates to:

- file with the DOJ and the FTC a notification and report form pursuant to the HSR Act within 10 business days after the date of the Merger Agreement;
- file, within 30 business days after the date of the Merger Agreement, certain regulatory filings and approvals, including filings necessary to obtain the approval of FERC, the NRC and the NYPSC, and certain other required regulatory consents and approvals;
- use reasonable best efforts to cause the expiration of the waiting periods under the HSR Act; and
- supply as soon as practical any additional information required under applicable law or reasonably requested by the relevant governmental authority.

The Company, Parent and Merger Sub have agreed to, and have agreed to cause their respective subsidiaries and, in certain limited circumstances, their affiliates to:

- furnish to the other parties to the Merger Agreement such necessary information as the others may reasonably request in connection with the preparation of any registrations, applications, filings, notifications, communications or submissions in connection with relevant regulatory approvals;
- promptly notify the other parties of, and, if in writing, furnish the other parties with copies of any communication received from a governmental authority or any other third party whose consent or approval is or may be required in

connection with the Merger;

- keep the other parties reasonably informed of the status of any such submissions and filings; and

- not independently participate in any meeting, hearing, proceeding or discussions with or before a governmental authority in respect of the Merger without giving the other parties reasonable prior notice of such meeting or discussions and, unless prohibited by such governmental authority, the opportunity to attend or participate.

In furtherance of the foregoing, each of the Company, Parent and Merger Sub have agreed to, and have agreed to cause their respective subsidiaries to, subject to certain exceptions, take promptly any steps necessary to obtain all regulatory approvals so as to enable the parties to close the Merger as soon as reasonably practicable, including:

- the sale or other disposition of assets of the Company or its subsidiaries;
- terminating or modifying existing relationships, contractual rights or other arrangements of the Company or its subsidiaries;
- creating any relationship, contractual rights or other arrangement of the Company or its subsidiaries; and
- subject to certain conditions, committing or causing the Company or its subsidiaries to provide and maintain any additional assets, guarantees or other commitments as are necessary to establish the financial qualification of the Company and the surviving corporation;

in each case, if such foregoing actions are reasonably necessary to (x) avoid the commencement of any litigation or other action by a governmental authority challenging the Merger or (y) obtain the relevant regulatory approvals; provided that:

- Parent and Merger Sub will not be required to (and the Company and its subsidiaries will not, without Parent's written consent) offer or accept, or commit to agree or consent to, any condition or obligation in respect of or affecting the Company, the surviving corporation or their respective subsidiaries that constitutes a burdensome condition;
- Parent shall have the right, on behalf of the Company, the surviving corporation and their respective subsidiaries, to consent or agree to (and to direct the Company and its subsidiaries to consent or agree to) any agreement, commitment, condition, settlement or order (and any modification of any of the foregoing) with any governmental authority in connection with the Merger, so long as such agreement, commitment, condition, settlement or order is expressly conditioned on the closing of the Merger occurring;
- none of the Company and its subsidiaries will become subject to, or be required to consent or agree to any agreement, commitment or condition (including any required action) in connection with the consummation of the Merger to which the Company or the surviving corporation or any of their respective subsidiaries is a party or by which the Company or the surviving corporation or any of their respective subsidiaries or the assets thereof are or will be bound the effectiveness of which is not expressly conditioned upon the closing of the Merger occurring;
- subject to the immediately preceding clause, and without limiting Parent's obligations listed above, in the event that alternative required actions, agreements, commitments or conditions that are proposed by or acceptable to a governmental authority, Parent will have the right to elect (after consultation with the Company), in its sole discretion, among such alternatives and to direct the Company and its subsidiaries to consent and agree thereto;
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nothing in the Merger Agreement will require Parent or Merger Sub to accept (and the applicable regulatory approval shall not be considered obtained if it includes) any conditions, restrictions, obligations or requirements, including any required action, imposed upon or applicable to Parent, Merger Sub or any of their respective affiliates (other than, conditioned upon the closing of the Merger, the Company or the surviving corporation and any of their respective subsidiaries) or otherwise limiting the rights or interests of any of the foregoing persons in the surviving corporation or its subsidiaries in connection with or as a condition to the consummation of the Merger; and

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- without limiting Parent's obligations listed above, the Company and its subsidiaries will not, without Parent's prior written consent, propose, offer, negotiate or accept, or agree or consent to, any required action.

None of the Company, Parent or Merger Sub shall, nor shall they permit their respective subsidiaries or specified affiliates to, make any investment, acquisition or joint venture in power generation if such investment, acquisition or joint venture would reasonably be expected to materially delay or prevent the obtaining of any specified regulatory approval.

Termination

The Merger Agreement may be terminated at any time prior to the effective time of the Merger (i) by mutual written consent of the Company and Parent or (ii) by either the Company or Parent:

- if the Merger is not consummated on or before the End Date; provided that this termination right will not be available to a party if the failure of the Merger to be consummated on or before the End Date was primarily due to the failure of such party to perform any of its obligations under the Merger Agreement;

- subject to certain exceptions, if any law, injunction, judgment, order or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority enjoining, restraining or prohibiting the consummation of the Merger or making the Merger illegal becomes final and non-appealable, or if any required regulatory approval shall have been denied, and such denial has become final and non-appealable; provided that this termination right will not be available to a party if the issuance of such final, non-appealable law, injunction, judgment, order or ruling was primarily due to the failure of such party to perform any of its obligations under the Merger Agreement; or

- if the Special Meeting shall have concluded and the stockholder approvals shall not have been obtained.

Subject to certain exceptions, the Merger Agreement may be terminated at any time prior to the effective time of the Merger by Parent:

- if the Company shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the Merger Agreement, and such breach (i) would give rise to the failure of certain of Parent's conditions to closing and (ii) cannot be cured by the Company by the End Date or, if capable of being cured, shall not have been cured within thirty days following receipt of written notice from Parent stating Parent's intention to terminate the Merger Agreement; or

- if the Board shall have effected an adverse recommendation change regarding the Merger or the Company fails to include the recommendation of the Board in the proxy statement.

Subject to certain exceptions, the Merger Agreement may be terminated at any time prior to the effective time of the Merger by the Company:

- if Parent or Merger Sub shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the Merger Agreement, and such breach (i) would give rise to the failure of certain of the Company's conditions to closing and (ii) cannot be cured by Parent or Merger Sub by the End Date or, if capable of being cured, shall

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not have been cured within thirty days following receipt of written notice from the Company stating the Company's intention to terminate the Merger Agreement; or

- at any time prior to the adoption of the Merger Agreement by the Company's stockholders, in order to enter into a definitive agreement for a Superior Proposal; provided that such termination shall not be effective unless the Company concurrently pays or has paid the Company termination fee to Parent;

- if (i) the conditions to Parent and Merger Sub's obligations to close the transactions contemplated by the Merger Agreement have been and continue to be satisfied, (ii) Parent and Merger Sub fail to consummate the transactions contemplated by the Merger Agreement within two business days of the date such closing should have occurred and (iii) the Company has given Parent at least two business days' written notice prior to termination that the Company stands ready and willing to consummate the Merger from the date such closing should have occurred and stating the Company's intention to terminate the Merger Agreement pursuant to this termination right (we refer to the foregoing as a "financing failure").

Termination Fees

In the event that the Merger Agreement is terminated by the Company in order to enter into a definitive agreement for a Superior Proposal, the Company must pay to Parent the termination fee prior to or concurrently with the termination of the Merger Agreement. The termination fee is a cash amount equal to $50,000,000, except that in the event that the Merger Agreement is terminated (i) by the Company in order to enter into a definitive agreement for a Superior Proposal with an excluded party or (ii) by Parent pursuant to an adverse recommendation change resulting from a Superior Proposal with an excluded party, the Company termination fee will be a cash amount equal to $25,000,000. In the event that the Merger Agreement is terminated by Parent pursuant to an adverse recommendation change by the Board, the Company shall pay the Company termination fee within three business days of such termination.

In the event that the Merger Agreement is terminated (i) by Parent or the Company because the Merger has not been consummated by the End Date, provided that the Company stockholders meeting has not yet occurred, (ii) by Parent or the Company in the event of failure to obtain stockholder approval or (iii) by Parent due to the Company's breach, and an Alternative Proposal, in the case of termination in the event of failure to obtain stockholder approval, has not been publicly withdrawn, shall have been publicly disclosed and not publicly withdrawn or, in the case of termination for failure of the Merger to occur by the End Date or for the Company's breach, shall have become known to the Board and not withdrawn, and within twelve months of such termination the Company enters into an acquisition agreement with respect to an Alternative Proposal, then the Company must pay Parent the Company termination fee on the earlier of entry into such acquisition agreement or consummation of such Alternative Proposal.

In the event that the Merger Agreement is terminated (i) by the Company pursuant to a financing failure or (ii) by the Company or Parent because the Merger has not been consummated by the End Date, and if at the time of such termination, the Company would have been entitled to terminate the Merger Agreement pursuant to a financing failure, Parent must pay, within three business days after such termination, a termination fee of $85,000,000 in cash, which we refer to as the Parent termination fee.

In no event will Parent be required to pay the Parent termination fee or the Company be required to pay the Company termination fee on more than one occasion.

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Remedies

The parties are entitled to injunctions to prevent breaches of the Merger Agreement or an order to enforce specifically the performance of the terms of the Merger Agreement, provided that the Company’s right to seek such equitable remedies in connection with enforcing Parent’s obligation to effect the closing of the Merger is subject to the requirements that (i) all conditions to Parent’s obligations to close the Merger have been satisfied or waived at the time when the closing of the Merger would have been required to occur, (ii) the debt financing has been funded or would be funded if Parent were to effect the closing of the Merger and (iii) the Company has irrevocably confirmed in writing that if specific performance is granted and the debt financing is funded and Parent effects the closing of the Merger, then the closing of the Merger will occur. Notwithstanding the foregoing, under no circumstances will any party be entitled to receive both a grant of specific performance requiring consummation of the Merger and payment of termination fees.

Maximum Aggregate Liability

In no event will the aggregate liability of the Company and any of its respective former, current or future affiliates, and any directors, officers, employees, agents, direct or indirect stockholders or representatives of any of the foregoing exceed $105,000,000, which we refer to as the Liability Cap, and in no event will Parent, its affiliates, their respective stockholders or representatives or any other person seek, directly or indirectly, to recover against any of the such parties, or compel any payment by any of such parties of, any damages or other payments whatsoever that are, in aggregate, in excess of the Liability Cap.

In no event will the aggregate liability of Parent, Merger Sub, their subsidiaries or affiliates, the Guarantor, the Sponsor Entities, the debt financing sources or any other financing source of Parent, and any of their respective former, current or future, direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, affiliates, affiliated (or commonly advised) funds, members, managers, general or limited partners, attorneys, advisors or other representatives, or any of their respective successors or assigns or other representative of any of the foregoing exceed the Liability Cap, and in no event will the Company, its affiliates, their respective stockholders or representatives or any other person seek, directly or indirectly, to recover against any of the such parties (other than Parent, Merger Sub and the Sponsor Entities), or compel any payment by any of such parties of, any damages or other payments whatsoever that are, in aggregate, in excess of a maximum aggregate liability of $90,000,000, and any amounts in excess thereof and up to the Liability Cap may be sought only from Parent, Merger Sub or the Sponsor Entities.

Conduct of Business Pending the Merger

Pursuant to the terms of the Merger Agreement, the Company agreed that, except as expressly contemplated or required by the Merger Agreement, subject to certain exceptions contained in its confidential disclosure schedule, as required by law or unless Parent otherwise consents (such approval not to be unreasonably withheld, delayed or conditioned), between the date of the Merger Agreement and the effective time, it will, and will cause each of its subsidiaries to conduct its business in the ordinary course in all material respects and to the extent consistent with that, will use reasonable efforts to:

- preserve intact its present lines of business;
- maintain its rights and franchises;
- retain the services of its key personnel; and

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- preserve satisfactory relationships with governmental authorities, employees, customers and suppliers.

The Company also has agreed that, except as expressly contemplated by the Merger Agreement, subject to certain exceptions contained in its confidential disclosure schedule, as required by law or unless Parent otherwise consents (such approval not to be unreasonably withheld, delayed or conditioned) that it will not, nor permit any of its subsidiaries to:

- sell, lease (as lessor), otherwise dispose of, or exchange any assets having a value in excess of $5,000,000 individually or $20,000,000 in the aggregate, except for dispositions (i) of inventory in the ordinary course of business, (ii) of excess or obsolete assets, (iii) pursuant to certain scheduled contracts in force as of June 2, 2016, (iv) of assets in transactions solely among the Company and/or its wholly owned subsidiaries (which we refer to as Intercompany Transactions) or (v) pursuant to certain permitted hedging transactions;

- amend its capital expenditure plan, expend capital for any purpose not substantially as contemplated by the capital expenditure plan or expend capital in aggregate amounts exceeding 120% of the amount budgeted in the capital expenditure plan.

