



We Generate Energy for a Brighter Tomorrow

Talen Energy

First Quarter Conference Call

May 10, 2016

Safe Harbor

Forward Looking Statements:

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Supplemental Information to this presentation and in the Company's SEC filings, including the factors discussed under "Risk Factors" in the Company's annual report on Form 10-K for the year ending December 31, 2015.

Agenda

Quarterly Review

P. Farr

Commercial & Operational Review

P. Farr

Financial Review

J. McGuire

Q&A

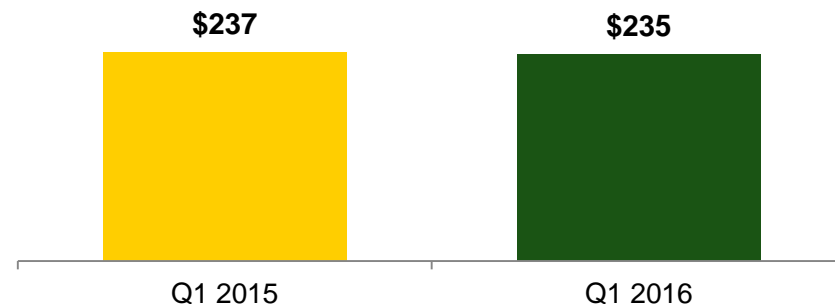
First Quarter Review

Highlights

- Closed East hydro sale on 4/1
 - \$860 million gross proceeds @ \$3,000/kW
 - Completes required FERC mitigation from order approving the transactions that formed Talen Energy
- Brunner Island co-fire project on schedule
 - Commenced construction on 4-mile pipeline to the plant
 - Unit 3 co-fire remains on track for August COD; Targeting Units 1 & 2 by end of year
- Susquehanna Unit 1 safely completes biennial refueling outage
- Portfolio additions, cost optimization and solid unit performance maintain quarter-over-quarter Adjusted EBITDA despite mild winter weather
 - Susquehanna Unit 2 achieves 10th straight month with capacity factor at or over 100%
 - Strong output from PJM gas units
- Adjusted EBITDA & Adjusted Free Cash Flow (“Adjusted FCF”) guidance updated to include actual results from assets sold in 2016

First Quarter Adjusted EBITDA

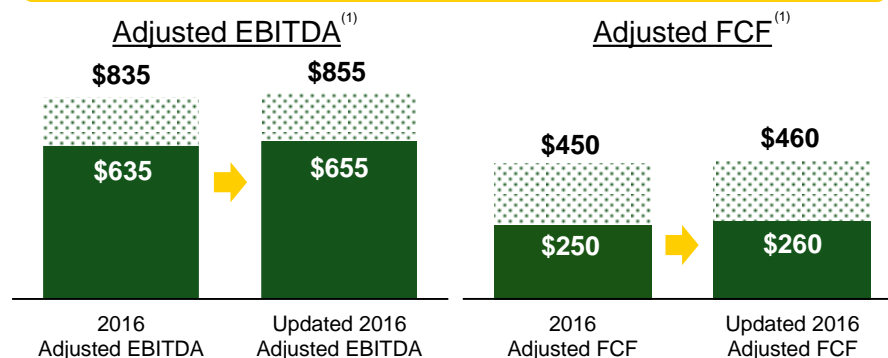
(\$ in millions)



Updating 2016 Guidance Ranges

(\$ in millions)

Updated to reflect Q1 2016 results for mitigation assets sold in 2016



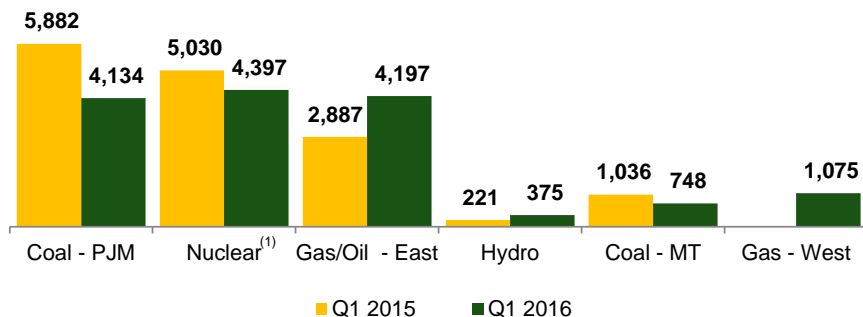
Note: Refer to “Supplemental Information – Regulation G Reconciliations” for reconciliation of non-GAAP financial measures

(1) Adjusted EBITDA and Adjusted FCF guidance ranges have been updated to reflect the results of assets sold in 2016 (Ironwood, C.P. Crane and East hydro assets) through their date of sale. Adjusted EBITDA was increased by \$20 million and Adjusted FCF was increased by \$10 million as a result of this update

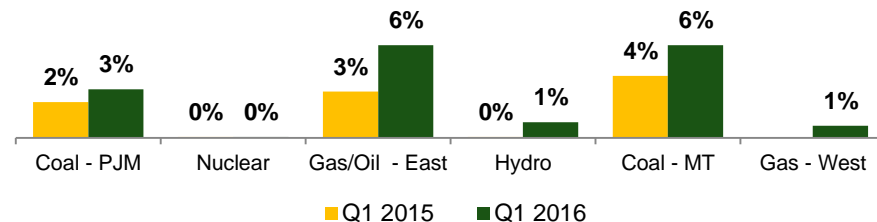
Commercial & Operational Review

First Quarter Operational Review

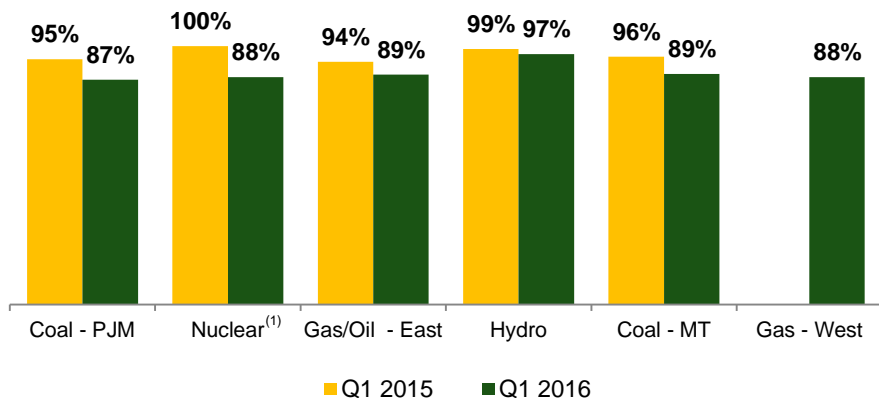
Net Generation (GWh)



Equivalent Forced Outage Factor (EFOF)

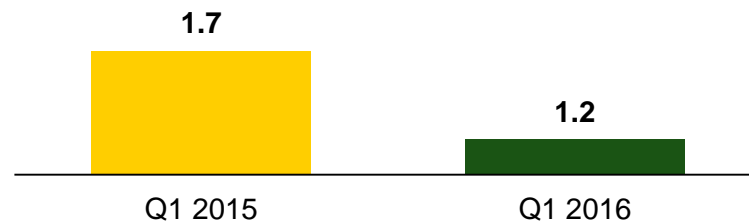


Equivalent Availability Factor (EAF)⁽²⁾



Safety - TCIR⁽³⁾

BLS Utility Average 2.4⁽⁴⁾



Note: Metrics reflect results from mitigation assets sold in 2016 through date of sale. 2015 metrics exclude results from RJS and MACH Gen assets, which were acquired in June and November 2015

