

Talen Energy Corp
Form S-1
November 05, 2014
[Table of Contents](#)

As filed with the Securities and Exchange Commission on November 5, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Talen Energy Corporation	Delaware	4911	47-1197305
Talen Energy Holdings, Inc. (Exact name of registrant as specified in its charter)	Delaware (State or other jurisdiction of incorporation or organization)	4911 (Primary Standard Industrial Classification Code Number)	47-1180131 (I.R.S. Employer Identification No.)

Edgar Filing: Talen Energy Corp - Form S-1

**Two North Ninth Street
Allentown, Pennsylvania 18101**

(610) 774-5151

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Paul A. Farr

Executive Vice President

**835 W. Hamilton Street
Allentown, Pennsylvania 18101**

(610) 774-5151

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Andrew R. Keller, Esq.

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, New York 10017

(212) 455-2000

E. Ramey Layne, Esq.

Vinson & Elkins LLP

1001 Fannin Street, Suite 2500

Houston, Texas 77002

(713) 758-2222

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effective date of this Registration Statement and the date on which all other conditions to the combination of the businesses of PPL Energy Supply, LLC and RJS Power Holdings LLC to form Talen Energy Corporation pursuant to the Transaction Agreement described herein have been satisfied or waived.

Edgar Filing: Talen Energy Corp - Form S-1

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer "	Accelerated filer "
Non-accelerated filer <input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.001 per share, of Talen Energy Holdings, Inc.	\$4,568,866,407 (2)	\$530,902.28 (3)
Common Stock, par value \$0.001 per share, of Talen Energy Corporation	(4)	(4)

- (1) This Registration Statement relates to the shares of Talen Energy Holdings, Inc. common stock, which shares will immediately be converted into shares of Talen Energy Corporation common stock and distributed to shareholders of PPL Corporation (PPL) in connection with a spin-off transaction.
- (2) In accordance with Rule 457(f)(2) under the Securities Act, the proposed maximum aggregate offering price is equal to the book value, as of June 30, 2014, of PPL Energy Supply, LLC, which owns the business to be spun off with Talen Energy Holdings, Inc.
- (3) The registration fee has been calculated pursuant to Rule 457(f)(2) and Rule 457(o) under the Securities Act.
- (4) In accordance with Rule 457(i) under the Securities Act, no additional registration fee is payable in respect of Talen Energy Corporation shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 5, 2014

PRELIMINARY PROSPECTUS

Shares

TALEN ENERGY CORPORATION

Common Stock

This prospectus is being furnished in connection with the planned distribution by PPL Corporation (PPL) on a pro rata basis to its shareholders of all the shares of common stock of its wholly owned subsidiary Talen Energy Holdings, Inc. (HoldCo) outstanding prior to the Merger described below. HoldCo will own and operate PPL Energy Supply, LLC (Energy Supply) and, immediately prior to the Merger described below, will own 100% of the common stock of Talen Energy Corporation (Talen Energy). We refer to such planned distribution as the Distribution or spinoff. Immediately following the Distribution and at the Effective Time (as defined below), a wholly owned subsidiary of Talen Energy will be merged with and into HoldCo, with HoldCo continuing as the surviving company and as a wholly owned subsidiary of Talen Energy (the Merger), and each share of HoldCo common stock distributed to PPL shareholders and outstanding immediately prior to the Effective Time will be automatically converted into one share of Talen Energy common stock. Substantially contemporaneous with the Merger, the competitive power generation business owned by RJS Power Holdings LLC (RJS Power) and its subsidiaries (the RJS Power business) will be contributed by its owner to Talen Energy through the contribution, directly or indirectly, of all of the equity interests of RJS Power, in exchange for shares of Talen Energy common stock (such contribution referred to herein as the Combination).