- (i) increase or commit to increase the compensation or benefits of any employees or contractors; (ii) establish, terminate or materially amend any compensation or benefits under any company benefits plan (or any agreement that would constitute a company benefits plan had it been in effect on June 2, 2016); (iii) grant, pay or increase any severance, bonus or similar compensation or benefits payable to any of its directors, employees or independent contractors, (iv) hire any new employees or terminate any existing employees (other than for cause) with an annualized base salary in excess of $200,000; (v) fund or agree to fund any compensation or benefits; or (vi) effect any facility closings or layoffs that would implicate the WARN Act;

- enter into, amend or terminate any collective bargaining agreement or any other agreement with a labor organization;

- adopt any equity compensation plan or amend the Company's existing equity compensation plan

- change its working capital policies or manage working capital other than in the ordinary course of business or make any change to its methods of accounting except as required by GAAP (or any interpretation thereof) or any quasi-governmental or governmental authority;

- (i) make or change any material tax election; (ii) change any material tax accounting method; (iii) amend any material tax return; or (iv) settle or abandon any material tax liability or refund;

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other than with respect to taxes, agree to settle any proceeding or consent to the entry of any order that, in each case: (i) involves payment in excess of $1,000,000 individually or $10,000,000 in the aggregate (to the extent not paid by a third party insurer or indemnitor) or (ii) imposes any material non-monetary obligations on the Company;

· fail to maintain insurance in a manner that is customary for companies engaged in the power generation industry;

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- change the Company's risk management policy in a manner that is not more restrictive to Company (except with respect to clerical or administrative modifications);
- terminate, suspend or grant any exception to the Company's risk management policy, subject to certain exceptions in connection with a market dislocation event;
- adopt any shareholder rights plan (other than in connection with the Merger or Riverstone and its affiliates), unless the failure to take such action would reasonably be expected to be inconsistent with the Board's fiduciary duties under applicable law;
- enter into or assume any energy marketing and trading contract, or otherwise engage in any energy marketing and trading transaction other than: (i) in compliance with the risk management policy; (ii) a transaction that is entered into after June 2, 2016, that does not contain a restrictive provision (as defined in the Merger Agreement), and that is not a specified energy marketing and trading transaction (as defined in the Merger Agreement); (iii) if entered into after June 2, 2016 and secured, a transaction pursuant to which the Company used commercially reasonable efforts (a) to assure that a consent to any default or termination event arising in connection with the Merger (and related transactions) was obtained or was not necessary and (b) to secure the transaction pursuant to the Company's secured trading facility; and (iv) ordinary course transactions for the sale of natural gas at retail, associated ordinary course hedging trading and associated ordinary course natural gas transportation arrangements;
- terminate or transfer any energy marketing and trading contract or energy marketing and trading transaction other than (i) in the ordinary course of business with respect transactions involving the sale of electricity or natural gas at retail and (ii) to the extent it would result in a reduction (but not below 100%) in the percentage of the Company's energy facilities' forecasted delta generation that is hedged for the peak or off-peak periods (as measured pursuant to the Merger Agreement);
- renew, extend or modify in any material respect, or forgo any material right or claim under, any energy marketing and trading contract or in respect of any energy marketing and trading transaction, other than (i) in compliance with the risk management policy and (ii) solely to the extent that such modification or other action would not (a) create a restrictive provision (as defined in the Merger Agreement) or (b) result in such transaction becoming a specified energy marketing and trading transaction (as defined in the Merger Agreement);
- materially defer the commencement of any planned maintenance or scheduled outage for or make any material changes to the fuel supply practices at the Susquehanna Steam Electric Station;
- terminate or otherwise modify or grant any consent or waiver under the Credit Agreement Amendment, the EMT Confirmations or any Enhancement Documents (in each case, as defined in the Merger Agreement); or
- agree to take any of the foregoing actions.

Further, the Company also has agreed that, except as expressly contemplated by the Merger Agreement, subject to certain exceptions contained in its confidential disclosure schedule, as required by law or unless Parent otherwise consents, that it will not, nor permit any of its subsidiaries to:

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- issue or encumber any equity or voting securities or equity or voting interests, including with respect to any contingent equity or voting securities or interests (which such securities or interests we collectively refer to as Company Equity and Voting Interests) or effect any other changes to the Company's capitalization other than in an issuances pursuant to an Intercompany Transaction or the issuance of Shares in connection with settlement of company equity awards outstanding as of June 2, 2016 or that are permitted to be issued after June 2, 2016 under the Merger Agreement;

- except in connection with an Intercompany Transaction, split, combine, subdivide or reclassify any Company Equity and Voting Interests other than (i) Share acquisitions in connection with net exercise of Company stock options, (ii) withholding of Shares to satisfy tax obligations with respect to Company equity awards and (iii) acquisitions of forfeited Company equity awards;

- (i) other than dividends or distributions by a wholly owned subsidiary of the Company or among wholly owned subsidiaries, declare or pay any dividend on or otherwise distribute any cash or property in respect of any Company Equity and Voting Interests or (ii) adjust, split, combine, subdivide or reclassify any Company Equity and Voting Interests;

- (i) redeem, incur, acquire or modify the terms of any Company indebtedness (in any material respects) or become responsible for any third party indebtedness; (ii) issue or sell any debt securities (or derivatives thereof); (iii) enter into any agreement to maintain any financial condition of a third party; or (iv) enter into any arrangement having the economic effect of (i) through (iii); in each case, other than (a) borrowings and letters of credit pursuant to the Company's credit facilities in the ordinary course of business, (b) customary non-speculative interest rate hedging arrangements entered into in the ordinary course of business that do not exceed $25,000,000 in aggregate notional amount, (c) capital leases entered into in the ordinary course of business and (d) certain scheduled indebtedness;

- make any loans or advances to, or provide any credit support for, or investments in, a third party (other than the Company's wholly owned subsidiaries);

- subject to other applicable interim operating covenants, encumber or otherwise subject to any Lien (other than a Permitted Lien, as defined in the Merger Agreement) any properties or assets of the Company or any of its subsidiaries

- acquire (i) any capital stock or a material portion of the assets a third party or (ii) any other properties or assets of a third party (other than in an Intercompany Transaction) for consideration in excess of $25,000,000 in the aggregate (other than with respect to certain permitted energy marketing and trading transactions), except for (a) acquisitions of inventory in the ordinary course of business, (b) capital expenditures pursuant to the Company's capital expenditure plan and applicable interim operating covenants or (c) pursuant to certain scheduled contracts in force as of June 2, 2016;

- amend the Company's certificate of incorporation or bylaws;

- adopt a plan or agreement of complete or partial liquidation or other reorganization (including merger), other than pursuant to an Intercompany Transaction;

- enter into any new line of business; or

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· agree to take any of the foregoing actions.

Indemnification; Directors' and Officers' Insurance

From and after the effective time of the Merger, Parent will, and will cause the surviving corporation to, indemnify, defend and hold harmless each current and former director and officer of the Company and any of its subsidiaries and each person who served as a director, officer, member, trustee or fiduciary of another entity at the request of the Company (each of which we refer to as an Indemnitee) against all claims, fines, costs and expenses, and similar liabilities in connection with any actual or threatened claim related to such Indemnitees' service at or prior to the effective time, (including any claim relating to the Merger Agreement), to the fullest extent permitted under applicable law. Additionally, from and after the effective time of the Merger, Parent and the surviving corporation will assume all obligations of the Company and its subsidiaries to the Indemnitees related to liability and indemnification as provided in the Company's organizational documents or in any other indemnification agreements in effect as of June 2, 2016.

The surviving corporation will also maintain the directors' and officers' liability insurance and fiduciary liability insurance that were in effect as of June 2, 2016 at the Company (which we refer to as the Policies) for a period of six years following the effective time of the Merger or will purchase a six-year prepaid "tail" insurance policy that provides coverage and substantially equivalent benefits to those of the Policies. However, regardless of whether the surviving corporation chooses to maintain the Policies or purchase a prepaid tail, it is not required to pay an annual premium in excess of 350% of the last annual premium paid by the Company for such Policies or spend more than 350% of the last annual premium paid by the Company for its directors' and officers' liability insurance coverage, respectively.

Employee Matters

Pursuant to the Merger Agreement, Parent has agreed that it will provide or cause to be provided, after the effective time of the Merger, to each employee of the Company and its subsidiaries, with the exception of employees represented by any labor organization, until at least the first anniversary of the effective time of the Merger, for so long as the employee is employed by the surviving corporation or any of its subsidiaries, with (i) base salary or wage rate and incentive compensation opportunities (taking into account the value allocable to cash and equity based compensation opportunities for purposes of determining an employee's annual compensation opportunity) to each such continuing employee that are no less favorable than those provided to each such employee as immediately prior to the effective time of the Merger and (ii) employee benefits (excluding incentive compensation and retiree welfare benefits) that are no less favorable in the aggregate than the same provided to such employee immediately prior to the effective time of the Merger. Notwithstanding the foregoing, Parent will provide or cause to be provided to each employee of the Company and its subsidiaries not represented by a labor organization whose employment terminates under certain circumstances prior to the first anniversary of the effective time of the Merger with certain specified severance benefits. With respect to employees of the Company or its subsidiaries who are represented by a labor

organization, Parent will cause the surviving corporation to honor all existing collective bargaining agreements applicable to such employees as may remain in effect.

Additional Covenants

The Merger Agreement also contains certain other customary covenants, including relating to cooperation in the preparation and filing of this proxy statement the Schedule 13E-3, the holding of the Company's stockholders meeting, public announcements, access to information and confidentiality, applicability of takeover laws, litigation relating to the Merger, matters relating to Section 16 of the

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Exchange Act, certain tax opinions in connection with the transaction, delisting of the Company's stock and notification of certain matters.

Representations and Warranties

The Merger Agreement contains customary and, in certain cases, reciprocal, representations and warranties by the Company and by Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications contained in confidential disclosure schedules. Further, none of the representations and warranties will survive the Merger.

The reciprocal representations and warranties relate to, among other things:

- organization, standing and corporate power;
- corporate power and authorization to enter into the Merger Agreement; and
- the absence of legal proceedings against the Company or Parent or Merger Sub, as applicable, that would reasonably be expected to have a material adverse effect.

The representations and warranties made by the Company relate to, among other things:

- capital structure;
- noncontravention of applicable laws or the organizational documents of the Company and adoption of Board resolutions approving the Merger;
- required consents and approvals of governmental authorities in connection with the Merger;
- documents filed with the SEC and financial statements;

- disclosure controls and procedures and internal controls over financial reporting;
- absence of undisclosed liabilities;
- absence of a material adverse effect since December 31, 2015, and the conduct of the ordinary course of business;
- absence of liens, indebtedness or restricted payments specified under the Credit Agreement;
- the absence of legal proceedings against the Company that would reasonably be expected to have a material adverse effect;
- compliance with laws and licenses;
- taxes;
- employee benefits matters;
- environmental matters;
- labor matters;

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- intellectual property, data privacy and information security;
- nonapplicability of anti-takeover statutes;
- properties;
- material contracts;
- the opinion of the Company's financial advisor;
- brokers and finders;
- required stockholder approval;
- regulatory matters;
- risk management policy; and
- information in the proxy statement and Schedule 13E-3.

The representations and warranties made by Parent and Merger Sub relate to, among other things:

- government filings;
- brokers and advisors;
- the capitalization of Merger Sub;
- debt financing;
- the Guarantee (as defined below);

- the solvency of the surviving corporation following the Merger;
- information in the proxy statement and Schedule 13E-3; and
- non-reliance on estimates, projections and other forward-looking statements of the Company.

Governing Law and Venue; Waiver of Jury Trial

The Merger Agreement is governed by Delaware law. Each party has submitted to the exclusive jurisdiction of the Delaware Court of Chancery (and if the Delaware Court of Chancery does not have subject matter jurisdiction, the state or federal courts within the State of Delaware) in any proceeding relating to the Merger Agreement or the transactions contemplated thereby (including with respect to enforcement of related judgments). However, the parties have agreed that neither they nor their respective affiliates will bring, or support any claim, against any debt financing source related to the Merger Agreement or any of the transactions contemplated thereby other than in (i) any New York State court sitting in the Borough of Manhattan or (ii) the United States District Court for the Southern District of New York, and that such claims will be governed by New York law. Each party has further irrevocably waived any right to a trial by jury with respect to any litigation directly or indirectly arising out of or relating to the Merger Agreement or the transactions contemplated thereby.

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Guarantee

Concurrently with the execution of the Merger Agreement, Parent has delivered to the Company a limited guarantee, dated as of the date of June 2, 2016, which we refer to as the Guarantee, entered into by Riverstone Global Energy and Power Fund V (FT), L.P., an affiliate of Riverstone, which we refer to as the Guarantor. Pursuant to the terms of the Guarantee and subject to the terms and conditions set forth therein, the Guarantor has agreed to guarantee Parent's obligations under the Merger Agreement, capped at $90,000,000, with respect to payment of the Parent termination fee and certain reimbursement obligations of Parent with respect to (i) costs that the Company may incur in collecting the Parent termination fee and (ii) the Company's costs and expenses in connection with financing cooperation under the Merger Agreement.

SUPPORT AGREEMENT

The following describes the material provisions of the Support Agreement, which is attached as Annex B to this proxy statement and which is incorporated by reference in this proxy statement. The summary does not purport to be complete and may not contain all of the information about the Support Agreement that is important to you. You are encouraged to read carefully the Support Agreement in its entirety before making any decisions.

In connection with the Merger Agreement, on June 2, 2016, the Sponsor Entities, which collectively own approximately 35% of the issued and outstanding Shares, entered into a Support Agreement with the Company pursuant to which the Sponsor Entities have committed to vote their Shares in favor of the adoption and approval of the Merger Agreement and the transactions contemplated thereby, including the Merger. Additionally, the Sponsor Entities committed to vote against any action or agreement that is not recommended by the Board and that would reasonably be expected to (i) result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement, (ii) result in any of the conditions to the consummation of the Merger under the Merger Agreement not being fulfilled or (iii) materially impede, frustrate, interfere with, delay or postpone the Merger and the other transactions contemplated by the Merger Agreement.

Pursuant to the terms of the Support Agreement, if Parent's aggregate payment obligation to the Company for certain of Parent's expense reimbursement obligations and collection expense obligations, as well as the termination fee payable by Parent, each pursuant to the Merger Agreement and if and when payable thereunder, exceeds $105 million, the Company will be entitled to seek payment from the Sponsor Entities, severally and not jointly, in an aggregate amount equal to the excess of Parent's aggregate payment obligations over $90 million, which we refer to as the Excess Payment Amount, subject to a $15 million cap.

The Support Agreement (other than the obligation of the Sponsor Entities with respect to the Excess Payment Amount) will terminate upon the earliest to occur of (i) the effective time of the Merger, (ii) a termination of the Merger Agreement in accordance with its terms, (iii) an adverse recommendation change and (iv) the written agreement of the parties to the Support Agreement. The obligation of the Sponsor Entities with respect to the Excess Payment Amount will automatically terminate upon the termination of the Guarantee.