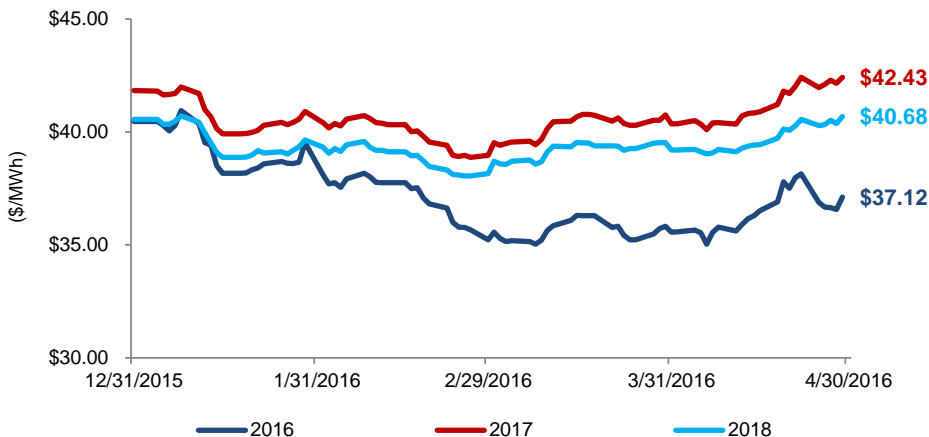
- (1) Variances in nuclear generation and EAF are primarily due to the timing of Susquehanna refueling outages
- (2) EAF reflects planned, maintenance and forced outages
- (3) TCIR – Total Case Incidence Rate using OSHA measurement standards
- (4) Based upon 2014 Bureau of Labor Statistics (BLS) average incident rate for the utilities sector (NAICS 221)

Market Review – PJM

Current Observations/Future Developments

- Spark spreads remained robust even with upward movement in gas prices; dark spreads expanded
- Positive U.S. Supreme Court rulings on Maryland/New Jersey capacity proceedings
- FERC revoked affiliate waivers for certain Ohio companies
- PJM Capacity Auction: Lower load forecast / bidding behavior could impact 2019/20 BRA clearing prices
 - 100% CP requirement beginning in 2020/21 BRA should provide price support

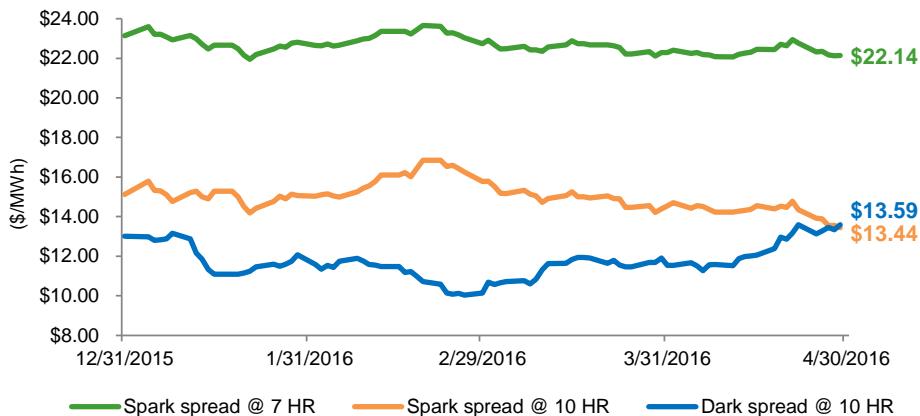
Forward West Hub On-peak Power Prices



Source: ICE, Talen Energy

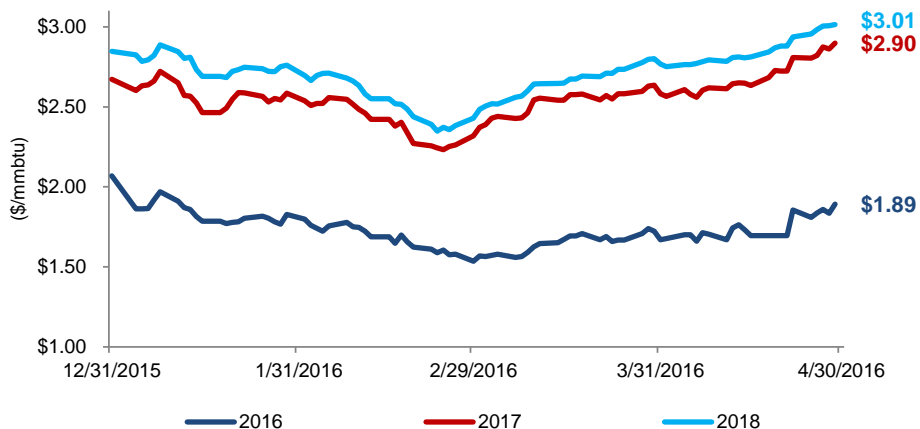
Note: Market prices through April 30, 2016

2017 Spark and Dark Spreads



Source: ICE, Talen Energy. Spark spread assumes PJM West Hub On-peak vs. TETCO-M3 prices. Dark spread assumes PJM West Hub On-peak vs. NYMEX CAPP prices and \$20/ton transport cost for illustrative purposes

Forward TETCO-M3 Natural Gas Prices



Source: ICE, Talen Energy

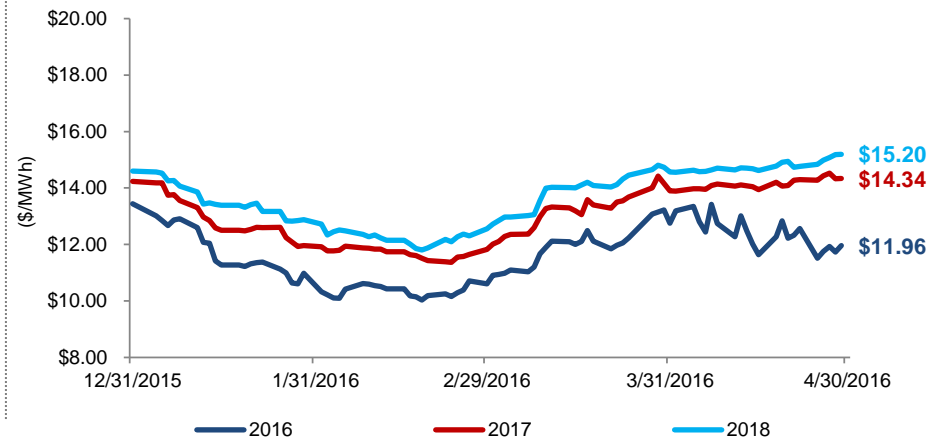


Market Review – ERCOT

Current Observations/Future Developments

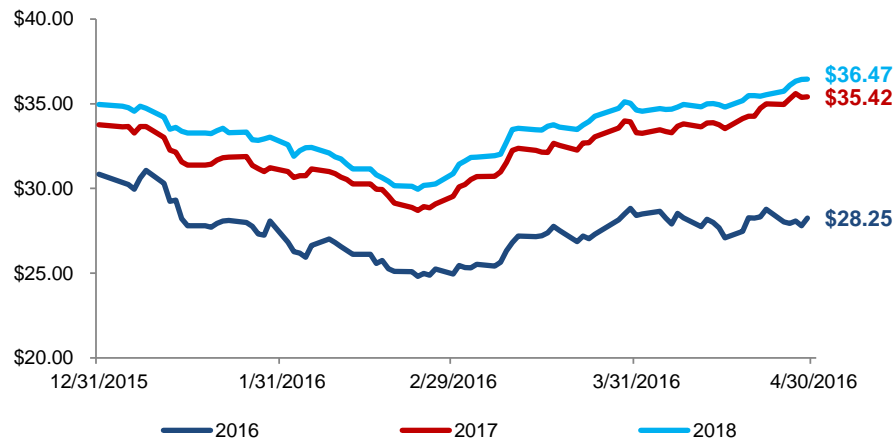
- Rebound in forward prices as expectations around summer weather and retirements improve
- Increasing export projects to Mexico and LNG feed gas could help reduce gas supply driving natural gas and power prices upward
- Wind penetration has reached nearly 50%; more reliable and quick-start generation even more important to maintain grid stability

2016-2018 Spark Spreads



Source: ICE, Talen Energy. Spark spread assumes ERCOT North Hub On-peak vs. Henry Hub prices at a 7 heat rate