Each share of PPL common stock outstanding as of 5:00 p.m. New York City time on _____, _____, the record date for the Distribution (the record date), will entitle its holder to receive a number of shares of HoldCo common stock determined by a formula described in this prospectus. We expect the distribution ratio of the HoldCo common stock to be approximately _____ shares of HoldCo common stock per share of PPL common stock. Upon the immediate conversion of HoldCo common stock into Talen Energy common stock as described above, the PPL shareholders will receive their shares of Talen Energy common stock in book-entry form. As a result of the Combination, Raven Power Holdings LLC (Raven), C/R Energy Jade, LLC (Jade) and Sapphire Power Holdings LLC (Sapphire) or a special purpose entity wholly owned by Raven, Jade and Sapphire and controlled by Raven (the RJS SPE) will receive in a private placement transaction a number of shares of Talen Energy common stock that will result in PPL s shareholders

Edgar Filing: Talen Energy Corp - Form S-1

owning 65% of Talen Energy's outstanding shares of common stock and Raven, Jade and Sapphire, collectively, or the RJS SPE, as applicable (the Contributors) owning the remaining 35% immediately following the Combination. We expect that the Distribution, the Merger and the Combination will be tax-free to PPL's shareholders for U.S. federal income tax purposes, except for gain or loss attributable to cash received in lieu of fractional shares of Talen Energy in the Merger. Immediately after the Distribution and the Combination, Talen Energy will be an independent, publicly traded company that will own and operate the combined businesses of Energy Supply and RJS Power. Except for the provision of certain transition services, PPL will have no continuing involvement in Talen Energy or its businesses.

Talen Energy intends to apply to list its common stock on the New York Stock Exchange (the NYSE) under the symbol _____.

No action will be required of you to receive common stock of Talen Energy, which means that:

you will not be required to pay for HoldCo's common stock that you receive in the Distribution or our common stock you receive in the Merger;

you do not need to surrender or exchange any of your PPL common stock in order to receive Talen Energy common stock or take any other action in connection with the spinoff.

There is currently no trading market for our common stock. However, we expect that a limited market, commonly known as a "when-issued" trading market, for our common stock will develop on or shortly before the record date for the Distribution, and we expect "regular way" trading of our common stock will begin the first trading day after the completion of the Transactions.

You should carefully consider the matters described under Risk Factors beginning on page 35 of this prospectus for a discussion of factors that should be considered by recipients of our common stock.

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

This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this prospectus is _____, _____.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Introduction</u>	1
<u>Summary</u>	2
<u>Questions and Answers About the Transactions</u>	28
<u>Risk Factors</u>	35
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	57
<u>The Transactions</u>	59
<u>The Separation Agreement and the Transaction Agreement</u>	67
<u>Dividend Policy</u>	93
<u>Capitalization</u>	94
<u>Unaudited Pro Forma Condensed Combined Financial Information</u>	95
<u>Selected Historical Consolidated Financial Data of Energy Supply</u>	106
<u>Selected Historical Combined Financial Data of RJS Power</u>	107
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	108
<u>Business</u>	166
<u>Management of Talen Energy Following the Transactions</u>	191
<u>Executive Compensation</u>	198
<u>Security Ownership of Certain Beneficial Owners and Management</u>	202
<u>Certain Relationships and Related Party Transactions</u>	203
<u>Description of Capital Stock</u>	205
<u>Shares Eligible for Future Sale</u>	210
<u>Description of Material Indebtedness</u>	212
<u>Legal Matters</u>	216
<u>Experts</u>	216
<u>Where You Can Find More Information</u>	217
<u>Glossary</u>	218
<u>Index to Financial Statements</u>	F-1

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

This prospectus is being furnished solely to provide information to PPL shareholders who will receive shares of Talen Energy common stock in the Transactions. It is not to be construed as an inducement or encouragement to buy or sell any of our securities or any securities of PPL, Talen Energy, HoldCo, RJS Power or Energy Supply. This prospectus describes our business, our relationship with PPL, the Contributors and the Transactions, and provides other information to assist you in evaluating the benefits and risks of holding or disposing of our common stock that you will receive in the Transactions. You should be aware of certain risks relating to the Transactions, our business and ownership of our common stock, which are described under the heading Risk Factors.