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THE DEBT COMMITMENT LETTER

Parent and Merger Sub have obtained the Debt Commitment Letter from the Commitment Parties to provide to Talen Energy Supply, on a several but not joint basis, a senior secured term loan facility in an aggregate amount of up to $1.1 billion and not less than $250 million, upon the terms and subject to the conditions set forth in the Debt Commitment Letter. The term loan facility will rank *pari passu* with the Credit Facility.

It is anticipated that $250 million of the proceeds of the term loan facility will be used (i) to fund the payment of fees and expenses in connection with the debt financing as well as certain fees and expenses under the Merger Agreement and (ii) for ongoing working capital and other general corporate purposes of the surviving corporation. The remaining $850 million of the debt commitment will be utilized solely in the event that funds are needed to repurchase, as a result of the Merger, the outstanding 2025 Senior Notes or Municipal Bonds of Talen Energy Supply. If no such repurchases are required, then, upon notice of expiration of all specified time periods during which a repurchase obligation may be triggered under the documents governing the 2025 Senior Notes or the Municipal Bonds, the commitment of the Commitment Parties under the Debt Commitment Letter will be reduced by $850 million.

The term loan facility will mature seven years from the date of funding and will amortize in equal quarterly installments of 0.25% of the original principal amount. The definitive documentation for the term loan facility as contemplated by the Debt Commitment Letter will contain covenants, events of default and other terms and provisions that are based on and generally consistent with the Credit Facility, with such modifications as may be required to reflect (x) the term loan facility structure and (y) certain changes to the negative covenants, prepayment provisions and other terms that have been agreed with the Commitment Parties and are set forth on the term sheet attached as an exhibit to the Debt Commitment Letter. The term loan facility will also have the benefit of the same subsidiary guarantees that support, and the same security interests that secure, the Credit Facility.

The financing contemplated by the Debt Commitment Letter is subject to the satisfaction of the following conditions:

- the substantially concurrent consummation of the Merger in accordance with the Merger Agreement in all material respects;

- the execution and delivery of definitive documentation consistent with the Debt Commitment Letter;

- the absence, since June 2, 2016, of (x) a material adverse effect (which, for purposes of the Debt Commitment Letter, is defined as in the Merger Agreement) on the Company and its subsidiaries taken as a whole or (y) certain material adverse effects on Susquehanna Steam Electric Station, Susquehanna Nuclear, LLC or assets or properties thereof (as

described in more detail under "*The Merger Agreement—Conditions to the Completion of the Merger*");

- the payment of all applicable fees and expenses;
- the delivery of certain audited and unaudited financial statements of the Company and its subsidiaries and certain pro forma financial statements of the borrower;
- the Commitment Parties having been afforded a marketing period of at least 20 consecutive business days (subject to certain blackout dates and other conditions) following receipt of certain financial statements and other information customarily delivered for the preparation of a confidential information memorandum;
- receipt by the lenders of documentation and other information required under applicable "know your customer" and anti-money laundering rules and regulations (including the PATRIOT Act);
- the delivery of customary closing documents;
- the delivery of customary lien searches and any security documents or instruments that may be required; and
- the accuracy of certain representations and warranties in the Merger Agreement and specified representations and warranties in the definitive debt documents.

If any portion of the debt financing becomes unavailable on the terms and conditions contemplated by the Debt Commitment Letter (including the "flex" provisions contained in the fee letter referenced therein), Parent is required to promptly notify the Company and use its reasonable best efforts to obtain sufficient alternative financing on terms and conditions, taken as a whole, not materially less favorable to Parent than the terms and conditions (including the flex provisions) in the Debt Commitment Letter. As of [   ], 2016, the last practicable date before the printing of this proxy statement, no alternative financing arrangements have been made in the event the debt financing is not available as anticipated. The documentation governing the term loan facility contemplated by the Debt Commitment Letter has not been finalized and, accordingly, the actual terms of the debt financing may differ from those described in this proxy statement.

The Commitment Parties may invite other banks, financial institutions and institutional lenders to participate in the debt financing contemplated by the Debt Commitment Letter and to undertake a portion of the commitments to provide such debt financing.

The foregoing summary of the Debt Commitment Letter and the related term loan facility is qualified in its entirety by reference to the copy of such letter attached as an exhibit to Schedule 13E-3 filed with the SEC in connection with the Merger and incorporated herein by reference.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

Statements contained in this proxy statement, and the documents to which we refer you in this proxy statement, as well as information included in oral statements or other written statements made or to be made by us, contain statements that, in our opinion, may constitute forward-looking statements. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “target,” “project,” “forecast,” “seek,” “will,” “may,” “should similar expressions. Although the Company believes 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 the Company’s annual report on Form 10-K for the fiscal year ended December 31, 2015 and the Company’s quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2016 and June 30, 2016, the following are among the important factors, risks and uncertainties that could cause actual results to differ materially from the forward-looking statements:

- our stockholders may not adopt the Merger Agreement;
- future litigation, if any, in respect of the Merger could delay or prevent the closing of the Merger;
- the parties may be unable to obtain governmental and regulatory approvals required for the Merger, or required governmental and regulatory approvals may delay the Merger or result in the imposition of conditions that could cause the parties to abandon the Merger;
- the proposed transaction may be delayed or may not close;
- our announcement and pursuit of the Merger may disrupt our business and make it more difficult to maintain our business and operational relationships and the restrictions imposed on us prior to the closing of the Merger or termination of the Merger Agreement may prevent us from growing our business or operating outside of the ordinary course of business without the consent of Parent and/or Merger Sub;
- developments beyond the parties’ control, including but not limited to, changes in economic and employment conditions, competitive conditions and health care reform;
- we may not be able to incur additional debt; or
- the possibility that alternative acquisition proposals will or will not be made.

Consequently, all of the forward-looking statements we make in this document are qualified by the information contained or referred to herein, including, but not limited to, (i) the information contained under this heading and (ii) the information contained under the heading "Risk Factors" and that is otherwise disclosed in our annual report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 29, 2016, the quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2016, filed with the SEC on May 10, 2016, and the quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2016, filed with the SEC on August 5, 2016. See "*Where You Can Find More Information*."

You should carefully consider the cautionary statements contained or referred to in this section in connection with any subsequent written or oral forward-looking statements that may be issued by us or

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persons acting on our behalf. Except as required by law, we undertake no obligation to update any of these forward-looking statements.

PARTIES TO THE MERGER

The Company

Talen Energy Corporation
835 Hamilton Street, Suite 150
Allentown, Pennsylvania 18101
(888) 211-6011

The Company is a Delaware corporation, whose business was formed as a result of the spinoff of Talen Energy Supply and the substantially contemporaneous combination of that business with RJS on June 1, 2015. For more information on the Talen Transactions, see "*Other Important Information Regarding the Company—Talen Transactions*." The Company is one of the largest competitive energy and power generation companies in North America. The Company owns or controls 16,000 megawatts of generating capacity in well-developed, structured wholesale power markets, principally in the Northeast, Mid-Atlantic and Southwest regions of the United States. For more information about the Company, please visit the Company's website at http://www.talenenergy.com. The information contained on the Company's website is not incorporated into, and does not form a part of, this proxy statement or any other report or document on file with or furnished to the SEC. See also "*Where You Can Find More Information.*" The Shares are publicly traded on the NYSE under the symbol "TLN."

Parent and Merger Sub

RPH Parent, LLC

SPH Parent LLC

CRJ Parent LLC
RJS Merger Sub Inc.
c/o Extol Energy LLC
2901 Via Fortuna Drive

Building 6, Suite 650
Austin, Texas 78746-7574
(512) 314-8600

RPH Parent, LLC, SPH Parent LLC and CRJ Parent LLC are each Delaware limited liability companies. Parent is beneficially owned by affiliates of Riverstone and was formed solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. Parent has not engaged in any business except for the activities incident to its formation and in connection with the transactions contemplated by the Merger Agreement.

Merger Sub is a Delaware corporation and a wholly owned subsidiary of Parent and was formed solely for the purpose of engaging in the Merger and related transactions. Merger Sub has not engaged in any business other than in connection with the Merger and related transactions. At the effective time of the Merger, Merger Sub will be merged with and into the Company and will cease to exist and the Company will continue as the surviving corporation.

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THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by the Board for use at the Special Meeting to be held on [ ], 2016, starting at [ ] (local time) at [ ], or at any postponement or adjournment thereof. At the Special Meeting, holders of the Shares entitled to vote at the Special Meeting will be asked to approve the Merger Agreement Proposal, to approve the Adjournment Proposal, and to approve the Golden Parachute Proposal.

Our stockholders must approve the Merger Agreement Proposal in order for the Merger to occur. If our stockholders fail to approve the Merger Agreement Proposal, the Merger will not occur. A copy of the Merger Agreement is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement carefully in its entirety.

The votes on the proposals to approve one or more adjournments of the Special Meeting, if necessary or appropriate, including adjournments to solicit additional proxies and to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the Merger, as disclosed in the table under "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Golden Parachute Compensation*," including the associated footnotes and narrative discussion, are separate and apart from the vote on the proposal to adopt the Merger Agreement. Accordingly, a stockholder may vote in favor of the proposal to approve the adjournment of the Special Meeting and/or the proposal to approve on an advisory (non-binding) basis, the specified compensation and vote not to approve the proposal to adopt the Merger Agreement (and vice versa).

Record Date and Quorum

We have fixed [ ], 2016 as the Record Date for the Special Meeting, and only record holders of the Shares as of the close of business on the Record Date are entitled to notice of, and to vote at, the Special Meeting. You are entitled to receive notice of, and to vote at, the Special Meeting if you are a record holder of the Shares at the close of business on the Record Date. You will have one vote for each Share that you owned of record on the Record Date. As of the Record Date, there were [ ] Shares outstanding and entitled to vote at the Special Meeting.

The representation of the holders of a majority of the Shares outstanding and entitled to vote, present in person or by proxy, at the Special Meeting will constitute a quorum for the purposes of the Special Meeting.

The Shares entitled to vote at and represented at the Special Meeting but not voted, including the Shares for which a stockholder directs an abstention from voting, if any, will be counted for purposes of establishing a quorum. A quorum is necessary to transact business at the Special Meeting. Once a Share entitled to vote at the Special Meeting is represented at the Special Meeting, it will be counted for the purpose of determining a quorum at the Special Meeting and any adjournment of the Special Meeting. However, if a new record date is set for the adjourned Special Meeting, a new quorum will have to be established. In the event that a quorum is not present at the Special Meeting, the stockholders who are present in person or by proxy may be asked to vote as to whether the Special Meeting will be adjourned to another time and/or place.

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Attendance

Only stockholders of record on the Record Date or their duly authorized proxies have the right to attend the Special Meeting. To gain admittance, you must present valid photo identification, such as a driver's license. If your Shares are held through a bank, brokerage firm or other nominee, please bring to the Special Meeting a copy of your brokerage statement evidencing your beneficial ownership of the Shares and valid photo identification. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the Special Meeting.

Vote Required

The approval of the Merger Agreement Proposal requires the affirmative vote of (i) the holders of a majority of outstanding Shares entitled to vote at the Special Meeting and (ii) the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by Disinterested Stockholders. For the Merger Agreement Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**."

The approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote thereon at the Special Meeting, whether or not a quorum is present. For the Adjournment Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**."

The approval of the Golden Parachute Proposal requires the affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote thereon at the Special Meeting. For the Golden Parachute Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**."

Our directors and executive officers have informed us that, as of the date of this proxy statement, they intend to vote all of the Shares owned directly by them in favor of the adoption of the Merger Agreement and approval of each of the other proposals listed in this proxy statement. As of [ ], 2016 the Record Date for the Special Meeting, our directors and executive officers directly owned, in the aggregate, [ ] Shares entitled to vote at the Special Meeting, or collectively approximately [ ]% of the outstanding Shares entitled to vote at the Special Meeting.

The Sponsor Entities beneficially own approximately 35% of the issued and outstanding Shares entitled to vote at the Special Meeting, and have agreed to vote all of their Shares in favor of the Merger Agreement and the transactions

contemplated thereunder.

Voting

Stockholders of Record

If your Shares are registered directly in your name with our transfer agent, Wells Fargo Bank, N.A., you are considered, with respect to those Shares, the stockholder of record. This proxy statement and proxy card have been sent directly to you by the Company.

If you fail to vote, either in person or by proxy, your Shares will not be voted at the Special Meeting and will not be counted for purposes of determining whether a quorum exists.

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Additionally, your failure to vote will have (i) (a) the effect of counting "AGAINST" the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of the holders of a majority of the outstanding Shares entitled to vote at the Special Meeting, assuming a quorum is present, and (b) no effect on the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by Disinterested Stockholders, and (ii) no effect on the Adjournment Proposal or the Golden Parachute Proposal.

Beneficial Owners

If your Shares are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of those Shares held in "street name." In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those Shares, the stockholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee as to how to vote your Shares by following their instructions for voting.

Your bank, brokerage firm or other nominee will only be permitted to vote your Shares if you instruct your bank, brokerage firm or other nominee as to how to vote. You should follow the procedures provided by your bank, brokerage firm or other nominee regarding the voting of your Shares. Under NYSE rules, absent your instructions, a bank, brokerage firm or other nominee does not have discretionary authority to vote on "non-routine" matters and all of the matters to be considered at the Special Meeting are, under the NYSE rules, "non-routine."

If you instruct your bank, brokerage firm or other nominee how to vote on at least one, but not all of the proposals to be considered at the Special Meeting, your Shares will be voted according to your instructions on those proposals for which you have provided instructions and will be counted as present for purposes of determining whether a quorum is present at the Special Meeting. In this scenario, a "broker non-vote" will occur with respect to each proposal for which you did not provide voting instructions to your bank, brokerage firm or other nominee.

A failure to provide instructions with respect to any of the proposals and a broker non-vote will have (i) the effect of an "AGAINST" vote on the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of the holders of a majority of the outstanding Shares entitled to vote at the Special Meeting, (ii) no effect on the Merger Agreement Proposal with respect to the approval threshold requiring the affirmative vote of Disinterested Stockholders, present in person or by proxy at the Special Meeting and (iii) no effect on the Adjournment Proposal or the Golden Parachute Proposal.