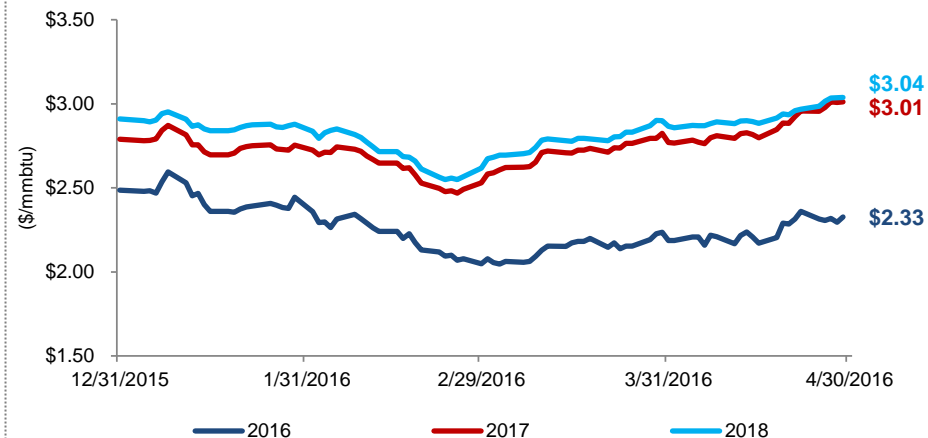
Forward North Hub On-peak Power Prices



Source: ICE, Talen Energy

Note: Market prices through April 30, 2016

Forward Henry Hub Natural Gas Prices



Source: ICE, Talen Energy

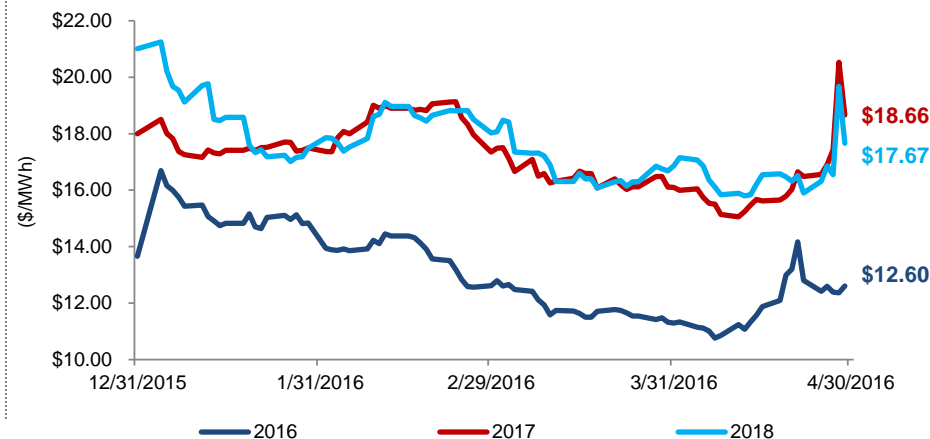


Market Review – NYISO

Current Observations/Future Developments

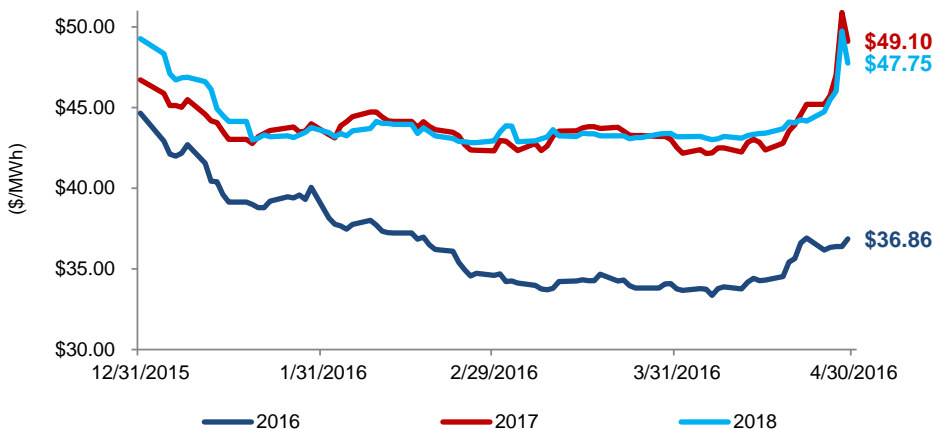
- Recent power uplift supporting in forward sparks
- New York State Department of Environmental Conservation (NYSDEC) denies Constitution pipeline 401 Water Quality Certification on 4/22
 - Constitution Pipeline committed to developing project
 - Project sponsors expected to pursue options to challenge the NYSDEC decision
- Summer 2016 Capacity Strip Auction Results
 - Rest of State increased year-over-year from \$3.50/kW-month to \$3.62/kW-month

2016-2018 Spark Spreads



Source: ICE, Talen Energy, broker quotes. Assumes NYISO Zone G On-peak vs. Algonquin Citygate prices at a 7 heat rate

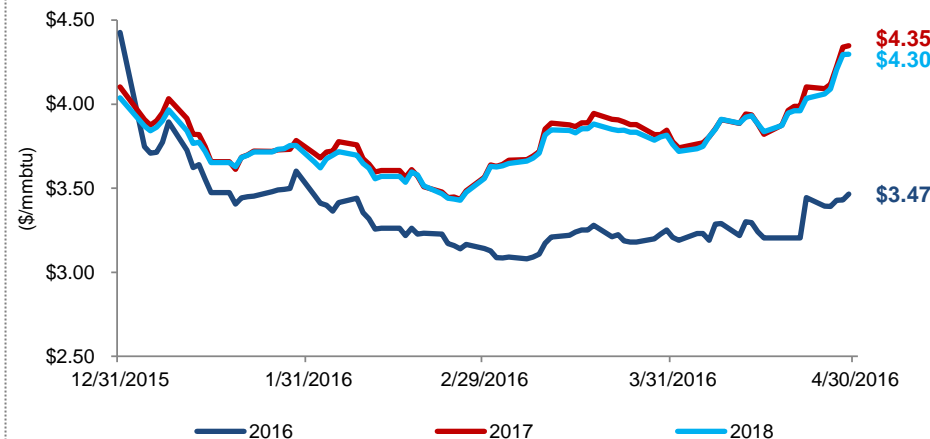
Forward Zone G On-peak Power Prices



Source: ICE, broker quotes, Talen Energy

Note: Market prices through April 30, 2016

Forward Algonquin Natural Gas Prices



Source: ICE, Talen Energy

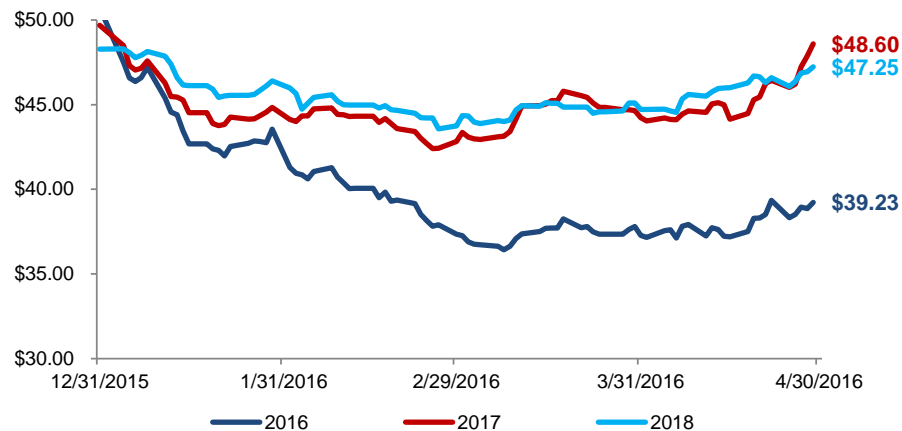


Market Review – ISO-NE

Current Observations/Future Developments

- Massachusetts increased its Distributed Generation (DG) cap by 3%
 - Could negatively impact load growth
- ISO-NE files with FERC to modify demand curve for capacity auctions
 - Proposes 3-year transition period
- FERC sets transmission ROEs lower than expectations
 - Less incentive to invest in new transmission, which could increase congestion
- Northeast Energy Direct (NED) pipeline suspension