Table of Contents

You should not assume that the information contained in this prospectus is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this prospectus may occur after that date, and we undertake no obligation to update the information, except in the normal course of discharging our public disclosure obligations.

Unless otherwise indicated or the context otherwise requires, we, us or our refers to Talen Energy Corporation and its subsidiaries after giving effect to the Transactions.

Table of Contents

INTRODUCTION

On June 9, 2014, PPL, HoldCo, Talen Energy, Energy Supply, Raven, Jade and Sapphire entered into a Separation Agreement (the "Separation Agreement") and, with Merger Sub, a Transaction Agreement (the "Transaction Agreement"), pursuant to which a newly formed entity, HoldCo, owning the Energy Supply business would be spun off to PPL's shareholders and combined with the RJS Power business to create Talen Energy, an independent publicly traded company, in a transaction intended to be generally tax-free to the distributing parent and the distributing parent's shareholders. See "The Transactions" Background of the Transactions.

On _____, _____, the expected date of the Distribution (the "Distribution Date"), each holder of PPL common stock as of the record date will be entitled to receive a number of shares of HoldCo common stock determined by a formula based on the number of shares of PPL common stock outstanding as of 5:00 p.m., New York City time on the record date. Each such record holder will be entitled to receive a number of shares of HoldCo common stock equal to the aggregate number of shares of HoldCo common stock multiplied by a fraction, the numerator of which is the number of shares of PPL common stock held by such record holder on the record date and the denominator of which is the total number of shares of PPL common stock outstanding on the record date. Based on the number of shares of PPL common stock outstanding as of _____, _____, we expect the distribution ratio to be approximately _____ shares of HoldCo common stock for each share of PPL common stock. PPL will have no continuing ownership interest in, control of or affiliation with Talen Energy following the Distribution. Immediately following the Distribution and at the Effective Time, a wholly owned subsidiary of Talen Energy will merge with and into HoldCo, with HoldCo continuing as the surviving company and as a wholly owned subsidiary of Talen Energy (the "Merger"), and each share of HoldCo common stock will be automatically converted into one share of common stock of Talen Energy. Substantially contemporaneous with the Merger, the RJS Power business will be contributed by its owner to Talen Energy through the contribution, directly or indirectly, of all of the equity interests of RJS Power, in exchange for shares of Talen Energy common stock (such contribution referred to herein as the "Combination"), which will result in PPL shareholders owning 65% of Talen Energy's outstanding common stock and the Contributors owning the remaining 35% immediately following the Combination. Immediately following the Transactions, we estimate that _____ shares of our common stock will be issued and outstanding, based on the number of shares of PPL common stock expected to be outstanding as of the record date and the number of shares to be issued in a private placement transaction in connection with the Combination. The actual number of shares of our common stock outstanding following the Transactions will be determined on _____, _____, the record date.

You will not be required to make any payment, surrender or exchange your PPL common stock or take any other action to receive your shares of Talen Energy common stock. In lieu of fractional shares of Talen Energy, shareholders will receive a cash payment. To that end, the distribution agent will sell whole shares that otherwise would have been distributed as fractional shares of Talen Energy in the open market at prevailing market prices and distribute the aggregate cash proceeds of the sales, net of brokerage fees and similar costs, pro rata to each PPL shareholder who would otherwise have been entitled to receive a fractional share of Talen Energy, as applicable, as a result of the Transactions.

We expect that the Distribution and the Merger will be tax-free to PPL's shareholders for U.S. federal income tax purposes, except for any gain or loss attributable to cash received in lieu of a fractional share of Talen Energy in the Transactions. Immediately after the Transactions, we will be an independent, publicly traded company that will own and operate the combined businesses of Energy Supply and RJS Power.

You may contact PPL with any questions.