Abstentions

An abstention will have the same effect as a vote cast against the Merger Agreement Proposal, the Adjournment Proposal and the Golden Parachute Proposal and will count for the purpose of determining if a quorum is present at the Special Meeting.

How to Vote

If you are a stockholder of record, you may vote your Shares on matters presented at the Special Meeting in any of the following ways:

- in person—you may attend the Special Meeting and cast your vote there;

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- by proxy—stockholders of record have a choice of voting by proxy;
- over the Internet (the website address for Internet proxies is printed on your proxy card);
- by using the toll-free telephone number noted on your proxy card; or
- by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope.

If you are a beneficial owner of the Shares as of the Record Date, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your Shares voted. Those instructions will identify which of the above choices are available to you in order to have your Shares voted. Please note that if you are a beneficial owner and wish to vote in person at the Special Meeting, you must have a legal proxy from your bank, brokerage firm or other nominee naming you as the proxy.

The control number located on your proxy card is designed to verify your identity and allow you to submit a proxy for your Shares, and to confirm that your voting instructions have been properly recorded when submitting a proxy over the Internet or by telephone.

Please refer to the instructions on your proxy or voting instruction card to determine the deadlines for submitting a proxy over the Internet or by telephone. If you choose to submit your proxy by mailing a proxy card, your proxy card must be filed with our Corporate Secretary by the time the Special Meeting begins.

If you vote by proxy, regardless of the method you choose to submit a proxy, the individuals named on the enclosed proxy card, and each of them, with full power of substitution will vote your Shares in the way that you indicate. When completing the Internet or telephone proxy processes or the proxy card, you may specify whether your Shares should be voted “**FOR**” or “**AGAINST**,” or to “**ABSTAIN**” from voting on, all, some or none of the specific items of business to come before the Special Meeting.

If you properly sign your proxy card but do not mark the boxes indicating how your Shares should be voted on a matter, the Shares represented by your properly signed proxy will be voted “**FOR**” the Merger Agreement Proposal, “**FOR**” the Adjournment Proposal and “**FOR**” the Golden Parachute Proposal.

If you have any questions or need assistance voting your Shares, please call Georgeson LLC, our proxy solicitor, toll-free at (866) 741-9588.

IT IS IMPORTANT THAT YOU SUBMIT A PROXY FOR YOUR SHARES PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, AS PROMPTLY AS POSSIBLE, PLEASE COMPLETE, DATE, SIGN AND RETURN, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY OVER THE INTERNET OR BY TELEPHONE. STOCKHOLDERS WHO ATTEND THE SPECIAL MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON.

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Proxies and Revocation

Any stockholder of record entitled to vote at the Special Meeting may submit a proxy over the Internet, by telephone or by returning the enclosed proxy card in the accompanying prepaid reply envelope, or may vote in person by appearing at the Special Meeting. If your Shares are held in "street name" by your bank, broker or other nominee, you should instruct your bank, broker or other nominee, on how to vote your Shares using the instructions provided by your bank, broker or other nominee. If you fail to submit a proxy or to vote in person at the Special Meeting, or you do not provide your bank, broker or other nominee, with instructions, as applicable, your Shares will not be voted at the Special Meeting, which will have the same effect as a vote cast against the Merger Agreement Proposal and will not have any effect on the Adjournment Proposal and the Golden Parachute Proposal.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by submitting another proxy, including a proxy card, at a later date through any of the methods available to you, by giving written notice of revocation to our Corporate Secretary, which must be filed with our Corporate Secretary before the Special Meeting begins, or by attending the Special Meeting and voting in person. If your Shares are held in "street name" by your bank, broker or other nominee, please refer to the information forwarded by your bank, broker or other nominee for procedures on revoking your proxy.

Only your last submitted proxy will be considered. Please cast your vote **"FOR"** each of the proposals, following the instructions in your proxy card or voting instructions form provided by your bank, broker or other nominee, as promptly as possible.

Adjournments and Postponements

Any adjournment of the Special Meeting may be made from time to time by approval of the holders of a majority of the Shares present in person or by proxy at the Special Meeting, whether or not a quorum exists, without further notice other than by an announcement made at the Special Meeting. If a quorum is not present at the Special Meeting, or if a quorum is present at the Special Meeting but there are not sufficient votes at the time of the Special Meeting to approve the Merger Agreement Proposal, then our stockholders may be asked to vote on a proposal to adjourn the Special Meeting so as to permit further solicitation of proxies (as further described in "*Adjournment of the Special Meeting (the Adjournment Proposal—Proposal 2)—the Proposal*"). Any adjournment of the Special Meeting for the purpose of soliciting additional proxies with respect to any such proposal will allow our stockholders who have already sent in their proxies to revoke them at any time with respect to such proposal prior to their use at the reconvened Special Meeting.

Anticipated Date of Completion of the Merger

We are working to complete the Merger as promptly as practicable. Assuming timely satisfaction of necessary closing conditions, we anticipate that the Merger will be completed by the end of 2016. If our stockholders vote to approve the Merger Agreement Proposal, the Merger will become effective as promptly as practicable following the satisfaction or waiver of the other conditions to the Merger as set forth in the Merger Agreement.

Rights of Stockholders Who Seek Appraisal

Stockholders are entitled to appraisal rights under Section 262 of the DGCL with respect to any or all of their Shares in connection with the Merger. This means that you are entitled to have the “fair value” of your Shares determined by the Delaware Court of Chancery and to receive payment based on

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that valuation. The ultimate amount you receive in an appraisal proceeding may be less than, equal to or more than the amount you would have received under the Merger Agreement.

To exercise your appraisal rights, you must submit a written demand for appraisal to the Company before a vote is taken on the Merger Agreement, you must not submit a proxy or otherwise vote in favor of the Merger Agreement Proposal and you must hold your Shares continuously through the effective time of the Merger and otherwise comply with Section 262 of the DGCL. Your failure to follow exactly the procedures specified under the DGCL will result in the loss of your appraisal rights. See "*Appraisal Rights*" and the text of the Delaware appraisal rights statute reproduced in its entirety as Annex D to this proxy statement. If you hold your Shares through a bank, brokerage firm or other nominee and you wish to exercise appraisal rights, you should consult with your bank, broker or other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee. In view of the complexity of the DGCL, stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.

Solicitation of Proxies; Payment of Solicitation Expenses

The Company has engaged Georgeson LLC to assist in the solicitation of proxies for the Special Meeting. The Company has agreed to pay Georgeson LLC a fee of $12,000, and to reimburse Georgeson LLC for reasonable out-of-pocket expenses. The Company will indemnify Georgeson and its affiliates against certain claims, liabilities, losses, damages and expenses. The Company also will reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of the Shares for their expenses in forwarding soliciting materials to beneficial owners of the Shares and in obtaining voting instructions from those owners. Our directors, officers and employees may also solicit proxies by telephone, by facsimile, by mail, over the Internet or in person. Our directors, officers and employees will not be paid any additional amounts for soliciting proxies.

Questions and Additional Information

If you have more questions about the Merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call Georgeson LLC, our proxy solicitor, toll-free at (866) 741-9588.

THE MERGER (THE MERGER AGREEMENT PROPOSAL—PROPOSAL 1)

The Proposal

The Company is asking you to approve the Merger Agreement Proposal. A copy of the Merger Agreement is attached as Annex A to this proxy statement.

Vote Required and Board Recommendation

The approval of the Merger Agreement Proposal requires the affirmative vote of (i) the holders of a majority of the outstanding Shares entitled to vote at the Special Meeting and (ii) the holders of a majority of the Shares present in person or by proxy at the Special Meeting that are beneficially owned, directly or indirectly, by Disinterested Stockholders.

The Board (with Messrs. Alexander and Hoffman, who are affiliates of Riverstone, recused) has unanimously determined that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, are fair, advisable and in the best interests of the Company and its unaffiliated stockholders, and has approved the Merger Agreement and the

transactions contemplated thereby, including the Merger, and recommends that you vote "FOR" the Merger Agreement Proposal.

ADJOURNMENT OF THE SPECIAL MEETING (THE ADJOURNMENT PROPOSAL—PROPOSAL 2)

The Proposal

The Company is asking you to approve a proposal to grant discretionary authority to the presiding officer of the Special Meeting to adjourn the Special Meeting, including for the purpose of soliciting additional proxies in respect of the Merger Agreement Proposal. If the Company stockholders approve the Adjournment Proposal, the Company could adjourn the Special Meeting and any adjourned session of the Special Meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously returned properly executed proxies voting against adoption of the Merger Agreement (other than in respect of any proposal for which the vote has been taken and the polls have been closed at the Special Meeting). Among other things, approval of the Adjournment Proposal could mean that, even if the Company had received proxies representing a sufficient number of votes against the Merger Agreement Proposal such that the Merger Agreement Proposal would be defeated, the Company could adjourn the Special Meeting without a vote on the Merger Agreement Proposal and seek to convince the holders of those Shares to change their votes to votes in favor of any such proposal. Additionally, the Company may seek to adjourn the Special Meeting if a quorum is not present at the Special Meeting.

Vote Required and Board Recommendation

The approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote thereon at the Special Meeting.

The Board believes that if the number of the Shares present in person or by proxy at the Special Meeting voting in favor of the Merger Agreement Proposal is not a sufficient number of the Shares to approve the Merger Agreement Proposal, it is in the best interests of the Company and its stockholders to enable the Board to continue to seek to obtain a sufficient number of additional votes in favor of the Merger Agreement Proposal.

The Board (with Messrs. Alexander and Hoffman, who are affiliates of Riverstone, recused) recommends that you vote "FOR" the Adjournment Proposal.

MERGER-RELATED EXECUTIVE COMPENSATION ARRANGEMENTS (THE GOLDEN PARACHUTE PROPOSAL—PROPOSAL 3)

The Proposal

As required by Item 402(t) of Regulation S-K and Section 14A of the Exchange Act, the Company is providing its stockholders with the opportunity to cast a non-binding, advisory vote on the golden parachute compensation that may become payable to its named executive officers in connection with the completion of the Merger, as disclosed pursuant to Item 402(t) of Regulation S-K in the "*Potential Change-in-Control Payments to Named Executive Officers*" table and the footnotes to that table contained in the section captioned "*Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Golden Parachute Compensation*."

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Vote Required and Board Recommendation

The approval of the Golden Parachute Proposal requires the affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote thereon at the Special Meeting, whether or not a quorum is present.

The Company believes that the information regarding golden parachute compensation that may become payable to its named executive officers in connection with the completion of the Merger is reasonable and demonstrates that the Company's executive compensation program was designed appropriately and structured to ensure the retention of talented executive officers and a strong alignment with the long-term interests of the Company's stockholders. This vote is not intended to address any specific item of compensation, but rather the overall compensation that may become payable to the Company's named executive officers in connection with the completion of the Merger. In addition, this vote is separate and independent from the vote of stockholders to approve the completion of the Merger. The Company asks that its stockholders vote **"FOR"** the following resolution:

"RESOLVED, that the golden parachute compensation, as disclosed pursuant to Item 402(t) of Regulation S-K in the "Potential Change-in-Control Payments to Named Executive Officers" table and the footnotes to that table contained in the section captioned "Special Factors—Interests of Executive Officers and Directors of the Company in the Merger—Golden Parachute Compensation," is hereby APPROVED on a non-binding, advisory basis."

This vote is advisory, and therefore, it will not be binding on the Company, nor will it overrule any prior decision or require the Board (or any committee thereof) to take any action. However, the Board values the opinions of the Company's stockholders, and to the extent that there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, the Board will consider stockholders' concerns and will evaluate whether any actions are necessary to address those concerns. The Board will consider the affirmative vote of a majority of the votes cast **"FOR"** the foregoing resolution as advisory approval of the compensation that may become payable to the Company's named executive officers in connection with the completion of the Merger.

The Board (with Messrs. Alexander and Hoffman, who are affiliates of Riverstone, recused) recommends that you vote "FOR" the Golden Parachute Proposal.

OTHER IMPORTANT INFORMATION REGARDING THE COMPANY

Talen Transactions

In June 2014, PPL and Talen Energy Supply executed definitive agreements with the Sponsor Entities 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 Holdco, which at such time owned all of the membership interests of Talen Energy Supply and all of the common stock of the Company. Immediately following the spinoff, Holdco merged with a special purpose subsidiary of the Company, with Holdco continuing as the surviving company to the merger and as a wholly owned subsidiary of the Company and the sole owner of Talen Energy Supply. PPL does not have an ownership interest in the Company or Talen Energy Supply after completion of the spinoff. Substantially contemporaneous with the spinoff and merger, RJS was contributed by the Sponsor Entities to become a subsidiary of Talen Energy Supply, which substantially contemporaneous spinoff, merger and contribution, we refer to collectively as the acquisition. Subsequent to the acquisition, RJS was merged into Talen Energy Supply.

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Directors and Executive Officers of the Company

The Board presently consists of eight members. The persons listed below are the directors and executive officers of the Company as of the date of this proxy statement. The Merger Agreement provides, however, that the directors of Merger Sub immediately prior to the effective time of the Merger will be the initial directors of the surviving corporation immediately following the Merger.

The Merger Agreement provides that the officers of the Company immediately prior to the effective time of the Merger will be the initial officers of the surviving corporation immediately following the Merger. Following the Merger, each executive officer will serve until a successor is elected or appointed and qualified or until the earlier of his or her death, resignation or removal, as the case may be.

Neither any of these persons nor the Company has been convicted in a criminal proceeding during the past five years (excluding traffic violations or similar misdemeanors), and none of these persons has been a party to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

All of the directors and executive officers can be reached c/o Talen Energy Corporation, 835 Hamilton Street, Suite 150, Allentown, Pennsylvania 18101, (888) 211-6011, and each of the directors and executive officers is a citizen of the United States.