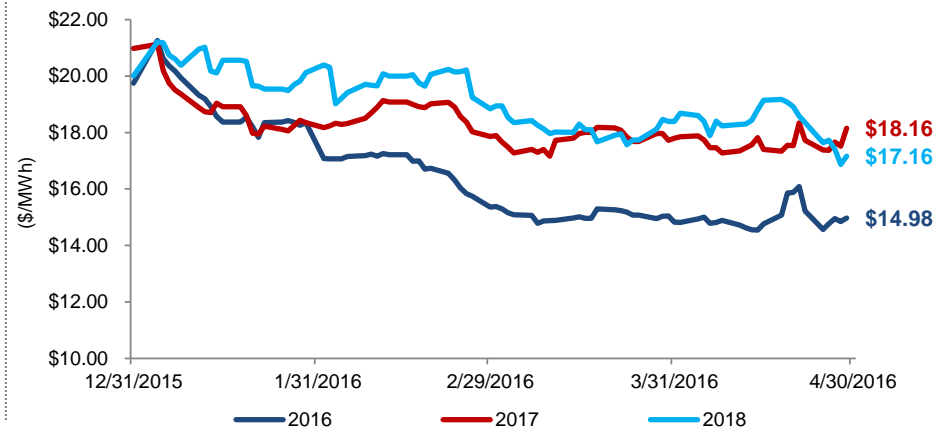
Forward Mass Hub On-Peak Power Prices



Source: ICE, Talen Energy

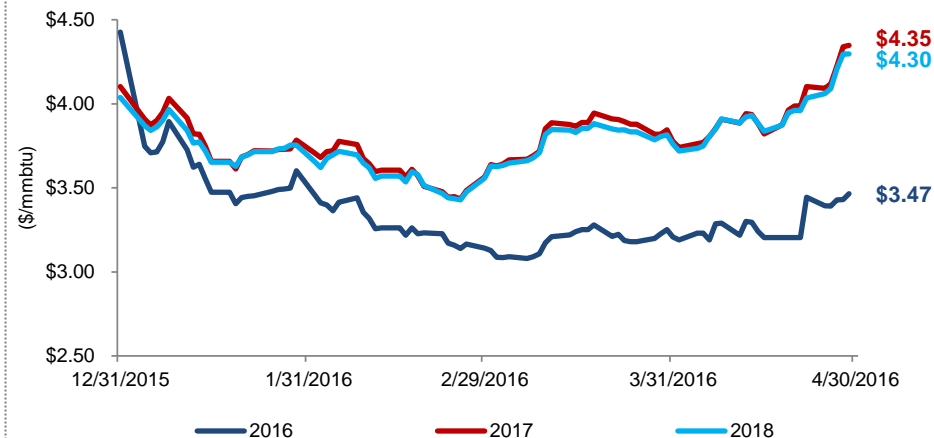
Note: Market prices through April 30, 2016

2016-2018 Spark Spreads



Source: ICE, Talen Energy. Spark spread assumes ISO-NE Mass Hub On-peak vs. Algonquin Citygate prices at a 7 heat rate

Forward Algonquin Natural Gas Prices

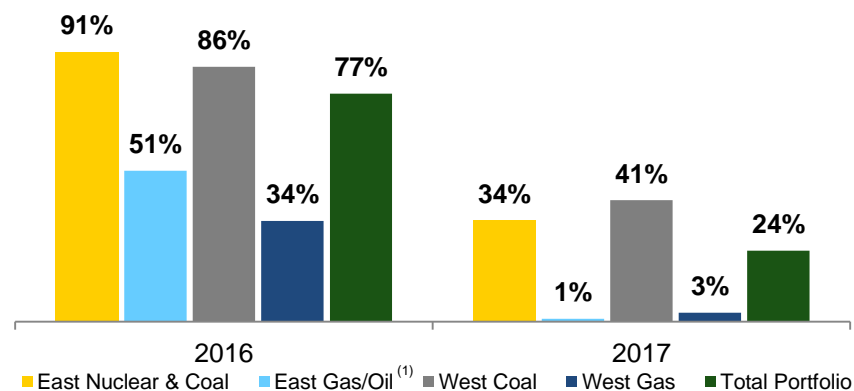


Source: ICE, Talen Energy

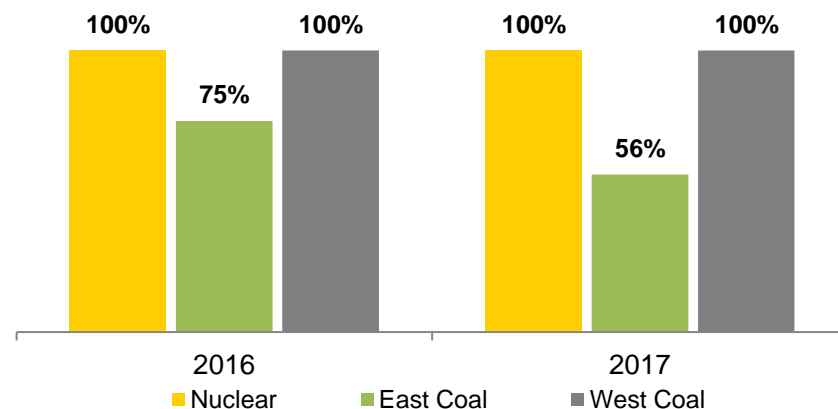


Hedging & Commercial Management

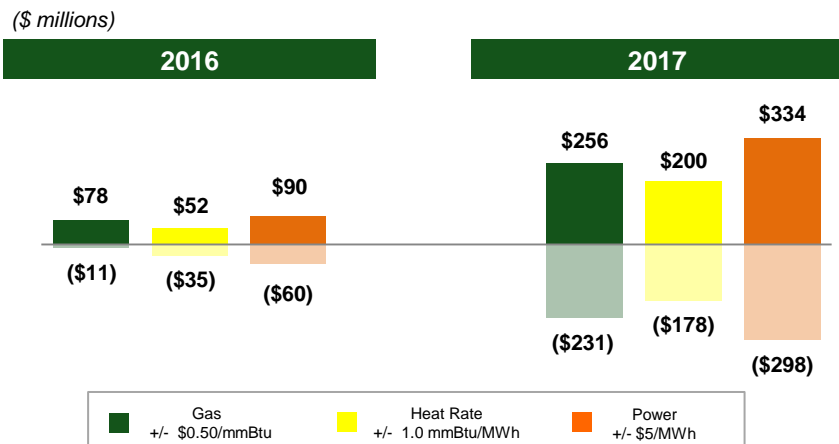
Hedge Position for Expected Generation



Nuclear and Coal Fuel Hedge Position



Margin Sensitivities⁽²⁾



Average Hedge Prices

	2016	2017
East Segment:		
PJM Power: Nuclear & Coal (\$/MWh)	\$40-41	\$37-40
PJM Consumed Coal (Delivered \$/ton)	\$65-67	\$64-67
Spark Spread (\$/MWh) ⁽¹⁾	\$10-12	-
West Segment:		
MT Power: Coal (\$/MWh)	\$34-35	\$40-41
MT Consumed Coal (Delivered \$/ton)	\$26-32	\$26-32
Spark Spread (\$/MWh)	\$15-17	\$38-39

Notes: As of March 31, 2016. Hedge detail and sensitivities exclude assets sold in conjunction with FERC mitigation (East hydro, Ironwood and C.P. Crane)

(1) Excludes out of the money heat rate call options related to the Sapphire portfolio that were included in the RJS Power acquisition and expire by the end of 2016

(2) Gas price sensitivity assumes system heat rate is unchanged. Heat Rate sensitivity assumes power prices move and gas price is unchanged. Power price sensitivity assumes gas price is unchanged

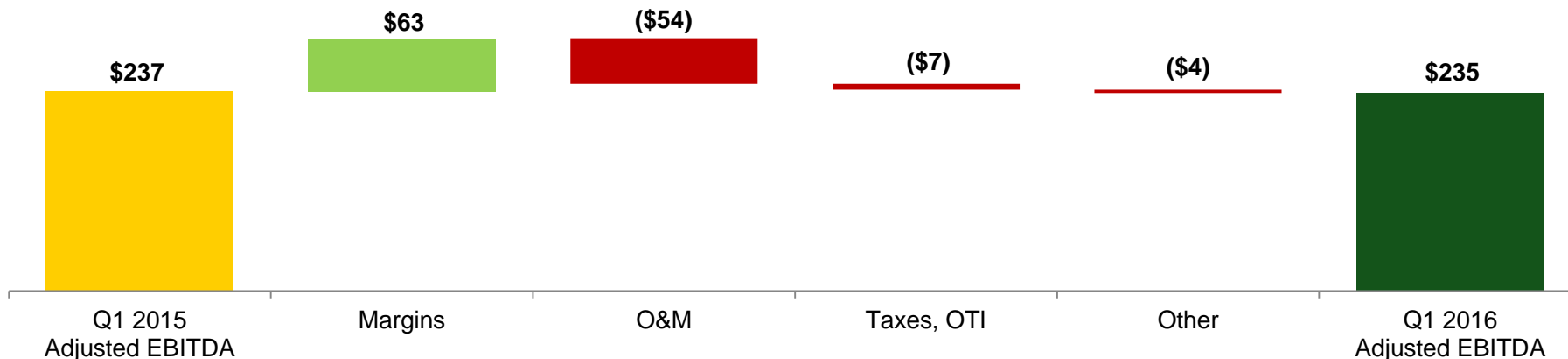


Financial Review

First Quarter Financial Highlights

Adjusted EBITDA Walk – Q1 2015 to Q1 2016

(\$ in millions)