PPL's contact information is:

PPL Corporation

Attn: Investor Relations

Two North Ninth Street

Allentown, PA 18101-1179

Tel: (610) 774-5151

Table of Contents

SUMMARY

The following summary highlights information contained elsewhere in this prospectus relating to the Transactions. You should read this entire prospectus including the risk factors, management's discussion and analysis of financial condition and results of operations of Energy Supply and RJS Power, historical financial statements of Energy Supply and RJS Power, and our unaudited pro forma condensed combined financial information and the respective notes to the financial statements and pro forma financial information. Our pro forma condensed combined financial data adjust the historical financial data of Energy Supply and RJS Power to give effect to the Transactions and our anticipated post-Transactions capital structure.

Except as otherwise indicated or the context otherwise requires, the information included in this prospectus assumes the completion of the Transactions. Capitalized terms not otherwise defined in this prospectus have the meanings assigned to them under "Glossary" included elsewhere in this prospectus.

Talen Energy

Upon completion of the Transactions described in this prospectus, Talen Energy Corporation ("Talen Energy," "Talen," or the "Company") will be one of the largest competitive energy and power generation companies in North America. Our primary business will be the production and sale of electricity, capacity and related products from our 27 operating power plants located in six states totaling approximately 15,000 MW of generating capacity. We will own and operate a portfolio of generation assets principally located in PJM and ERCOT, which we consider to be two of the most attractive power markets in the United States. Within these markets, our portfolio benefits from technological and fuel diversity, enabling us to respond to changing market conditions and regulatory developments. We believe stockholder value creation is built on a foundation of excellence in operations and skillful commercial management of our generation fleet with a strong focus on cash returns. We intend to pursue a strategy that embraces these core concepts, optimizes Talen Energy's operations and supports value-enhancing growth.

Our Operations

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

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

broader ISO. We consider PJM and ERCOT to be two of the most well-developed power markets in the United States, providing significant price transparency, market liquidity and support to competitive generators, including recent proposed reforms that we believe will enhance the value of our portfolio.

Table of Contents

The competitive dispatch costs and operating flexibility of our generation fleet position us favorably to generate attractive cash margins in a wide variety of market conditions. In an effort to support our operations and stabilize future cash flows, we will enter into forward physical and financial transactions to hedge energy, capacity and related products and to hedge fuel and fuel transportation. We will sell the output of our generation facilities to a diverse group of wholesale customers, including RTOs and ISOs, utilities, cooperatives, municipalities, power marketers, and financial counterparties. We will also sell the output of our generation facilities to commercial, industrial and residential retail customers.

The following map illustrates the locations of our generation facilities:

The charts below illustrate the composition and diversity of our portfolio by market and fuel type:

We expect to be required to sell or otherwise dispose of approximately 1,300 MW of generating capacity in order to obtain the FERC regulatory approval required to complete the Transactions. As a result, our generation portfolio will not include all of the plants that currently comprise the Energy Supply business and the RJS Power business.

Table of Contents

Our Competitive Strengths

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

Well-positioned in attractive, liquid and transparent energy markets. We believe that the composition and locations of our facilities will give us a strategic advantage and offer attractive upside opportunities. The majority of our facilities will be located in PJM and ERCOT, which are among the most liquid, well-developed power markets in the United States, each with attractive fundamentals.

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

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

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

Strong balance sheet, poised for growth. We believe that our expected financial leverage will provide multiple competitive advantages. First, our strong balance sheet and credit profile are expected to enhance our ability to pursue both organic and acquisition-driven growth by offering favorable access to capital markets and maximum financial flexibility. We also believe a strong balance sheet will position us well to manage through periods of commodity price

volatility which may require collateral posting and credit support that could challenge a more levered competitive power company. We believe we will be able to use our strong balance

Table of Contents

sheet to grow through acquisitions, taking an opportunistic approach when others in the sector may face financial stresses during those periods. Finally, our low level of financial leverage will allow us to absorb a greater degree of operating cash flow volatility, which will allow our margin hedging program to have a shorter-term focus. We believe this will reduce hedging transaction volume and expenses, liquidity needs and hedge book complexity, which we believe will result in lower operating costs and greater financial transparency.