Directors

Name	**Age**	**Position**
Ralph Alexander	61	Director
Frederick M. Bernthal	73	Director
Edward J. Casey, Jr.	58	Director
Philip G. Cox	64	Director
Paul A. Farr	49	Director, President and Chief Executive Officer
Louise K. Goeser	62	Director
Stuart E. Graham	70	Director, Chairman
Michael B. Hoffman	66	Director

Ralph Alexander has served as a member of the Board since June 2015. Mr. Alexander is a partner of Riverstone, an energy and power-focused private equity firm, which he joined in September 2007. In addition to serving on the boards of a number of Riverstone portfolio companies and their affiliates, Mr. Alexander has served on the board of EP Energy Corporation, a leading North American oil and natural gas producer, since September 2013, the board of the general partner of Enviva Partners, LP, an aggregator and processor of wood fiber and pellets, since November 2013, and the board of Niska Gas Storage Partners LLC, an owner and operator of gas storage in North America, since December 2014. He previously served on the boards of Stein Mart, Inc., a retailer for clothing, accessories, housewares and home decor (2007 – June 2014), KiOR, Inc., a renewable fuels company (2011 – May 2013), and Amyris, Inc., a renewable products company (2007 – July 2013).

Frederick M. Bernthal has served as a member of the Board since June 2015. Dr. Bernthal is the retired president of Universities Research Association, or URA, a position he held from 1994 until March 2011. URA is a consortium of research universities engaged in the construction and operation of major research facilities on behalf of the U.S. Department of Energy and the National Science Foundation. Dr. Bernthal served as a director of PPL from 1997 until June 2015.

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Edward J. Casey, Jr. has served as a member of the Board since June 2015. Mr. Casey is a director and chief operating officer of Serco Group plc, a company that provides professional, technology and management outsourcing services. Before accepting his current position in 2013, Mr. Casey served as chief executive officer of the U.S. subsidiary of Serco Group plc, Serco Inc., from 2005 to 2013 and has sat on the board of Serco Inc. since 2006, including serving as Chairman from 2006 to 2013.

Philip G. Cox has served as a member of the Board since June 2015. Mr. Cox retired in April 2013 as chief executive officer of International Power plc, a global independent power producer. He was promoted to that position in 2003 after serving in his previous role of chief financial officer. Mr. Cox serves as chairman of Drax Group plc, an electrical power generation company, and as chairman of Global Power Generation, a joint venture between the Kuwait Investment Authority and Gas Natural Fenosa that develops and manages power generation assets outside of the U.S. He previously served on the boards of International Power plc (currently known as Engie Energy International), an international electricity generation company (2003 – April 2013); Meggitt PLC, an engineering business specializing in aerospace equipment (2012 – January 2015); Tractebel Energia S.A., a company providing life-cycle consultancy and engineering in power, nuclear, gas, industry and infrastructure (2011 – March 2013); and Wm Morrison Supermarkets PLC, a supermarket chain (April 2009 – January 2016). He also served as a director of PPL from May 2013 until June 2015.

Paul A. Farr has served as our Director, President and Chief Executive Officer since June 2015. He served as president of PPL Energy Supply, LLC (currently known as Talen Energy Supply, LLC) and PPL Generation, LLC (currently known as Talen Energy Generation, LLC) from June 2014 until June 2015. He also previously served as executive vice president and chief financial officer of PPL from April 2007 until June 2014.

Louise K. Goeser has served as a member of the Board since June 2015. Since March 2009, Ms. Goeser has served as president and chief executive officer of Grupo Siemens S.A. de C.V. and is responsible for Siemens Mesoamérica. Siemens Mesoamérica is the Mexican, Central American and Caribbean unit of multinational Siemens AG, a global engineering company operating in the industrial, energy and healthcare sectors. She serves as a director of MSC Industrial Direct Co., Inc., an industrial equipment distributor. Ms. Goeser also served as a director of PPL from 2003 until June 2015.

Stuart E. Graham has served as a member of the Board since June 2015. He served as president and chief executive officer of Skanska AB, an international project development and construction company, from 2002 to 2008, and served on its board of directors for the same period of time. He continued to serve as chairman of Skanska USA Inc., a U.S. subsidiary of that company, until May of 2011, and he remains non-executive chairman of Skanska AB through April 2016. Mr. Graham also is a director of Harsco Corporation, a worldwide industrial services company. Mr. Graham also served as a director of PPL from 2008 until June 2015.

Michael B. Hoffman has served as a member of the Board since June 2015. Mr. Hoffman is a partner of Riverstone, an energy and power-focused private equity firm, which he joined in 2003. In addition to serving on the boards of a number of Riverstone portfolio companies and their affiliates, Mr. Hoffman currently serves as a director of Pattern Energy, Inc., an independent wind power company, as a director of the general partner of Enviva Partners, LP, an aggregator and processor of wood fiber and pellets, and is the chairman of Onconova Therapeutics, Inc., a clinical stage biopharmaceutical company.

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Executive Officers

Name	**Age**	**Position**
Paul A. Farr	49	Director, President and Chief Executive Officer
Jeremy R. McGuire	44	Senior Vice President, Chief Financial Officer and Chief Accounting Officer
Clarence J. Hopf	60	Senior Vice President and Chief Commercial Officer
Timothy S. Rausch	51	Senior Vice President and Chief Nuclear Officer
James E. Schinski	57	Senior Vice President and Chief Administrative Officer
Paul M. Breme	44	Senior Vice President, General Counsel and Corporate Secretary

Paul A. Farr has served as our Director, President and Chief Executive Officer since June 2015. See "—*Directors*" for additional biographical information regarding Mr. Farr.

Jeremy R. McGuire has served as Senior Vice President and Chief Financial Officer since June 2015. In August 2015, Mr. McGuire assumed the role of acting Chief Accounting Officer. Mr. McGuire, a former investment banker, joined PPL in 2008 and led the strategic planning function at that company from 2008 until June 2015.

Clarence J. Hopf, Jr. has served as Senior Vice President and Chief Commercial Officer since June 2015. He served as senior vice president - Fossil and Hydro Generation for PPL Energy Supply, LLC (currently known as Talen Energy Supply, LLC) from August 2014 until June 2015. Mr. Hopf joined PPL in October 2005 but left in 2008 to accept a position with Public Service Enterprise Group Incorporated (PSEG) as president of its energy marketing and trading subsidiary. He rejoined PPL EnergyPlus, LLC (currently known as Talen Energy Marketing, LLC) in 2012 and directed coal trading and supply, and later the wholesale marketing function, before being named eastern trading vice president in March 2014.

Timothy S. Rausch has served as Senior Vice President and Chief Nuclear Officer since June 2015. He served as senior vice president and chief nuclear officer of PPL Generation, LLC (currently known as Talen Generation, LLC) with responsibility for the Susquehanna nuclear plant, from July 2009 until June 2015.

James E. Schinski has served as Senior Vice President and Chief Administrative Officer since June 2015. He joined PPL Services in 2009 as vice president-chief information officer and served in that role until July 2014. From July 2014 until June 2015 he served in a vice president role to assist the Company's senior management in the transition from PPL to the Company.

Paul M. Breme has served as Senior Vice President, General Counsel and Corporate Secretary since April 2016, and he served as Vice President, General Counsel and Corporate Secretary since June 2015. He joined PPL's Office of General Counsel in 2008 from the law firm of Cahill, Gordon & Reindel LLP, where he specialized in corporate law and finance. At PPL, he served as counsel from 2008 to 2009, as senior counsel until 2012 and as associate general counsel from 2012 until June 2015.

Selected Historical Consolidated Financial Data

Set forth below is certain selected historical consolidated financial data relating to the Company. The historical selected financial data as of and for the six months ended June 30, 2016 and 2015 and the years ended December 31, 2015, 2014, 2013, 2012 and 2011 has been derived from our consolidated financial statements, which, for the annual periods, have been audited by Ernst & Young LLP, an independent registered public accounting firm. Talen Energy Supply is considered the accounting predecessor of the Company. Therefore, the financial information presented below for periods prior to the

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June 1, 2015 spinoff from PPL and formation of the Company includes only legacy Talen Energy Supply information.

As part of or subsequent to the formation of the Company on June 1, 2015, the Company has completed certain acquisition and disposal transactions. The Company completed the acquisition of RJS in June 2015 and the acquisition of MACH Gen in November 2015. See Note 6 in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2015, for additional information. RJS's and MACH Gen's operating results since their acquisitions are included in the Company's results of operations with no comparable amounts for periods prior to their acquisition. The Company completed the sales of Talen Ironwood Holdings, LLC and C.P. Crane LLC in February 2016 and the sale of the Holtwood and Lake Wallenpaupack hydroelectric facilities in April 2016. The sales satisfied the requirement to divest certain PJM assets to comply with a December 2014 FERC order approving the combination with RJS. See Note 8 in the Company's quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2016 for additional information on these divestitures.

This information is only a summary and should be read in conjunction with Company's annual report on Form 10-K for the fiscal year ended December 31, 2015 and the Company's quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2016 and June 30, 2016, each of which is incorporated by reference into this proxy statement. More comprehensive financial information is included in such reports, including management's discussion and analysis of financial condition and results of operations, and other documents filed by the Company with the SEC, and the following summary is qualified in its entirety by reference to such reports and other documents and all of the financial information and notes contained therein. See "*Where You Can Find More Information*." Results of interim periods are not necessarily indicative of the results expected for a full year or for future periods.

	Six Months Ended June 30,		Year Ended December 31,				
(a) (b)	**2016**	**2015**	**2015**	**2014**	**2013**	**2012**	**2011**
Income Items (in millions)							
Operating revenues	$1,870	$2,039	$4,481	$4,581	$4,495	$4,393	$4,834
Income (Loss) from continuing operations after income taxes attributable to Talen Energy Corporation stockholders	$148	$122	$(341)	$187	$(262)	$428	$672
Income (Loss) from discontinued operations (net of income taxes) [c]	$—	$—	$—	$223	$32	$46	$96
Net Income (Loss) attributable to Talen Energy Corporation stockholders	$148	$122	$(341)	$410	$(230)	$474	$768
Balance Sheet Items (in millions) [d]							
Property, plant and equipment, net	$8,564	$8,163	$8,587	$6,436	$7,174	$7,293	$6,486
Total assets [e]	$12,403	$12,862	$12,826	$10,760	$11,074	$12,375	$13,179
Short-term debt	$350	$—	$608	$630	$—	$356	$400
Long-term debt (including current portion) [e]	$3,901	$4,059	$4,203	$2,218	$2,525	$3,272	$3,024
Common equity	$4,465	$4,826	$4,303	$3,907	$4,798	$3,848	$4,037
Total capitalization	$8,716	$8,885	$9,114	$6,755	$7,323	$7,476	$7,461

Income (Loss) per share attributable to Talen Energy Corporation stockholders - Basic [f]							
Income (Loss) from continuing operations	$1.15	$1.34	$(3.10)	$2.24	$(3.13)	$5.12	$8.04
Income (Loss) from discontinued operations (net of income taxes) [c]	$—	$—	$—	$2.67	$0.38	$0.55	$1.15
Net Income (Loss)	$1.15	$1.34	$(3.10)	$4.91	$(2.75)	$5.67	$9.19
Income (Loss) per share attributable to Talen Energy Corporation stockholders - Diluted [f]							
Income (Loss) from continuing operations	$1.14	$1.34	$(3.10)	$2.24	$(3.13)	$5.12	$8.04
Income (Loss) from discontinued operations (net of income taxes) [c]	$—	$—	$—	$2.67	$0.38	$0.55	$1.15
Net Income (Loss)	$1.14	$1.34	$(3.10)	$4.91	$(2.75)	$5.67	$9.19

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(a) Earnings in each six month or year period were affected by certain items that management believes are not indicative of ongoing operations. See "Results of Operations - EBITDA and Adjusted EBITDA" in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2016 for a description of those items for the six months ended June 30, 2016 and 2015. See "Results of Operations - EBITDA and Adjusted EBITDA" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2015 for a description of those items in 2015, 2014, and 2013. Significant pre-tax items in 2012 and 2011 included unrealized gains on derivative contracts of $91 million and $120 million, while 2012 included a $29 million coal contract modification payment and 2011 included litigation-related credits of $132 million. The earnings were also affected by acquisitions and sales of various businesses. See Note 6 to the Financial Statements in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2015 for additional information, including discussion of the discontinued operations in 2014 and 2013.

(b) See "Item 1A. Risk Factors" and Notes 1 and 11 to the Financial Statements in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2015 and Note 10 to the Financial Statements and "Item 1A. Risk Factor" in the Company's quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2016 for a discussion of uncertainties that could affect the Company's future financial condition.

(c) 2014 includes an after-tax gain on the sale of the hydroelectric business in Montana of $206 million.

(d) As of each respective period-end.

(e) Amounts for June 30, 2016 include the impact of the implementation of new accounting guidance to reflect certain debt issuance costs that were previously classified as a deferred asset, as an offset of long-term debt. Other periods have not been recast due to immateriality.

(f) The calculation of basic and diluted earnings per share for the six months ended June 30, 2016 is based on actual total Shares outstanding during the period. For the six months ended June 30, 2016 and the annual period 2015, the calculation utilized the weighted-average Shares outstanding during the year assuming the Shares issued to PPL's shareholders were outstanding during the entire period and reflects the impact of the private placement of Shares to the Sponsor Entities on the spinoff date. For the six months ended June 30, 2016 and for the annual periods in 2014, 2013, 2012 and 2011, weighted average Shares outstanding assumed the Shares issued to PPL's shareholders at the spinoff date in 2015 were outstanding during those entire years.

Ratio of Earnings to Fixed Charges

The following table presents our ratio of earnings to fixed charges for the periods indicated.

	Six Months Ended June 30,		Year Ended December 31,	
	2016	2015	2015	2014
Ratio of earnings to fixed charges [a][b]	2.8	2.2	(0.6)	2.7

(a) The six months ended June 30, 2016 includes $563 million of net pre-tax gains related to the sale of certain generation facilities and $213 million in pre-tax impairment charges primarily related to the Bell Bend Combined Operating License Application. See Notes 8 and 13 to the financial statements contained in the quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2016 and incorporated herein by reference for additional information on the sales.