Adjusted EBITDA Highlights

Margins:

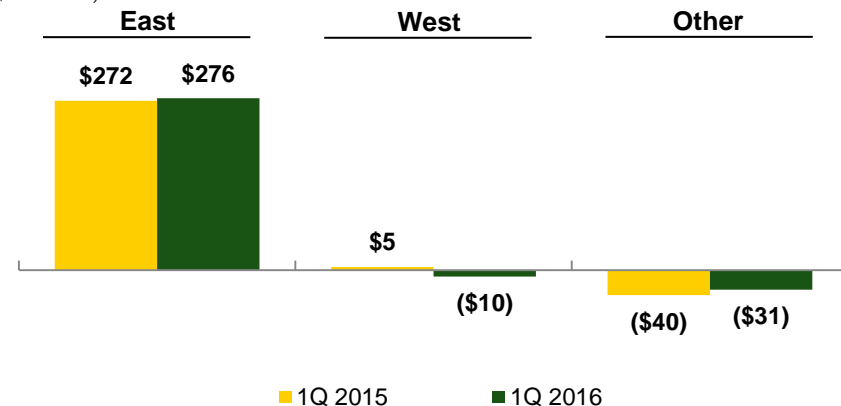
- + Higher margins from addition of RJS and MACH Gen assets
- + Higher capacity prices
- Lower realized energy prices
- Timing of Susquehanna nuclear refueling outage
- Divestiture of Ironwood

O&M:

- Operating costs of RJS & MACH Gen assets
- Timing of Susquehanna nuclear refueling outage (cost)
- + Lower corporate costs following spinoff from PPL

Adjusted EBITDA by Segment

(\$ in millions)



Notes: Refer to "Supplemental Information – Regulation G Reconciliations" for reconciliation of non-GAAP financial measures

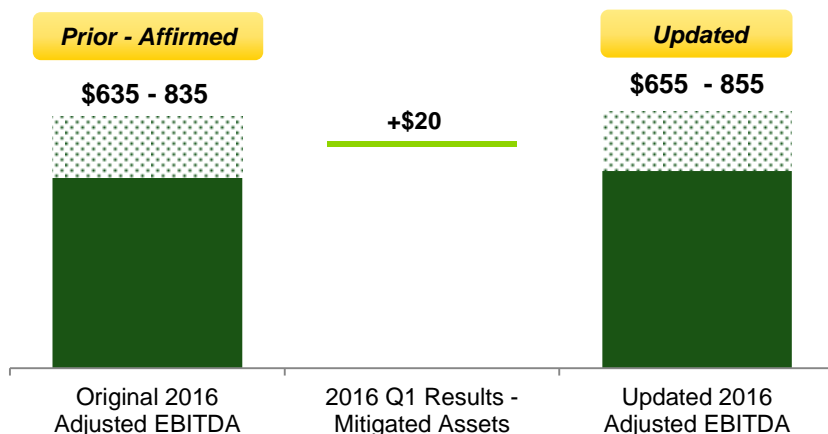
2016 Guidance Outlook

Affirmed & Updated 2016 Guidance

- Solid asset performance, effective hedging and cost control keep 2016 forecast on track despite the mild Q1 weather
 - Margin and O&M results delivered in line with prior announced guidance
- 2016 Adjusted EBITDA guidance updated to reflect \$20 million of Q1 results from assets sold in conjunction with FERC mitigation; Adjusted Free Cash Flow guidance increased by \$10 million as a result of this update
 - Ironwood & C.P. Crane sales closed in February; East hydro sale closed April 1st

Updated 2016 Adjusted EBITDA

(\$ in millions)



Updated 2016 Adjusted Free Cash Flow

(\$ in millions)

2016 Adjusted EBITDA	\$655 - 855
Capex (excluding growth) ⁽¹⁾	(436)
Interest (cash) ⁽²⁾	(223)
Nuclear Fuel Amortization	143
Taxes (cash)	96
Working Capital / Other	25
2016 Adjusted FCF	\$260 - 460

Notes: Refer to "Supplemental Information – Regulation G Reconciliations" for reconciliation of non-GAAP financial measures

(1) Includes \$15 million of capitalized interest related to capital expenditures classified as growth projects

(2) Excluding capitalized interest, which is reflected in capex

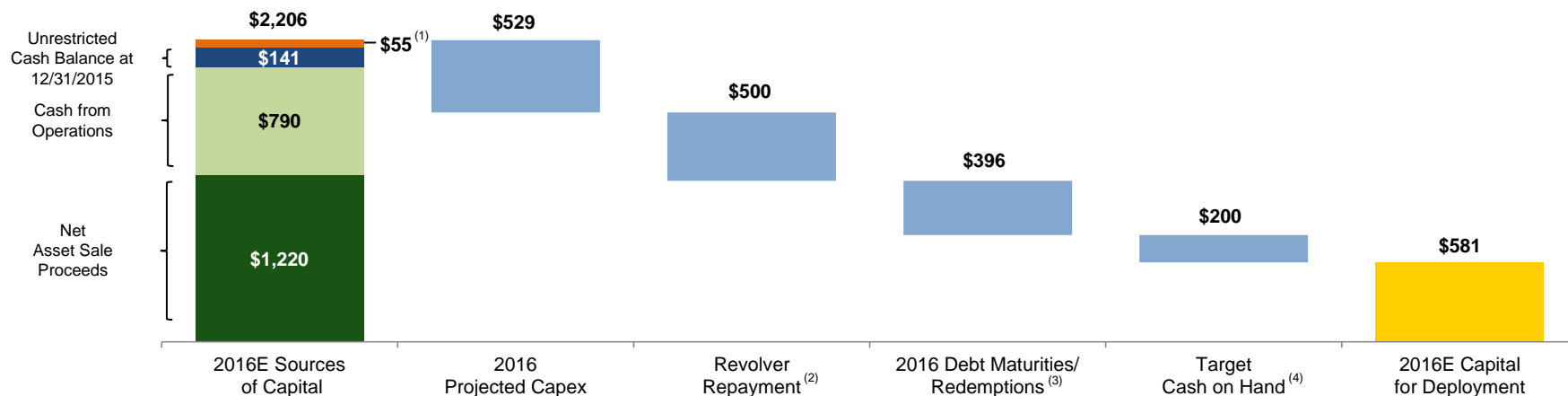
Capital Allocation

Capital Priorities – Staying the Course

- De-lever balance sheet with proceeds from asset sales
 - Paid down revolver balance in February 2016, drawn primarily to finance a portion of the MACH Gen acquisition
 - Reviewing various liability management options including maturing and pre-payable debt
- Assess growth opportunities to further diversify the portfolio and drive long-term value
- Enhance portfolio via value-accretive projects
 - Coal plant co-firing
 - Harquahala optimization
 - Possible uprates at Athens & Millennium

Projected Capital Available for Deployment - 2016

(\$ in millions)



(1) Return of restricted cash

(2) Outstanding at December 31, 2015 and repaid in February 2016

(3) \$41 million redeemed in January 2016 in connection with the sale of Ironwood

(4) Target cash balance on hand to facilitate operations and general corporate purposes