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

Significant historical environmental control investments. We believe our assets are substantially compliant with current environmental regulations and are well-positioned relative to the current trend of tightening environmental legislation and regulations. Because of significant prior investments and the composition of our fleet, we expect that future environmental compliance-driven capital expenditures will be a relatively modest \$110 million dollars through 2018, representing less than 10% of total capital expenditures for the same period.

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

Our Business Strategy

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

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

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

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

returns on investment.

Table of Contents

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

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

Our Management Team

In selecting our management team, sourced largely from PPL, we have focused on individuals that have strong and proven track records of delivering stockholder value in executive capacities covering operations, strategy and financing. Our President and Chief Executive Officer, Paul Farr, has over 20 years of power and utilities experience having spent more than seven years as Chief Financial Officer of PPL prior to being named President of Energy Supply at the announcement of the Transactions. Mr. Farr also has extensive operations experience, having served as Chief Operating Officer of PPL Global for over three years, which included responsibility for all of PPL's international utilities operations in Latin America and the United Kingdom, as well as global corporate strategy. Mr. Farr was also integral to the establishment of PPL's competitive power generation business in Montana from 1999 to 2001. Jeremy McGuire, our Senior Vice President and Chief Financial Officer, served as Vice President Strategic Development of PPL Strategic Development, LLC since 2008. Prior to joining PPL, Mr. McGuire was an investment banker for 13 years, ten of which were focused on competitive power companies and utilities. Mr. Farr and Mr. McGuire were instrumental in PPL's acquisition and financing of \$14 billion in utility businesses in Kentucky and the United Kingdom, which nearly doubled PPL's asset base, increased annual revenues by 70 percent and helped grow market capitalization by 40 percent between 2009 and 2011.

Our executive team includes other key members that bring significant experience and expertise operating, marketing and managing risks of a competitive power generation business. Rob Gabbard, our Senior Vice President and Chief Commercial Officer, is an industry veteran with over three decades of marketing and trading experience. Since 2008, he served as the President of PPL EnergyPlus, managing PPL's wholesale and competitive retail energy sales and services operations. Joe Hopf, our Senior Vice President and Chief Fossil and Hydro Generation Officer, has more than 30 years of experience in the electricity business serving in various roles in power plant operations, trading and risk management. Most recently, Mr. Hopf led PPL's fossil and hydro generating operations with nearly 8,000 MWs of generating capacity. Tim Rausch, our Senior Vice President and Chief Nuclear Officer, served as PPL Generation's Senior Vice President and Chief Nuclear Officer since 2009. Mr. Rausch came to PPL after 25 years of experience in virtually all disciplines of the nuclear power industry. Jim Schinski, our Senior Vice President and Chief Administrative Officer, joined PPL Services in 2009 as Vice President-Chief Information Officer. Prior to joining

Edgar Filing: Talen Energy Corp - Form S-1

PPL, Mr. Schinski served as Chief Information Officer and Vice President of Human Resources for the Midwest Independent System Operator since 2004, where he was responsible for design, development,

Table of Contents

implementation and operation of technology systems for one of the country's largest electricity markets. We believe our leadership team positions Talen Energy to meet our objectives of delivering superior operating and financial performance through committed execution of Talen Energy's business strategy.

Our Key Markets

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

PJM

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

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

Table of Contents

The PJM capacity market, known as the Reliability Pricing Model (RPM), is intended to ensure that resources are available when needed to keep the power grid operating reliably for customers. Under the RPM, PJM conducts a series of auctions. Most capacity is procured in the base residual auctions each May for the sale of generating capacity three years in advance of the delivery year. In these auctions, prices are set based on available capacity and other factors such as transmission constraints. The capacity market construct provides generation owners the opportunity for some revenue visibility on a multi-year basis.

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

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

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

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

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

Table of Contents

ERCOT

ERCOT is an ISO that manages the flow of electricity from over 75,000 MW of installed capacity to 24 million Texas customers, representing 90% of the state's electric load and covering approximately 75% of its geography. ERCOT is an attractive wholesale electricity market with historically above-average demand growth, tight reserve margins, increasing price caps and an increasing reliance on flexible and quickly-dispatchable natural gas-fired assets. ERCOT was established in September 1996, and as such is the oldest ISO in the United States. The following map illustrates ERCOT by regions.

