Talen Energy Corp
Form DEFM14A
September 02, 2016
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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
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

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

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:

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Talen Energy Corporation
835 Hamilton Street, Suite 150
Allentown, Pennsylvania 18101

September 2, 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 October 6, 2016, at 3:00 p.m. (local time) at Sheraton New York Times Square, 811 7th Avenue, New York, New York 10019.

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

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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.

Sincerely,

Paul A. Farr
President and Chief Executive Officer

The accompanying proxy statement is dated September 2, 2016, and is first being mailed to the Company's stockholders on or about September 6, 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.

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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 October 6, 2016, at 3:00 p.m. (local time) at Sheraton New York Times Square, 811 7th Avenue, New York, New York 10019, 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 September 1, 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.

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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: September 2, 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, (vi) R/C Sapphire Power IP, L.P., Riverstone/Carlyle Energy Partners II, L.P., R/C Renewable Energy GP II, LLC, Carlyle/Riverstone Global Energy and Power Fund III, L.P., Carlyle/Riverstone Energy Partners III, L.P., C/R Energy GP III, LLC, Riverstone V Raven Holdings, L.P., Riverstone Energy Partners V, L.P., Riverstone Energy GP V, LLC, Riverstone Energy GP V Corp., Pierre F. Lapeyre, Jr. and David M. Leuschen, collectively, as Their Controlling Affiliates, (vii) Riverstone, the Parent Group and Their Controlling Affiliates, as the Riverstone Filing Parties and (viii) 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 October 6, 2016, at 3:00 p.m. (local time) at Sheraton New York Times Square, 811 7th Avenue, New York, New York 10019 including any adjournment or postponement thereof, as the Special Meeting, and September 1, 2016, the record date for the Special Meeting, as the Record Date. As of the date of the filing of this proxy statement, none of Riverstone, the Parent Group or any of their respective affiliates (as defined under Rule 405 of the Securities Act) own any Shares except that the Sponsor Entities beneficially own 44,974,658 Shares. Accordingly, as of the date of the filing of this proxy statement, all stockholders of the Company are Disinterested Stockholders other than the Sponsor Entities.

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 15)

- 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

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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."

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Position of the Riverstone Filing Parties as to the Fairness of the Merger. The "Riverstone Filing Parties" means (a) RPH Parent LLC, SPH Parent LLC and CRJ Parent LLC (collectively, "Parent"), (b) RJS Merger Sub, Inc. ("Merger Sub"), (c) Riverstone Holdings LLC ("Riverstone"), (d) Raven Power Holdings LLC, Sapphire Power Holdings LLC and C/R Energy Jade, LLC (collectively the "Sponsor Entities") and (e) R/C Sapphire Power IP, L.P., Riverstone/Carlyle Energy Partners II, L.P., R/C Renewable Energy GP II, LLC, Carlyle/Riverstone Global Energy and Power Fund III, L.P., Carlyle/Riverstone Energy Partners III, L.P., C/R Energy GP III, LLC, Riverstone V Raven Holdings, L.P., Riverstone Energy Partners V, L.P., Riverstone Energy GP V, LLC, Riverstone Energy GP V Corp., Pierre F. Lapeyre, Jr. and David M. Leuschen (collectively, "Their Controlling Affiliates"). 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."

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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."

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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 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.

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- 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 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;

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- 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 September 1, 2016, the Record Date for the Special Meeting, our directors and executive officers directly owned, in the aggregate, 541,966 Shares entitled to vote at the Special Meeting, or collectively less than 1% of the outstanding Shares entitled to vote at the Special Meeting.

- 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 $1.4 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. On August 8, 2016, a putative class action lawsuit related to the Merger was filed against the Company, the directors of the Company, Riverstone and its affiliates and

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the Parent Group. Also, on August 8, 2016, a separate putative class action lawsuit was filed against the Company, the directors of the Company, Riverstone, Parent and Merger Sub. The Company believes the allegations in each complaint are without merit. See "Special Factors — Litigation Relating to the Merger."

The Merger Agreement (page 78)

- 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;

- 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;

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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

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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 101)

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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. 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 105)

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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

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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.

- 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 114)

- 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 September 1, 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 $13.80 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 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.

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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 October 6, 2016, at 3:00 p.m. (local time) at Sheraton New York Times Square, 811 7th Avenue, New York, New York 10019.

Q.
Who can vote at the Special Meeting?

A.
Stockholders of record as of the close of business on September 1, 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.

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.

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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 the date of the filing of this proxy statement, none of Riverstone, the Parent Group or any of their respective affiliates (as defined under Rule 405 of the Securities Act) own any Shares except that the Sponsor Entities beneficially own 44,974,658 Shares. Accordingly, as of the date of the filing of this proxy statement, all stockholders of the Company are Disinterested Stockholders other than the Sponsor Entities.

As of September 1, 2016, which is the Record Date, there were 128,526,720 Shares outstanding.
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."

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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;
- 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 as

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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.

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.

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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

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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
New York, NY 10104
Stockholders, Banks and Brokers: Toll Free (866) 741-9588

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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 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

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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 (including those provisions which restricted the Sponsor Entities from acquiring additional Shares, consummating a merger or similar transactions or participating or engaging in a solicitation of proxies), 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 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.

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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, including a publicly announced auction, a targeted, confidential pre-signing market check and a post-signing go-shop. 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.

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 based on the December Business Plan, 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

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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 (including with respect to the market check options, regulatory commitments, tax matters, due diligence and financing certainty) 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.

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 including Riverstone's expectation that the Company would retain cash proceeds from certain asset sales and that the Company's capital structure not be altered.

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

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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.

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.

During the week of March 21, 2016, Riverstone communicated a proposed liquidity 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

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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.

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.

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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.

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 in light of the offers already received and Citi's expectation, among other things, that other interested parties likely would have approached the Company, as Party B had done. 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.

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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 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, including possible dispositions, changing the fuel supply for certain power plants and reducing operations and maintenance costs, and potential acquisition opportunities in the market, including potential acquisition of power generation assets, and associated potential valuation enhancement estimates. Citi provided an overview of the premiums implied by Riverstone's and Party A's proposals and an 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.

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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 May Forecasts taking into account the results of the PJM Auction, as well as potential value creating options and associated benefits and risks and Citi's preliminary financial analysis taking into account the Company's stand-alone prospects) 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 the May Forecasts taking into account the results of the PJM Auction, as well as potential value creating options and associated benefits and risks and Citi's preliminary financial

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analysis taking into account the Company's stand-alone prospects) 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

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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, including the financial investors active in the merchant generation sector that were discussed at the December 18, 2015 meeting of the Board. 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."

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;

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- 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 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”);

- 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,

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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;

- 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; and

- 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 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");

- 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;

- 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; and

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- 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 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;

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- 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;

- 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

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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 termin