Supplemental Information

Operational Statistics

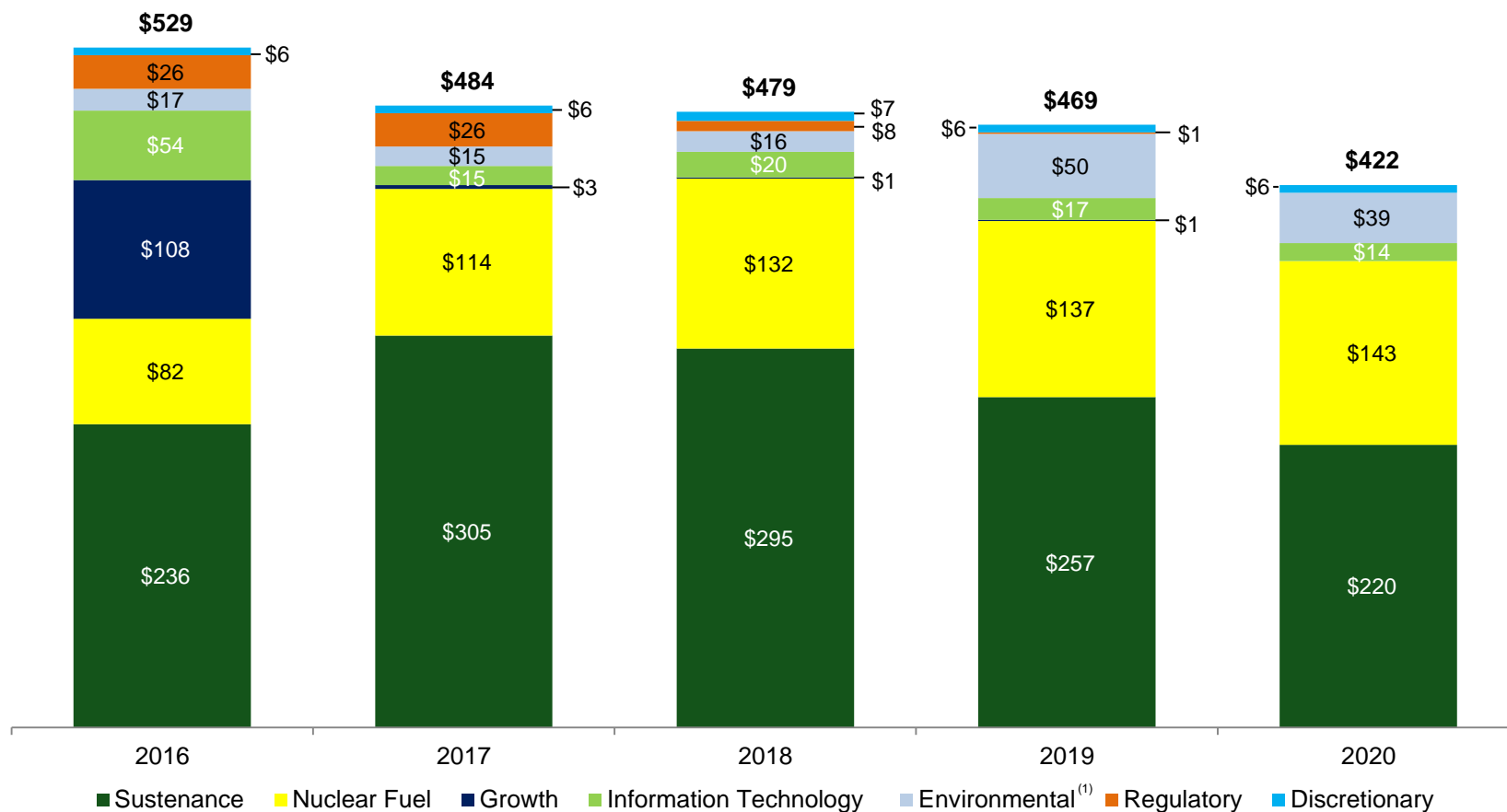
<u>Quarter-to-date</u>	Net Generation (GWh)		Capacity Factor		Availability (EAF) ⁽¹⁾		EFOF ⁽²⁾	
	<u>Q1 2015</u>	<u>Q1 2016</u>	<u>Q1 2015</u>	<u>Q1 2016</u>	<u>Q1 2015</u>	<u>Q1 2016</u>	<u>Q1 2015</u>	<u>Q1 2016</u>
East:								
Coal - PJM	7,789	4,066	64.1%	33.0%	91.3%	87.7%	2.1%	3.1%
Natural Gas/Oil	2,963	3,751	27.3%	34.4%	88.0%	89.4%	3.4%	4.3%
Nuclear	5,030	4,397	103.8%	89.7%	99.9%	88.0%	0.0%	0.0%
West:								
Coal - Montana	884	748	77.4%	64.8%	94.8%	89.3%	4.8%	5.8%
Natural Gas	681	1,075	10.9%	16.6%	74.9%	88.0%	12.7%	0.8%
TOTAL GENERATION	17,346	14,038	49.9%	39.6%	88.7%	88.3%	4.1%	2.7%

Statistics shown here reflect Talen Energy's current portfolio of assets for comparative and modeling purposes. Statistics for sold assets are excluded (Ironwood, C.P. Crane, East hydro). Statistics for assets acquired during 2015 (RJS and MACH Gen assets) are included for all periods of 2015 for a full, relative comparison.

(1) EAF – Equivalent Availability Factor, which reflects planned, maintenance and forced outages
 (2) EFOF – Equivalent Forced Outage Factor

Projected Capital Expenditures

(\$ in millions)



Note: Updated to include actual capital expenditures through March 31, 2016 for assets Talen Energy sold in 2016 to satisfy a FERC order approving the transactions that formed Talen Energy

(1) Reflects Talen Energy's best estimate of environmental capital expenditures that may be required within the next five years. Actual costs may be significantly lower or higher depending of the final compliance expenses, which are not now determinable, but could be significant



Liquidity

Available Liquidity

(\$ millions)

Liquidity Sources	3/31/2016	12/31/2015
Cash ⁽¹⁾	\$ 465	\$ 247
Liquidity facility commitments	3,810	3,810
Total Liquidity	\$ 4,275	\$ 4,057
Less: Current liquidity facility usage	402	856
Total Available Liquidity	\$ 3,873	\$ 3,201

Liquidity Facility Arrangements

As of March 31, 2016

(\$ millions)

Facility	Expiration Date	Capacity	Outstanding LCs ⁽²⁾		Total Cash / Unused Capacity
			/ Lien-Based	Borrowed	
Cash ⁽¹⁾		\$ 465	-	-	\$ 465
CDS Backed	Jun-17	500	-	-	500
MACH Gen Revolver	Jul-21	160	\$ 31	\$ 127	2
Secured Trading	Dec-20	1,300	87	-	1,213
Talen Revolver	Jun-20	1,850	157	-	1,693
Total		\$ 4,275	\$ 275	\$ 127	\$ 3,873

(1) Total cash & cash equivalents including restricted cash used in collateral postings of \$72 million at March 31, 2016 and \$106 million at December 31, 2015

(2) Letters of Credit

Long-term Debt Maturities

(\$ in millions)