As an energy-only market, ERCOT's market design is different from other competitive electricity markets in the United States. Other markets, including PJM, maintain a minimum reserve margin through regulated planning, resource adequacy requirements and/or capacity markets. In contrast, ERCOT's resource adequacy is predominately dependent on free market processes and energy market price signals. All electricity prices are subject to a system-wide offer cap, which was \$5,000/MWh in 2013. This offer cap increased to \$7,000/MWh in 2014 and is set to increase to \$9,000/MWh in 2015, providing a higher maximum marginal price. The system-wide offer cap has been reached 343 times since 2011.

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

Table of Contents

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

The Texas population and gross state product is currently expanding at double the national average rate, spurred in part from significant growth in oil and gas development and associated petrochemical industry growth. In May 2014, ERCOT released its latest reserve margin projections, which showed ERCOT's reserve margin dipping below 10% in 2019, versus the current target reserve margin of 13.75%. The table below illustrates ERCOT's forecasted reserve margin for 2015 through 2019.

	2015	2016	2017	2018	2019
Reserve Margin Forecast	14.3%	14.1%	13.8%	12.3%	9.8%

In addition to energy, ancillary services such as non-spinning reserves, responsive reserves, and regulation up/down may be bought and sold in the ERCOT marketplace. Such services have received increased compensation and exhibited higher offer floors in part because ERCOT has one of the highest concentrations of wind capacity in the United States, with over 11,000 MW of installed capacity. This concentration of wind necessitates network support from quick-start generation capacity, able to reach full load operation in exceptionally short periods of time in order to help manage the impact of wind variability on the electricity grid.

Table of Contents

Market opportunity

The market for competitive power generation assets has been very robust over the past five years, and we expect a continuation of this trend, providing further opportunities to enhance our competitive scale. From 2009 to 2013, roughly 288 GW of competitive power generation capacity has been sold, with approximately 93 GW and 27 GW in PJM and ERCOT, respectively. This trend has continued into 2014, with approximately 64 GW sold year-to-date, with the majority occurring in PJM and ERCOT, encompassing both conventional (predominantly natural gas and coal) and renewable (predominantly wind and solar) generating facilities. The diverse nature of these transactions aligns with our goal of maintaining a multi-fuel and multi-dispatch profile. The table below illustrates the volume of transactions in dollars and GWs from 2009 through 2014 year-to-date.

We believe that there will continue to be significant acquisition opportunities for competitive power generation assets in the United States, enabling us to grow our fleet and enhance shareholder value. Approximately 82 GW of operating capacity are owned by companies that operate both regulated utilities and competitive power generation assets, while approximately 41 GW are owned by private equity funds. Given the trend of separating competitive power generation assets from regulated utility assets, and the typically defined target holding period of private equity funds, we expected that a significant number of assets will come to market over the next several years.

Table of Contents

Transaction Rationale

We believe that the creation of Talen Energy through the separation of Energy Supply from PPL's rate-regulated utility business and concurrent combination with RJS Power will maximize value for both PPL shareholders as well as Talen Energy stockholders. The separation will give rise to a number of significant benefits by allowing each company to pursue its own business strategy without requiring compromise relative to the other. Separating PPL into two independent companies, with one focused on rate-regulated utility operations and the other focused on competitive energy and power generation, recognizes the significant opportunities each of the two businesses have going forward as well as the different risks inherent in each. The two businesses have significantly different capital investment priorities, obligations and opportunities. They also have significantly different risk profiles and costs of capital. Each company will be able to attract investors and source capital based on its own risk profile and return prospects. This will translate into a better alignment of PPL's and Talen Energy's management teams with the direct interests of their respective shareholders because the factors that drive shareholder value for a competitive power generation company are often different, and at times at odds with, factors that drive shareholder value for a rate-regulated utility. In addition, the separation will also allow Talen Energy to compensate employees in the competitive power generation business with its own equity, which will result in equity compensation that is more in line with the financial results of such employees' direct work product. Further, PPL determined that shareholder value could be enhanced by simultaneously combining Energy Supply with another competitive power generation company, thereby increasing the scale and diversity of the generating fleet and enhancing the ability to realize cost synergies and margin benefits through initiatives and programs currently being developed by management, as well as creating a larger, stronger platform from which to pursue additional organic and acquisition-related growth opportunities.