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In 2015, $657 million of non-cash, pre-tax goodwill and other long-lived asset impairment charges were recorded. See Note 16 to the financial statements contained in the annual report on Form 10-K for the fiscal year ended December 31, 2015 and incorporated herein by reference for additional information. As a result of these non-cash charges, earnings were lower, which resulted in less than one-to-one coverage. The adjusted amount of the deficiency, or the amount of fixed charges in excess of earnings, was $388 million.

(b) Talen Energy Supply is considered the accounting predecessor of the Company, therefore, the financial information presented prior to June 1, 2015 for the Company includes only legacy Talen Energy Supply information.

Book Value per Share

As of June 30, 2016, the book value per Share was $34.74. Book value per Share is computed by dividing total equity at June 30, 2016 by the total Shares outstanding on that date.

Market Price of Common Stock and Dividends

Our Shares trade on the NYSE under the symbol "TLN." Our Shares 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 Shares. Our common stock was traded on a "when-issued" basis starting on May 18, 2015. We have not declared or paid any cash dividends on the Shares. The Merger Agreement does not permit us to pay any additional dividends on the Shares without the prior written consent of Parent.

The following table sets forth, for the periods indicated, the high and low sales 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.

Fiscal Year	High	Low
2015		
Second Quarter (beginning June 2, 2015)	$20.25	$16.87
Third Quarter	$18.02	$9.83
Fourth Quarter	$12.09	$5.73
2016		
First Quarter	$9.00	$8.65
Second Quarter	$14.03	$8.56

Third Quarter (through August 8, 2016)	$13.77	$13.47

The closing price of the Shares on March 31, 2016, the last trading day before the first public reports of a potential sale of the Company, was $9.00 per Share.

On [ ], 2016, the most recent practicable date before this proxy statement was distributed to our stockholders, the closing price for the Shares on the NYSE was $[ ] per Share. You are encouraged to obtain current market quotations for the Shares in connection with voting your Shares.

If the Merger is completed, there will be no further market for the Shares and the Shares will be delisted from the NYSE and deregistered under the Exchange Act.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the beneficial ownership of the Shares as of August 1, 2016 by:

- each person known by us to be the beneficial owner of more than five percent of the total outstanding Shares;

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- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The SEC has defined the "beneficial owner" of a security to include any person who, directly or indirectly, has or shares voting power and/or investment power over such security. In computing the number of the Shares beneficially owned by a person and the percentage ownership of that person, the Shares subject to options or other rights held by that person that are exercisable or will become exercisable within 60 days after August 1, 2016 are deemed outstanding, while such Shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Each person named in the table has sole voting and investment power with respect to all of the Shares shown as beneficially owned by such person, except as otherwise set forth in the notes to the table.

The percentages reflect beneficial ownership as of August 1, 2016 as determined in accordance with Rule 13d-3 under the Exchange Act. The address for all beneficial owners in the table below is 835 Hamilton Street, Suite 150, Allentown, Pennsylvania 18101, except as otherwise noted.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Common Stock Outstanding	
5% or Greater Stockholders:			
Raven Entities[1][3]	25,459,633	19.8	%
Jade Entities[2][3]	16,325,235	12.7	%
BlackRock, Inc.[4]	8,507,294	6.6	%
Thompson, Siegel & Walmsley LLC[5]	8,681,884	6.8	%
Directors and Named Executive Officers:			
Paul A. Farr[6][7]	224,084	*	
Clarence J. Hopf, Jr.[7]	33,179	*	
Jeremy R. McGuire[7]	50,806	*	
Timothy S. Rausch[7]	38,082	*	
James E. Schinski[7]	53,563	*	
Ralph Alexander[8]	—	*	
Frederick M. Bernthal[9][10]	17,575	*	
Edward J. Casey, Jr.[9]	16,841	*	
Philip G. Cox[9]	18,177	*	
Louise K. Goeser[9]	23,781	*	

Stuart E. Graham[9]	50,267	*
Michael B. Hoffman[8]	—	*
All directors and executive officers as a group (13 individuals)[6][7][8][9][10]	541,966	*

* Represents less than 1%

(1) Based on information included in Schedule 13G filed with the SEC on February 12, 2016 by Riverstone Energy Partners V, L.P., Riverstone Energy GP V, LLC, Riverstone V Raven Holdings, L.P. and Raven Power Holdings LLC, which we collectively refer to as the Raven Entities, which are affiliates of Riverstone. These entities reported (i) shared voting power with respect to 25,459,633 Shares and (ii) shared dispositive power with respect to 25,459,633 Shares. The address for Riverstone Energy Partners V, L.P., Riverstone Energy GP V, LLC and Riverstone V Raven Holdings, L.P. is 712 Fifth Avenue, 36th Floor, New York, NY 10019. The address for Raven Power Holdings LLC is c/o Extol Energy LLC, 2901 Via Fortuna Drive, Building 6, Suite 650, Austin, TX 78746-7574.

(2) Based on information included in Schedule 13G filed with the SEC on February 12, 2016 by Carlyle/Riverstone Global Energy & Power Fund III LP, Carlyle/Riverstone Energy Partners III, L.P., C/R Energy GP III, LLC and C/R Energy Jade,

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LLC, which we collectively refer to as the Jade Entities, which are affiliates of Riverstone. These entities reported (i) shared voting power with respect to 16,325,235 Shares and (ii) shared dispositive power with respect to 16,325,235 Shares. The address for Carlyle/ Riverstone Global Energy & Power Fund III LP, Carlyle/Riverstone Energy Partners III, L.P. and C/R Energy GP III, LLC is 712 Fifth Avenue, 36th Floor, New York, NY 10019. The address for C/R Energy Jade, LLC is c/o Extol Energy LLC, 2901 Via Fortuna Drive, Building 6, Suite 650, Austin, TX 78746-7574.

(3) Does not include 3,189,790 Shares, or approximately 2.5%, of the Company's outstanding common stock, beneficially owned by Sapphire Power Holdings LLC and/or its affiliates, which we collectively refer to as the Sapphire Entities, which are affiliates of Riverstone, the Raven Entities and the Jade Entities.

(4) Based on information included in Schedule 13G filed with the SEC on January 28, 2016 by BlackRock, Inc. BlackRock, Inc. reported (i) sole voting power with respect to 7,872,146 Shares and (ii) sole dispositive power with respect to 8,507,294 Shares. The address of BlackRock, Inc. is 55 E. 52nd Street, New York, NY 10055.

(5) Based on information included in Schedule 13G filed with the SEC on January 28, 2016 by Thompson, Siegel & Walmsley LLC. Thompson, Siegel & Walmsley LLC reported (i) sole voting power with respect to 6,169,393 Shares, (ii) shared voting power with respect to 2,512,491 Shares and (iii) sole dispositive power with respect to 8,681,884 Shares. The address of Thompson, Siegel & Walmsley LLC is 6806 Paragon Place, Suite 300, Richmond, VA 23230.

(6) Of the amount shown, one share is held in a custodial account in the name of Mr. Farr's child.

(7) Includes the following number of the Shares underlying stock options that are exercisable or that will become exercisable within 60 days after August 1, 2016, which were underwater as of August 1, 2016 because the exercise price for each such stock option was greater than the closing price of the Shares on the NYSE on such date:

Paul A. Farr	159,087
Clarence J. Hopf, Jr.	24,114
Jeremy R. McGuire	28,687
Timothy S. Rausch	21,323
James E. Schinski	21,435

(8) Mr. Alexander and Mr. Hoffman are partners of Riverstone. Each disclaims any beneficial ownership of the Shares attributable to the Raven Entities, the Jade Entities and the Sapphire Entities.

(9) Amounts shown include the below number of director stock units received as compensation for service on the Board and its committees that are held by independent directors in deferred accounts under the Directors Deferred Compensation Plan, each of which units represents the right to receive a share of our common stock and is fully

vested upon grant. Absent a triggering event under the Directors Deferred Compensation Plan, however, the Shares with respect to such director stock units would not be received within 60 days of August 1, 2016.

Frederick M. Bernthal	16,841
Edward J. Casey, Jr.	16,841
Philip G. Cox	17,105
Louise K. Goeser	16,841
Stuart E. Graham	45,851

(10) Excludes approximately 7,418 director stock units held in a deferred stock unit account on behalf of Mr. Bernthal following his resignation as a director of PPL, which resignation became effective upon the Company's spinoff. They will convert into Shares in various amounts annually in January 2017 through and including January 2028.

Prior Public Offerings

None of the Company, the Sponsor Entities, Riverstone, Parent, Merger Sub or any of their respective affiliates have made an underwritten public offering of the Shares for cash during the past three years that was registered under the Securities Act of 1933, as amended, or exempt from registration under Regulation A promulgated thereunder.

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Certain Transactions in the Shares

Other than the Merger Agreement and agreements entered into in connection therewith, including the Support Agreement, discussed in "*The Merger Agreement*" and "*Support Agreement*," the Company, the Parent Group, Riverstone, and their respective affiliates have not executed any transactions with respect to the Shares during the past 60 days, except as provided below:

Name	Quantity	Price	Trade Date	Transaction Description
Frederick M. Bernthal	2,386.197	—	July 1, 2016	Acquisition of director stock units under the Directors Deferred Compensation Plan
Edward J. Casey Jr.	2,386.197	—	July 1, 2016	Acquisition of director stock units under the Directors Deferred Compensation Plan
Philip G. Cox	2,386.197	—	July 1, 2016	Acquisition of director stock units under the Directors Deferred Compensation Plan
Louise K. Goeser	2,386.197	—	July 1, 2016	Acquisition of director stock units under the Directors Deferred Compensation Plan
Stuart E. Graham	7,342.327	—	July 1, 2016	Acquisition of director stock units under the Directors Deferred Compensation Plan

In addition, other than in connection with the Talen Transactions, none of the Company, the Parent Group, Riverstone or any of their respective affiliates have purchased any Shares during the past two years.

OTHER IMPORTANT INFORMATION REGARDING THE PARENT GROUP AND RIVERSTONE

Identity and Background of Parent, Merger Sub, Riverstone and the Sponsor Entities and Their Controlling Affiliates

Each of Parent, Merger Sub, the Sponsor Entities and Their Controlling Affiliates (as defined below, and with Riverstone, collectively referred to as the Riverstone Filing Parties) are affiliates of Riverstone. Riverstone is a global energy- and power-focused private equity firm with an investment footprint over $80 billion across five sectors of the energy industry: building and growing companies in the fields of exploration and production, midstream, energy services, power and coal, and certain renewable sectors of the energy business.

Parent and Merger Sub

Merger Sub. RJS Merger Sub Inc., a Delaware corporation, is controlled by Raven Power Holdings LLC. RJS Merger Sub Inc. was incorporated under the laws of the state of Delaware on May 26, 2016. See "*Parties to the Merger*."

RPH Parent LLC. RPH Parent LLC, a Delaware limited liability company, is controlled by Raven Power Holdings LLC. RPH Parent LLC, was formed under the laws of the state of Delaware on May 26, 2016. See "*Parties to the Merger*."

SPH Parent LLC. SPH Parent LLC, a Delaware limited liability company, is controlled by Sapphire Power Holdings LLC. SPH Parent LLC, was formed under the laws of the state of Delaware on May 26, 2016. See "*Parties to the Merger*."

CRJ Parent LLC. CRJ Parent LLC, a Delaware limited liability company, is controlled by C/R Energy Jade, LLC. CRJ Parent LLC, was formed under the laws of the state of Delaware on May 26, 2016. See "*Parties to the Merger*."

During the past five years, neither Parent nor Merger Sub has been (i) convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for

matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining such person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

The principal place of business and telephone number for each of Parent and Merger Sub is:

c/o Extol Energy LLC

2901 Via Fortuna Drive

Building 6, Suite 650

Austin, Texas 78746-7574

Telephone: (512) 314-8600

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The Sponsor Entities and Their Controlling Affiliates

We collectively refer to all of the entities referred to in this subsection as the Sponsor Entities and Their Controlling Affiliates.

Sapphire Power Holdings LLC. Sapphire Power Holdings LLC owns 3,189,790 Shares, representing approximately 2.5% of the Company's outstanding Shares. 100% of the voting interests of Sapphire Power Holdings LLC are owned by R/C Sapphire Power IP, L.P., which we refer to as R/C SP IP. The general partner of R/C SP IP is Riverstone/Carlyle Energy Partners II, L.P., which we refer to as R/C EP II. The general partner of R/C EP II is R/C Renewable Energy GP II, LLC, which we refer to as R/C Renew II. R/C Renew II is wholly owned by Riverstone. Riverstone is controlled by Pierre F. Lapeyre, Jr. and David M. Leuschen.

C/R Energy Jade, LLC. C/R Energy Jade, LLC owns 16,325,235 Shares, representing approximately 12.7% of the Company's outstanding Shares. C/R Energy Jade, LLC is controlled by Carlyle/Riverstone Global Energy and Power Fund III, L.P., which we refer to as C/R Power III. The general partner of C/R Power III is Carlyle/Riverstone Energy Partners III, L.P., which we refer to as C/R EP III. The general partner of C/R EP III is C/R Energy GP III, LLC, which we refer to as C/R Energy GP III. The Managing Committee of C/R Energy GP III has delegated authority to appoint board members of C/R Energy Jade, LLC to members of the Managing Committee appointed by Riverstone. Riverstone is controlled by Messrs. Lapeyre, Jr. and Leuschen.

Raven Power Holdings LLC. Raven Power Holdings LLC owns 25,459,633 Shares, representing approximately 19.8% of the Company's outstanding Shares. Raven Power Holdings LLC is controlled by Riverstone V Raven Holdings, L.P., which we refer to as RS V RH. The general partner of RS V RH is Riverstone Energy Partners V, L.P., which we refer to as RS EP V. The general partner of RS EP V is Riverstone Energy GP V, LLC, which we refer to as RS GP V. RS GP V is wholly owned by Riverstone Energy GP V Corp., which we refer to as RS GP V Corp. RS GP V Corp. is wholly owned by Riverstone. Riverstone is controlled by Messrs. Lapeyre, Jr. and Leuschen.