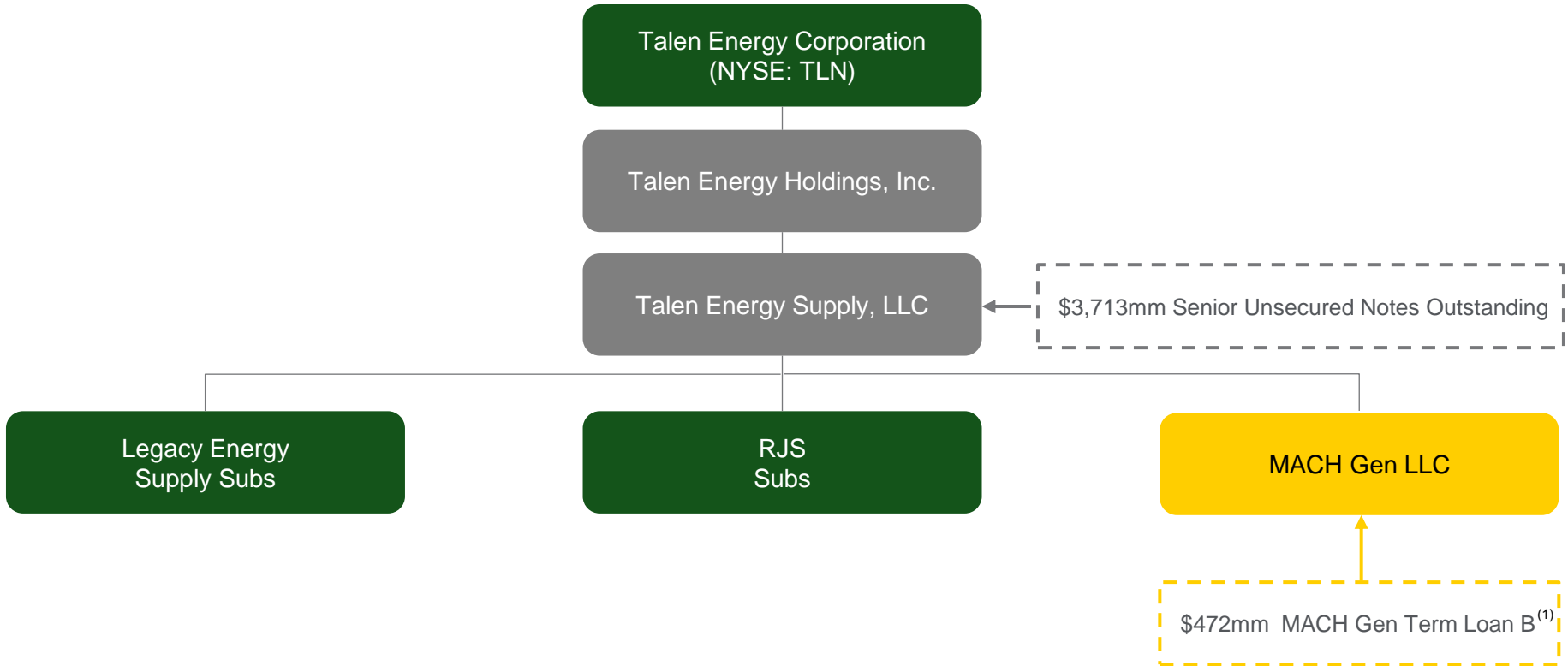
<u>Talen Energy Supply, LLC</u>		2016	2017	2018	2019	2020	2021 & Beyond	Total
Senior Notes:	Maturity (yr)							
Talen ES 6.20%	2016	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350
Talen ES 6.50%	2018	-	-	400	-	-	-	400
Talen ES 4.625%	2019	-	-	-	1,220	-	-	1,220
Talen ES 4.60%	2021	-	-	-	-	-	712	712
Talen ES 6.50%	2025	-	-	-	-	-	600	600
Talen ES 6.00%	2036	-	-	-	-	-	200	200
Total Senior Notes		\$ 350	\$ -	\$ 400	\$ 1,220	\$ -	\$ 1,512	\$ 3,482
Municipal Bonds:	Maturity (yr)							
Talen ES 6.40% Series A	2038	-	-	-	-	-	100	100
Talen ES 5.00% Series B ⁽¹⁾	2038	-	-	-	-	50	-	50
Talen ES 5.00% Series C ⁽¹⁾	2037	-	-	-	-	81	-	81
Total Municipal Bonds		\$ -	\$ -	\$ -	\$ -	\$ 131	\$ 100	\$ 231
New MACH Gen, LLC	Maturity (yr)							
Term Loan B ⁽²⁾	2022	4	5	24	24	48	367	472
Total Maturities		\$ 354	\$ 5	\$ 424	\$ 1,244	\$ 179	\$ 1,979	\$ 4,185

Note: As of March 31, 2016

(1) Bonds are subject to mandatory repurchase and optional remarketing in 2020

(2) Annual interest rate is equivalent to 12-month LIBOR plus 5.50%. Maturities reflect principal amortization

Talen Energy Corporate Structure



<i>(in millions)</i>	
First Lien New MACH Gen Term Loan B	\$ 472
Senior Unsecured Talen Energy Supply Notes	3,713
Total Long-Term Debt	\$ 4,185

As of March 31, 2016

(1) Debt is non-recourse to Talen Energy entities other than the MACH Gen entities

Talen Energy Asset Overview

Asset	Location	Fuel Type	Ownership	Net Heat Rate (Btu / kWh)	Owned Capacity ⁽¹⁾	COD	Region
East Assets							
<i>Nuclear & Coal</i>							
Susquehanna	PA	Nuclear	90%	N/A	2,262	1983 - 1985	PJM-MAAC
Brandon Shores	MD	Coal	100%	10,252	1,274	1984 - 1991	PJM-SWMAAC
Brunner Island	PA	Coal	100%	9,842	1,428	1961 - 1969	PJM-MAAC
Conemaugh	PA	Coal	16%	9,700	285	1970 - 1971	PJM-MAAC
Keystone	PA	Coal	12%	9,600	212	1967 - 1968	PJM-MAAC
Montour	PA	Coal	100%	9,661	1,528	1972 - 1973	PJM-MAAC
H.A. Wagner	MD	Coal/NG/Oil	100%	10,663	966	1956 - 1972	PJM-SWMAAC
<i>Natural Gas / Oil</i>							
Athens	NY	Natural Gas	100%	7,100	969	2004	NYISO
Bayonne	NJ	Natural Gas/Oil	100%	8,857	165	1988	PJM-PS North
Camden	NJ	Natural Gas/Oil	100%	8,675	145	1993	PJM-PSEG
Dartmouth	MA	Natural Gas/Oil	100%	8,715 (CCGT) / 11,326 (Peaker)	82	1996	ISO-NE
Elmwood Park	NJ	Natural Gas/Oil	100%	9,500	70	1989	PJM-PS North
Lower Mt. Bethel	PA	Natural Gas	100%	7,170	555	2004	PJM-MAAC
Martins Creek 3&4	PA	Natural Gas/Oil	100%	11,744 (Gas) / 10,676 (Oil)	1,708	1975 - 1977	PJM-MAAC
Millennium	MA	Natural Gas	100%	6,975	335	2001	ISO-NE
Newark Bay	NJ	Natural Gas/Oil	100%	8,680	122	1993	PJM-PS North
Pennsylvania Peakers	PA	Natural Gas/Oil	100%	Various	370	1967 - 1973	PJM-MAAC
Pedricktown	NJ	Natural Gas/Oil	100%	8,455	117	1992	PJM-EMAAC
York	PA	Natural Gas	100%	9,551	46	1989	PJM-MAAC
<i>Renewables</i>							
Renewables	PA	Renewable	100%	Various	7	Various	PJM-MAAC
East Subtotal					12,646		
West Assets							
<i>Natural Gas / Oil</i>							
Barney Davis 1	TX	Natural Gas	100%	10,100	318	1974	ERCOT-South
Barney Davis 2	TX	Natural Gas	100%	7,100	646	2010	ERCOT-South
Laredo 4	TX	Natural Gas	100%	8,900	92	2008	ERCOT-South
Laredo 5	TX	Natural Gas	100%	8,900	89	2008	ERCOT-South
Harquahala	AZ	Natural Gas	100%	7,100	1,040	2004	WECC
Nueces Bay 7	TX	Natural Gas	100%	7,100	648	2010	ERCOT-South
<i>Coal</i>							
Colstrip 1 & 2	MT	Coal	50%	10,941	307	1975, 1976	WECC
Colstrip 3	MT	Coal	30%	10,660	222	1984, 1986	WECC
West Subtotal					3,362		
Total Talen Energy					16,008		

Note: Reflects sale of Ironwood, C.P. Crane, and East hydro assets which occurred in 2016

(1) Summer rating



Regulation G Reconciliations

Year-to-date Adjusted EBITDA

(\$ in millions)

	Three Months Ended March 31,							
	2016				2015			
	East	West	Other	Total	East	West	Other	Total
Net income (loss).....				\$ 151				\$ 96
Interest expense				60				36
Income taxes				106				53
Other (income) expense - net				(6)				(7)
Operating income (loss)	\$ 392	\$ (28)	\$ (53)	\$ 311	\$ 231	\$ (1)	\$ (52)	\$ 178
Depreciation	95	13	1	109	77	—	—	77
Other income (expense) - net	5	1	—	6	7	—	—	7
EBITDA	\$ 492	\$ (14)	\$ (52)	\$ 426	\$ 315	\$ (1)	\$ (52)	\$ 262
Margins:								
Unrealized (gain) loss on derivative contracts (a)	(81)	(1)	—	(82)	(48)	2	—	(46)
Other (b).....	3	—	—	3	3	—	—	3
Operation and maintenance:								
Stock-based compensation expense (c)	—	—	5	5	—	—	9	9
ARO accretion	9	1	—	10	8	—	—	8
(Gain) loss on sale (d)	(140)	—	—	(140)	—	—	—	—
TSA costs.....	—	—	13	13	—	—	—	—
Corette closure costs (e).....	—	—	—	—	—	4	—	4
Transaction and restructuring costs (f).....	—	—	3	3	—	—	3	3
Legal contingency	—	4	—	4	—	—	—	—
Other	(3)	—	—	(3)	—	—	—	—
Other income (expense):								
(Gain) loss from NDT funds	(4)	—	—	(4)	(6)	—	—	(6)
Adjusted EBITDA	\$ 276	\$ (10)	\$ (31)	\$ 235	\$ 272	\$ 5	\$ (40)	\$ 237