Pierre F. Lapeyre, Jr. Mr. Lapeyre is currently employed as a founder and Senior Managing Director of Riverstone. During the past five years, Mr. Lapeyre's material occupation has been as a founder and Senior Managing Director of Riverstone. Mr. Lapeyre is a United States citizen.

David M. Leuschen. Mr. Leuschen is currently employed as a founder and Senior Managing Director of Riverstone. During the past five years, Mr. Leuschen's material occupation has been as a founder and Senior Managing Director of Riverstone. Mr. Leuschen is a United States citizen.

During the past five years, none of the Sponsor Entities and Their Controlling Affiliates has been (i) convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining such person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

The principal place of business and telephone number for each of (i) Raven Power Holdings LLC, (ii) C/R Energy Jade, LLC and (iii) Sapphire Power Holdings LLC is:

c/o Extol Energy LLC

2901 Via Fortuna Drive

Building 6, Suite 650

Austin, Texas 78746-7574

Telephone: (512) 314-8600

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The principal place of business and telephone number for each other member of the Sponsor Entities and Their Controlling Affiliates is:

c/o Riverstone Holdings LLC

712 Fifth Avenue, 36th Floor

New York, New York 10019

Telephone: (212) 993-0076

Significant Past Transactions and Contracts

The Talen Transactions

The Sponsor Entities obtained their aggregate 35% beneficial ownership interest in the Company in connection with the Talen Transactions. For information regarding the Talen Transactions, see "*Other Important Information Regarding the Company—Talen Transactions*." Based on the 60-day volume weighted average trading price for the Shares on the NYSE following June 1, 2015 and the number of the Shares outstanding as of July 31, 2015, the value of Riverstone's proportionate equity interest in the Company was approximately $805 million at the time of the Talen Transactions.

Stockholder Agreement

In connection with the Talen Transactions, on June 1, 2015, the Sponsor Entities entered into the Stockholder Agreement with the Company, which governs the Sponsor Entities' ongoing relationship with the Company.

Nominations to the Board. Under the Stockholder Agreement, the Board will nominate for election two members designated by the Sponsor Entities and one independent member designated by the Sponsor Entities, each of which we refer to as a Designated Director, subject to certain continuing stock ownership requirements. The Stockholder Agreement provides that, until six months after the date there is no Designated Director on the Board and the Sponsor Entities are no longer entitled to designate directors to be nominated by the Board for election, the Sponsor Entities will agree to cause each Share beneficially owned by the Sponsor Entities to be voted in favor of all those persons nominated to serve as directors by the Board.

Standstill. The Stockholder Agreement also contains a customary standstill provision that prohibits the Sponsor Entities from, among other things, acquiring additional Shares, soliciting proxies to vote Shares and acting alone or in concert with others to seek to control or influence the Company's policies. Pursuant to the Merger Agreement, the parties agreed that the standstill provision in the Stockholder Agreement would not apply upon the execution and delivery of the Merger Agreement solely to the extent required to permit any action expressly contemplated thereby and in accordance therewith and solely until any valid termination of the Merger Agreement in accordance with its terms.

Registration Rights. Pursuant to the Stockholder Agreement, the Sponsor Entities are provided with "demand" registration rights and "piggyback" registration rights. The Stockholder Agreement provides that the Company will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities which may arise under the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

Consent Rights. Pursuant to the Stockholder Agreement, for so long as the Sponsor Entities are entitled to designate directors to be nominated by the Board for election, the Company is not permitted to take certain actions, such as amending the Company's charter or bylaws in a manner that would adversely affect the Sponsor Entities' rights or obligations under the Stockholder Agreement, without the prior consent of the Sponsor Entities, subject to certain exceptions.

Riverstone Financial Advisor Materials

In connection with the Merger, Riverstone engaged Goldman, Sachs & Co., which we refer to as Goldman Sachs, as its financial advisor based on its reputation as an internationally recognized investment banking firm and substantial experience with respect to transactions similar to the Merger. Riverstone agreed to pay Goldman Sachs a fee for its services of $7 million, with an additional payment of up to $3 million at the discretion of Riverstone, payable upon consummation of the Merger. In addition, Riverstone has agreed to reimburse Goldman Sachs for its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Goldman Sachs together with its affiliates is a full service financial institution. Goldman Sachs and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of Talen Energy, any of its affiliates and third parties, or any currency or commodity that may be involved in the Merger. Goldman Sachs has acted as a financial advisor to Riverstone in connection with, and participated in certain of the negotiations leading to, the Merger. At the request of Riverstone, certain affiliates of Goldman Sachs entered into financing commitments to provide Riverstone with a bridge loan facility in connection with the consummation of the Merger, subject to the terms of such commitments, and pursuant to which one or more of Goldman Sachs' affiliates will receive customary fees. In addition, Goldman Sachs has provided, and may provide in the future, certain financial advisory and/or underwriting services to Riverstone and/or its affiliates and portfolio companies from time to time, for which its Investment Banking Division has received, and may receive, compensation, including having acted as co-manager with respect to the initial public offering of Northern Blizzard Resources Inc., a portfolio company of Riverstone, of its common shares in August 2014; as book manager with respect to the initial public offering by Enviva LLC, a portfolio company of Riverstone, of its common units in April 2015; as book manager with respect to the public offering by EP Energy Corporation, a portfolio company of Riverstone, of 6.375% Senior Notes due 2023 (aggregate principal amount $800 million) in May 2015; as financial advisor to Cobalt International Energy Inc., a portfolio company of Riverstone, in connection with the partial sale of its ownership interest in certain Kwanza Basin Blocks in August 2015; as book manager and global coordinator with respect to a follow-on offering by Riverstone Energy Limited, a portfolio company of Riverstone, of 8,448,006 ordinary shares in November 2015; as book manager with respect to a follow-on offering by USA Compression Partners LP, a portfolio company of Riverstone, of 4,000,000 common units in September 2015 and as joint bookrunning manager with respect to the initial public offering by Silver Run Acquisition Corp, a portfolio company of Riverstone, of its common shares in February 2016. During the two-year period ended June 2, 2016, Goldman Sachs has received compensation for financial advisory and/or underwriting services provided by its Investment Banking Division directly to Riverstone and/or its affiliates and portfolio companies excluding Talen Energy (and which may include companies that are not controlled by Riverstone) of approximately $12 million. Affiliates of Goldman Sachs also may have co-invested with Riverstone and its

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affiliates from time to time and may have invested in limited partnership units of affiliates of Riverstone from time to time and may do so in the future.

Goldman Sachs has also provided, and may provide in the future, certain financial advisory and/or underwriting services to Talen Energy and/or its affiliates from time to time, for which its Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to Talen Energy with respect to the sale of its CP Crane asset in February 2016. Goldman Sachs was also co-manager of remarketing efforts for Talen Energy's tax-exempt put bonds in August 2015. During the two-year period ended June 2, 2016, Goldman Sachs has received compensation for financial advisory and/or underwriting services provided by its Investment Banking Division to Talen Energy and/or its affiliates (other than Riverstone and/or its affiliates and portfolio companies) of approximately $3 million.

In its capacity as Riverstone's financial advisor, Riverstone requested that Goldman Sachs provide an analysis, based on publicly available information, of the trading price and trading volume history of the Shares, including in response to the publication of an article on April 1, 2016 on SparkSpread that identified Talen Energy as the subject of at least one buyout approach. Goldman Sachs provided to management of Riverstone a presentation on May 16, 2016 and a presentation on May 20, 2016 providing such an analysis as of each such date and based on economic, monetary market and other conditions, as in effect on, and the information made available to it as of each such date, which presentations are included as Exhibits (c)(1) and (c)(2), respectively, to the Transaction Statement on Schedule 13E-3, which we refer to as the Financial Advisor Materials. Goldman Sachs was not requested to, and did not, render any opinion as to the fairness of the Merger Consideration, and the Financial Advisor Materials did not address the underlying business decision of Riverstone to engage in the Merger, nor did they address any legal, regulatory, tax or accounting matters. For purposes of preparing the Financial Advisor Materials, Goldman Sachs relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, it, without assuming any responsibility for independent verification thereof. The Financial Advisor Materials do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold and are not intended to be, and do not constitute, a recommendation to any person in respect of the Merger, including as to how any Talen Energy stockholder should act or vote in respect of the Merger or any other matter.

The following description of the Financial Advisor Materials is qualified in its entirety by reference to the relevant Financial Advisor Materials included as Exhibits (c)(1) and (c)(2) to the Transaction Statement on Schedule 13E-3, which are incorporated herein by reference. Such description does not purport to be complete. The Company's stockholders are encouraged to read carefully the relevant Financial Advisor Materials in their entirety.

Presentation of Goldman Sachs to Riverstone and the Sponsor Entities, dated May 16, 2016

In connection with Riverstone's evaluation of its acquisition proposal, Goldman Sachs prepared a presentation analyzing the effect on the trading price and trading volume of Talen Energy common stock of publication of an article on April 1, 2016 on SparkSpread that identified Talen Energy as the subject of at least one buyout approach. More specifically, the Goldman Sachs presentation analyzed: (i) Talen Energy's relative trading performance before and after April 1, 2016 as compared to an illustrative group of publicly traded companies that

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while not directly comparable to Talen Energy, are publicly traded companies with operations that for purposes of analysis may be considered similar to certain of Talen Energy's operations, which we refer to as the Peer Group; (ii) the correlation before and after April 1, 2016 between Talen Energy's historical Share price and both its Peer Group members' historical trading prices and historical natural gas commodity prices; and (iii) the price targets for Talen Energy Shares before and after April 1, 2016 among various equity research firms.

The Goldman Sachs presentation also estimated what the theoretical undisturbed trading price for Talen Energy Shares might have been as of May 16, 2016 had the SparkSpread article never been published, which we refer to as Theoretical Undisturbed Price. Based on application of the relative performance of Talen Energy's Peer Group members' stock prices and of natural gas commodity prices from March 31, 2016 until May 15, 2016 to the actual undisturbed price for Talen Energy Shares as of May 31, 2016, Goldman Sachs estimated a Theoretical Undisturbed Price for Talen Energy Shares as of May 16, 2016 between $8.75 and $10.20. Additionally, based on the historical spread between trading multiples on Talen Energy Shares and the trading multiples on the price for common stock of Peer Group members, Goldman Sachs estimated a Theoretical Undisturbed Price for Talen Energy Shares as of May 16, 2016 between $9.48 and $10.14.

Presentation of Goldman Sachs to Riverstone and the Sponsor Entities, dated May 20, 2016

In connection with Riverstone's evaluation of its acquisition proposal, Goldman Sachs prepared a presentation analyzing the premium represented by Riverstone's then-proposed acquisition price of $13.00 per Talen Energy Share. The Goldman Sachs presentation determined Riverstone's proposal of $13.00 per Share to represent a 109% premium to the closing price for Talen Energy Shares on February 11, 2016 and a 100.5% and 90.1% premium to the volume weighted average price for Talen Energy Shares during the 30 and 60 calendar day periods ending on March 31, 2016. Additionally, the Goldman Sachs presentation identified market factors, industry trends and other events that might have positively or negatively affected the trading price for Talen Energy Shares during the period beginning on February 11, 2016 and ending on May 20, 2016.

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APPRAISAL RIGHTS

If the Company's stockholders adopt the Merger Agreement, stockholders who do not vote in favor of the proposal to adopt the Merger Agreement and who properly exercise and perfect their demand for appraisal of their Shares will be entitled to appraisal rights in connection with the Merger under Section 262 of the DGCL, which we refer to as Section 262.

The following discussion is not a complete statement of all applicable requirements pertaining to appraisal rights under the DGCL, and it is qualified in its entirety by reference to Section 262, the full text of which appears in Annex D to this proxy statement. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262. Only a holder of record of the Shares is entitled to demand appraisal rights for the Shares registered in that holder's name. A person having a beneficial interest in the Shares held of record in the name of another person, such as a bank, broker, fiduciary, depositary or other nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect appraisal rights.

Under Section 262, record holders of the Shares who have neither voted in favor of, nor consented in writing to, the approval of the adoption of the Merger Agreement, who continuously hold such Shares through the effective time of the Merger and who otherwise follow the procedures set forth in Section 262 will be entitled to have their Shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of such Shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, as determined by the Delaware Court of Chancery, together with interest, if any, to be paid upon the amount determined to be fair value. The "fair value" of your Shares as determined by the Delaware Court of Chancery may be more or less than, or the same as, the $14.00 per Share that you are otherwise entitled to receive under the terms of the Merger Agreement. Strict compliance with the statutory procedures in Section 262 is required.

Section 262 requires that, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the corporation must, not less than 20 days before the meeting, notify each stockholder who was a stockholder on the record date set by the board of directors for such notice (or if no such record date is set, on the close of business on the day next preceding the day on which notice is given), with respect to such shares for which appraisal rights are available, that appraisal rights will be available. A copy of Section 262 must be included with such notice. This proxy statement constitutes the Company's notice to our stockholders that appraisal rights are available in connection with the Merger, in compliance with the requirements of Section 262 and a copy of Section 262 is attached to this document as Annex D.

ANY STOCKHOLDER WHO WISHES TO EXERCISE APPRAISAL RIGHTS, OR WHO WISHES TO PRESERVE SUCH STOCKHOLDER'S RIGHT TO DO SO, SHOULD CAREFULLY REVIEW THE

FOLLOWING DISCUSSION AND ANNEX D BECAUSE FAILURE TO TIMELY AND PROPERLY COMPLY WITH THE PROCEDURES SPECIFIED WILL RESULT IN THE LOSS OF APPRAISAL RIGHTS. MOREOVER, BECAUSE OF THE COMPLEXITY OF THE PROCEDURES FOR EXERCISING THE RIGHT TO SEEK APPRAISAL OF SHARES, THE COMPANY BELIEVES THAT, IF A STOCKHOLDER CONSIDERS EXERCISING SUCH APPRAISAL RIGHTS, SUCH STOCKHOLDER SHOULD SEEK THE ADVICE OF LEGAL COUNSEL.

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Written Demand

If you elect to exercise your appraisal rights, you must deliver to the Company a written demand for appraisal of your Shares before the vote is taken to approve the Merger Agreement Proposal. That demand must be executed by or on behalf of the stockholder of record and will be sufficient if it reasonably informs us of the identity of the holder of record of the Shares and the intention of such stockholder to demand appraisal of his, her or its Shares. Holders of the Shares who desire to exercise their appraisal rights must not vote or submit a proxy in favor of the Merger Agreement Proposal, nor consent thereto in writing. Voting against or failing to vote for the Merger Agreement Proposal by itself does not constitute a demand for appraisal within the meaning of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote on the Merger Agreement Proposal.

A holder of record of the Shares wishing to exercise appraisal rights must hold of record the Shares on the date the written demand for appraisal is made and must continue to hold the Shares of record through the effective time of the Merger, because appraisal rights will be lost if the Shares are transferred prior to the effective time of the Merger. If you fail to comply with these conditions and the Merger is completed, you will be entitled to receive payment for your Shares as provided for in the Merger Agreement, but you will have no appraisal rights with respect to your Shares. A proxy card that is submitted and does not contain voting instructions and a proxy submitted by telephone or through the Internet that does not contain voting instructions, will, unless revoked, be voted in favor of the Merger Agreement Proposal, and it will constitute a waiver of the stockholder’s right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must either submit a proxy containing instructions to vote against the Merger Agreement Proposal or abstain from voting on the Merger Agreement Proposal. However, neither voting against the adoption of the Merger Agreement, nor abstaining from voting or failing to vote on the Merger Agreement Proposal, will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262. All demands for appraisal should be sent or delivered to:

Talen Energy Corporation
Attn: Corporate Secretary
835 Hamilton Street, Suite 150
Allentown, Pennsylvania 18101

A demand for appraisal in respect of the Shares should be executed by or on behalf of the holder of record of such Shares, fully and correctly, should specify the holder’s name and mailing address and the number of the Shares registered in the holder’s name and must state that the person intends thereby to demand appraisal of the holder’s Shares in connection with the Merger. The demand for appraisal cannot be made by the beneficial owner if he or she does not also hold the Shares of record. The beneficial holder must, in such cases, have the record owner, such as a bank, broker or other nominee, submit the required demand for appraisal in respect of those Shares. **If you hold your Shares through a bank, brokerage firm or other nominee and you wish to exercise appraisal rights, you should consult with your bank, broker or the other nominee to determine the appropriate procedures for the making**

of a demand for appraisal by the nominee.

If the Shares are owned of record by a person other than the beneficial owner, including a broker, fiduciary (such as a trustee, guardian or custodian) or other nominee, a demand for appraisal must be executed by or for such record holder. If the Shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record holder or owners and expressly disclose the fact that, in executing the demand, such agent is acting as agent for the record

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holder. If a stockholder holds the Shares through a broker who in turn holds the Shares through a central securities depository nominee such as Cede & Co. (the nominee for The Depository Trust Company), a demand for appraisal of such Shares must be made by or on behalf of the depository nominee and must identify the depository nominee as a record holder. A record holder, such as a broker, who holds the Shares as a nominee for others, may exercise his or her right of appraisal with respect to the Shares held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of the Shares as to which appraisal is sought. Where no number of the Shares is expressly mentioned, the demand will be presumed to cover all the Shares in the name of the record holder.

Notice by the Surviving Corporation

Within 10 days after the effective time of the Merger, the surviving corporation in the Merger must give notice of the date that the Merger has become effective to each of our stockholders who did not vote in favor of or consent in writing to the Merger Agreement Proposal and otherwise complied with Section 262. At any time within 60 days after the effective time of the Merger, any stockholder who has not commenced an appraisal proceeding or joined a proceeding as a named party shall have the right to withdraw such stockholder's demand for appraisal and accept the Merger Consideration for that stockholder's Shares by delivering to the surviving corporation a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than 60 days after the effective time will require written approval of the surviving corporation. Unless the demand is properly withdrawn by the stockholder within 60 days after the effective time of the Merger, no appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just. If the surviving corporation does not approve a request to withdraw a demand for appraisal when that approval is required, or if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding, the stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the consideration offered pursuant to the Merger Agreement.

Filing a Petition for Appraisal

Within 120 days after the effective time of the Merger, but not thereafter, either the surviving corporation or any stockholder who has complied with the requirements of Section 262 and is entitled to appraisal rights under Section 262 may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the Shares held by all such stockholders. Upon the filing of such a petition by a stockholder, service of a copy of such petition shall be made upon the surviving corporation. Parent has no present intent to cause the Company to file such a petition and has no obligation to cause such a petition to be filed, and holders should not assume that the surviving corporation will file a petition. Accordingly, it is the obligation of the stockholders who have complied with the requirements of Section 262 to initiate all necessary action to perfect their appraisal rights, and the failure of a stockholder to file such a petition within the period specified could nullify the stockholder's previous written demand for appraisal. In addition, within 120 days after the effective time of the

Merger, any stockholder who has properly filed a written demand for appraisal, who has complied with the requirements for exercise of appraisal rights under Section 262, upon written request, will be entitled to receive from the surviving corporation, a statement setting forth the aggregate number of the Shares not voted in favor of the Merger Agreement Proposal and with respect to which demands for appraisal have been received and the aggregate number of holders of such Shares. The statement must be mailed within 10 days after such written request has been received by the surviving corporation or within 10 days after the expiration of the period for delivery of demand for appraisal under Section 262, whichever is later. A person who is the beneficial owner of the Shares held either in a voting trust or by a

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nominee on behalf of such person may, in such person’s own name, file a petition or request to receive from the surviving corporation such statement.

If a petition for appraisal is duly filed and a copy of the petition is served upon the surviving corporation, then the surviving corporation will be obligated, within 20 days after such service, to file in the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded payment for their Shares and with whom agreements as to the value of their Shares have not been reached by the surviving corporation. After notice to stockholders who have demanded appraisal, if such notice is ordered by the Delaware Court of Chancery, the Delaware Court of Chancery is empowered to conduct a hearing upon the petition and to determine those stockholders who have complied with Section 262 and who have become entitled to the appraisal rights provided by Section 262.

Determination of Fair Value

After the Delaware Court of Chancery determines the stockholders entitled to appraisal of their Shares, the appraisal proceeding shall be conducted in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the “fair value” of the Shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined to be the fair value. When the fair value is determined, the Delaware Court of Chancery will direct the payment of such fair value, with interest thereon accrued during the pendency of the proceeding, if the Court so determines, to stockholders entitled to receive the same, upon surrender by those stockholders of the certificates representing their Shares or, in the case of holders of uncertificated Shares, forthwith. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective time of the Merger through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective time of the Merger and the date of payment of the judgment.

You should be aware that an investment bank’s opinion as to fairness from a financial point of view of the consideration payable in a sales transaction, such as the Merger, is not an opinion as to, and does not otherwise address, fair value under Section 262. Although we believe that the Merger Consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery and stockholders should recognize that such an appraisal could result in a determination of a fair value higher or lower than, or the same as, the Merger Consideration. Moreover, we do not anticipate offering more than the Merger Consideration to any stockholder exercising appraisal rights and reserve the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the “fair value” of a Share is less than the Merger Consideration.

In determining the “fair value” of the Shares, a Delaware Court is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that “proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court” should be considered and that “[f]air price obviously requires consideration of all relevant factors involving the value of a company.” The Delaware Supreme Court has stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that were known or that

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could be ascertained as of the date of the Merger which throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the merger." In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion [that] does not encompass known elements of value," but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the Merger and not the product of speculation, may be considered."

Costs of the appraisal proceeding (which do not include attorneys' fees or the fees and expenses of experts) may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable under the circumstances. Each stockholder seeking appraisal is responsible for his or her attorneys' and expert witness expenses, although, upon the application of a stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts used in the appraisal proceeding, to be charged pro rata against the value of all the Shares entitled to appraisal.

Any stockholder who duly demanded appraisal in compliance with Section 262 will not, after the effective time of the Merger, be entitled to vote the Shares subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those Shares, other than with respect to payment of dividends or distributions payable to stockholders of record as of a date prior to the effective time of the Merger. However, if no petition for appraisal is filed within 120 days after the effective time of the Merger, or if the stockholder otherwise fails to perfect his, her or its appraisal rights, successfully withdraws his, her or its demand for appraisal or loses his, her or its right to appraisal, then the right of that stockholder to appraisal will cease and that stockholder's Shares will be deemed to have been converted at the effective time of the Merger into the right to receive the Merger Consideration pursuant to the Merger Agreement. In addition, as indicated above, a stockholder may withdraw his, her or its demand for appraisal in accordance with Section 262 and accept the Merger Consideration offered pursuant to the Merger Agreement.

DELISTING AND DEREGISTRATION OF COMMON STOCK

If the Merger is completed, the Shares will be delisted from the NYSE and deregistered under the Exchange Act. As a result, we would no longer file periodic reports with the SEC on account of the Shares.

STOCKHOLDER PROPOSALS AND NOMINATIONS

The 2016 annual meeting of stockholders was held on May 24, 2016. If the Merger is completed, we will not have public stockholders and there will be no public participation in any future meeting of stockholders. However, if the Merger is not completed, or if we are otherwise required to do so under applicable law, we will hold a 2017 annual meeting of stockholders. Any stockholder nominations or proposals for other business intended to be presented at our next annual meeting must be submitted to us as set forth below.

If the Company holds a 2017 annual meeting, stockholders interested in submitting a proposal for inclusion in the proxy materials for the annual meeting of stockholders in 2017 may do so by following the procedures prescribed in Rule 14a-8 of the Exchange Act. To be eligible for inclusion, stockholder proposals must be received by us no later than December 13, 2016 unless the date of our 2017 Annual

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Meeting is changed by more than 30 days from May 24, 2017, in which case the proposal must be received a reasonable time before we begin to print and mail our proxy materials.

Under the bylaws, no business may be conducted before an annual meeting of stockholders unless it is properly brought before the meeting by or at the direction of the Board or by a stockholder of record entitled to vote who has delivered written notice to our Corporate Secretary at 835 Hamilton Street, Suite 150, Allentown, PA 18101 (containing certain information specified in the bylaws about the stockholder and the proposed action) no later than the close of business (as defined in the bylaws) on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; that is, with respect to the 2017 annual meeting, no earlier than January 24, 2017 and no later than February 23, 2017. In the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days before or 70 days after such anniversary date, to be timely, a stockholder's notice must be delivered to our Corporate Secretary no earlier than the close of business on the 120th day prior to such annual meeting and no later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which public announcement (as defined in the bylaws) of the date of such meeting is first made by the Company. These requirements are separate from and in addition to the SEC's requirements that a stockholder must meet in order to have a stockholder proposal included in the Company's proxy statement.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference specified documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents that are considered part of this proxy statement. We incorporate by reference into this proxy statement the documents listed below (other than portions of these documents that are described in paragraphs (d)(1), (d)(2), (d)(3) or (e)(5) of Item 407 of Regulation S-K promulgated by the SEC).

· Our Annual Report on Form 10-K for the fiscal year ended December 31, 2015;

· Our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2016 and June 30, 2016;

· Our Current Reports on Form 8-K as filed with the SEC on January 15, 2016, February 5, 2016, April 4, 2016, May 26, 2016, June 6, 2016, June 9, 2016 (as amended by Current Report on Form 8-K/A filed on June 24, 2016), June 23, 2016, July 1, 2016 and August 8, 2016 (other than portions of a Current Report on Form 8-K that are furnished under Item 2.02 or Item 7.01, including any exhibits included with such Items unless otherwise indicated therein); and

- Our Definitive Proxy Statement under Regulation 14A in connection with our Annual Meeting of Stockholders, filed with the SEC on April 12, 2016.

Any statement contained in a document incorporated by reference into this proxy statement will be deemed to be modified or superseded for purposes of this proxy statement to the extent that a statement contained in this proxy statement or any other subsequently filed document that is incorporated by reference into this proxy statement modifies or supersedes the statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC

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website at www.sec.gov. You also may obtain free copies of the documents we file with the SEC, including this proxy statement, by going to our corporate website at www.talenenergy.com. The information provided on our website, other than copies of the documents listed below that have been filed with the SEC, is not part of this proxy statement, and therefore is not incorporated herein by reference. You may also obtain a copy of these filings at no cost by writing or telephoning us at the following address:

Talen Energy Corporation
835 Hamilton Street, Suite 150
Allentown, Pennsylvania 18101
Attention: Investor Relations
Telephone: (888) 211-6011

Any person, including any beneficial owner, to whom this proxy statement is delivered may request copies of this proxy statement or other information concerning us, without charge, by written or telephonic request directed to Talen Energy Corporation, Attn: Investor Relations, 835 Hamilton Street, Suite 150, Allentown, Pennsylvania 18101, Telephone (888) 211-6011; or from our proxy solicitor, Georgeson LLC toll-free at (866) 741-9588; or from the SEC through the SEC website at the address provided above.

Because the Merger is a "going private" transaction, the Company and Parent, Merger Sub, Riverstone and the Sponsor Entities have filed with the SEC a Transaction Statement on Schedule 13E-3 with respect to the proposed Merger. The Schedule 13E-3, including any amendments and exhibits filed or incorporated by reference as a part of it, is available for inspection as set forth above. The Schedule 13E-3 will be amended to report promptly any material changes in the information set forth in the most recent Schedule 13E-3 filed with the SEC.

THIS PROXY STATEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT TO VOTE YOUR SHARES AT THE SPECIAL MEETING. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS PROXY STATEMENT. THIS PROXY STATEMENT IS DATED [ ], 2016. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS PROXY STATEMENT TO STOCKHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.

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Annex A

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

Dated as of June 2, 2016

by and among

RPH PARENT LLC,

SPH PARENT LLC,

CRJ PARENT LLC,

RJS MERGER SUB INC.

and

TALEN ENERGY CORPORATION

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