Note: Please refer to Regulation G Reconciliation footnotes for year-to-date Adjusted EBITDA on slide 24

Regulation G Reconciliations

Year-to-date Adjusted EBITDA Footnotes

- a) Represents unrealized gains (losses) on derivatives. Amounts have been adjusted for insignificant option premiums for the three months ended March 31, 2016 and 2015
- b) All periods include Other Comprehensive Income amortization on non-active derivative positions
- c) For periods prior to June 2015, represents the portion of PPL Corporation's stock-based compensation cost allocable to Talen Energy
- d) Relates to Ironwood and C.P. Crane sales
- e) Operations were suspended and the Corette plant was retired in March 2015
- f) Costs related to the spinoff transaction, including FERC-required mitigation plan expenses and legal and professional fees

Regulation G Reconciliations

Year-to-Date Adjusted Free Cash Flow

(\$ in millions)

	Three Months Ended March 31,	
	2016	2015
Cash from Operations	\$ 196	\$ 221
Capital Expenditures, excluding growth (a)	(99)	(118)
Counterparty collateral paid (received)	(22)	—
Adjusted Free Cash Flow, including other adjustments	75	103
Cash adjustments (after tax):		
Transition Services Agreement costs	8	—
Legal settlement	2	—
Corette closure costs (b)	—	2
Transaction and restructuring costs (c)	15	2
Adjusted Free Cash Flow	\$ 100	\$ 107

(a) Includes expenditures related to intangible assets

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

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

Regulation G Reconciliations

Adjusted EBITDA Forecast

(\$ in millions)

	Low - 2016E	Midpoint - 2016E	High - 2016E
Net Income (Loss)	\$ 93	\$ 153	\$ 213
Income Taxes.....	62	102	142
Interest Expense.....	220	220	220
Depreciation and Amortization.....	417	417	417
EBITDA	792	892	992
Stock-based compensation.....	11	11	11
Asset retirement obligation.....	40	40	40
Unrealized (gains) losses on derivative contracts (a).....	(82)	(82)	(82)
Nuclear decommissioning trust losses (gains).....	(12)	(12)	(12)
(Gain) loss on sale (b).....	(140)	(140)	(140)
Transition Services Agreement costs and other adjustments (c).....	46	46	46
Adjusted EBITDA	\$ 655	\$ 755	\$ 855

(a) Represents unrealized gains (losses) on derivatives. Amounts have been adjusted for insignificant option premiums.

(b) Relates to Ironwood and C.P. Crane sales.

(c) Includes costs related to the spinoff transaction, including FERC-required mitigation plan expenses and legal and professional fees

Regulation G Reconciliations

Adjusted Free Cash Flow Forecast

(\$ in millions)

	<u>Low - 2016E</u>	<u>Midpoint - 2016E</u>	<u>High - 2016E</u>
Cash from Operations	\$ 710	\$ 790	\$ 870
Capital Expenditures, excluding growth (a)	(470)	(450)	(430)
Counterparty collateral paid (received)	(22)	(22)	(22)
Transition Services Agreement costs	25	25	25
Transaction and restructuring costs (b)	15	15	15
Legal settlement	2	2	2
Adjusted Free Cash Flow	<u>\$ 260</u>	<u>\$ 360</u>	<u>\$ 460</u>

(a) Includes allocated capitalized interest associated with growth capital expenditures of \$15 million. Includes \$14 million of expenditures related to intangible assets

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

Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow or Margin results, net debt, cash flows, tax attributes, financing, regulation and corporate strategy are "forward-looking statements" within the meaning of the federal securities laws. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "target," "project," "forecast," "seek," "will," "may," "should," "could," "would" or similar expressions. Although Talen Energy believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. Among the important factors that could cause actual results to differ materially from the forward-looking statements are: adverse economic conditions; changes in commodity prices and related costs; the effectiveness of Talen Energy's risk management techniques, including hedging; accounting interpretations and requirements that may impact reported results; operational, price and credit risks in the wholesale and retail electricity markets; Talen Energy's ability to forecast the actual load needed to perform full-requirements sales contracts; weather conditions affecting generation, customer energy use and operating costs and revenues; disruptions in fuel supply; circumstances that may impact the levels of coal inventory that are held; the performance of transmission facilities and any changes in the structure and operation of, or the pricing limitations imposed by, the RTOs and ISOs that operate those facilities; blackouts due to disruptions in neighboring interconnected systems; competition; federal and state legislation and regulation; costs of complying with environmental and related worker health and safety laws and regulations; the impacts of climate change; the availability and cost of emission allowances; changes in legislative and regulatory policy; security and safety risks associated with nuclear generation; Talen Energy's level of indebtedness; the terms and conditions of debt instruments that may restrict Talen Energy's ability to operate its business; the performance of Talen Energy's subsidiaries and affiliates, on which its cash flow and ability to meet its debt obligations largely depend; the risks inherent with variable rate indebtedness; disruption in financial markets; Talen Energy's ability to access capital markets; acquisition or divestiture activities, including the pending sale of the Holtwood and Lake Wallenpaupack plants, and Talen Energy's ability to realize expected synergies and other benefits from such business transactions, including in connection with the completed MACH Gen acquisition; changes in technology; any failure of Talen Energy's facilities to operate as planned, including in connection with scheduled and unscheduled outages; Talen Energy's ability to optimize its competitive power generation operations and the costs associated with any capital expenditures, including the Brunner Island dual-fuel project; significant increases in operation and maintenance expenses; the loss of key personnel, the ability to hire and retain qualified employees and the impact of collective labor bargaining negotiations; war, armed conflicts or terrorist attacks, including cyber-based attacks; risks associated with federal and state tax laws and regulations; any determination that the transaction that formed Talen Energy does not qualify as a tax-free distribution under the Internal Revenue Code; Talen Energy's ability to successfully integrate the RJS Power businesses and to achieve anticipated synergies and cost savings as a result of the spinoff transaction and combination with RJS Power; costs of complying with reporting requirements as a newly public company and any related risks of deficiencies in disclosure controls and internal control over financial reporting as a standalone entity; and the ability of affiliates of Riverstone Holdings, LLC, to exercise influence over matters requiring Board of Directors and/or stockholder approval. Any such forward-looking statements should be considered in light of such important factors and in conjunction with Talen Energy Corporation's annual report on Form 10-K for the year ending December 31, 2015 and its other reports on file with the Securities and Exchange Commission.

Definitions of Non-GAAP Financial Measures

EBITDA as presented in this presentation represents net income (loss) before interest expense, income taxes, depreciation and certain amortization. Adjusted EBITDA represents EBITDA further adjusted for certain non-cash and other items that 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. EBITDA and Adjusted EBITDA are not intended to represent cash flows from operations or net income (loss) as defined by U.S. GAAP as indicators of operating performance and are not necessarily comparable to similarly-titled measures reported by other companies. Talen Energy believes EBITDA and Adjusted EBITDA are useful to investors and other users of its financial statements in evaluating its operating performance because they provide additional tools to compare business performance across companies and across periods. Talen Energy believes that EBITDA is widely used by investors to measure a company's operating performance without regard to such items as interest expense, income taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. Additionally, it believes that investors commonly adjust EBITDA information to eliminate the effect of restructuring and other expenses, which vary widely from company to company and impair comparability. Talen Energy adjusts for these and other items, as its management believes that these items would distort their ability to efficiently view and assess its core operating trends. In summary, Talen Energy's management uses EBITDA and Adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as measures for planning and forecasting overall expectations and for evaluating actual results against such expectations, and in communications with its Board of Directors, shareholders, creditors, analysts and investors concerning its financial performance.

Adjusted Free Cash Flow as presented in this presentation 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. Talen Energy believes 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. These measures are not necessarily comparable to similarly-titled measures reported by other companies as they may be calculated differently.

Net debt as presented in this presentation represents total debt less cash and cash equivalents.