The Companies

Energy Supply

Energy Supply is primarily engaged in the competitive power generation and marketing of electricity, generating capacity, ancillary services and related commodities primarily on a wholesale basis from its fleet of power plants located in Pennsylvania and Montana, totaling approximately 9,995 MW of electricity generation capacity as of June 30, 2014. Energy Supply's principal subsidiaries are PPL EnergyPlus, LLC (PPL EnergyPlus), its marketing and trading subsidiary, and PPL Generation, LLC (PPL Generation), the subsidiaries of which own and operate its generating facilities in Pennsylvania and Montana.

PPL Generation owns and operates, through its subsidiaries, a diverse portfolio of competitive domestic power generating facilities. Its power generating facilities are fueled by coal, uranium, natural gas, oil and water. Approximately 93% and 7% of the net generating capacity of PPL Generation is located in PJM and WECC, respectively. PPL EnergyPlus sells electricity produced by PPL Generation's facilities, participates in wholesale market load-following auctions, and markets various energy products and commodities such as: capacity, transmission, financial transmission rights, coal, natural gas, oil, uranium, emission allowances, renewable energy credits and other commodities in competitive wholesale and competitive retail markets, primarily in the northeastern and northwestern United States. PPL EnergyPlus focuses on entering into energy and energy-related physical and financial contracts to hedge the variability of expected cash flows associated with PPL Generation's facilities and its marketing activities, as well as for trading purposes.

RJS Power

RJS Power is engaged in the competitive power generation and marketing of electricity, generating capacity and ancillary services on a wholesale basis from its fleet of power generating facilities located in five states totaling

approximately 5,325 MW of electricity generation capacity as of June 30, 2014. RJS Power owns and operates a diverse portfolio of power generating facilities of various technology types and operating

Table of Contents

characteristics fueled by coal, natural gas and oil. RJS Power focuses on managing the dispatch of its assets to maximize physical energy margin and engaging in prudent risk mitigation through contracted forward capacity sales and physical and financial hedges. Approximately 63% and 35% of the net generating capacity of RJS Power's facilities is located in PJM and ERCOT, respectively.

Our Fleet

Asset	Location	Fuel Type	Ownership	Owned Capacity (MW)	Commercial Operation Date	Region/ISO
Energy Supply (1)(2)						
Montour	PA	Coal	100%	1,505	1972 1973	PJM
Brunner Island	PA	Coal	100%	1,437	1961 1969	PJM
Keystone	PA	Coal	12%	210	1967 1968	PJM
Conemaugh	PA	Coal	16%	276	1970 1971	PJM
Martins Creek 3 & 4	PA	Natural Gas / Oil	100%	1,700	1975 1977	PJM
Ironwood	PA	Natural Gas	100%	660	2001	PJM
Lower Mt. Bethel	PA	Natural Gas	100%	551	2004	PJM
Peakers	PA	Natural Gas / Oil	100%	354	1967 1973	PJM
Susquehanna	PA	Nuclear	90%	2,268	1983 1985	PJM
Eastern Hydro (3)	PA	Hydro	100%	292	1910 1926	PJM
Montana Coal (4)	MT	Coal	25% (Colstrip) / 100% (J.E. Corrett)	677	1968 1986	WECC
Renewables	NH, NJ, PA, VT	Renewables	100%	65	Various	Various
Total Energy Supply				9,995		
RJS Power (2)(5)						
Brandon Shores	MD	Coal	100%	1,273	1984 1991	PJM
H.A. Wagner	MD	Coal / Natural Gas / Oil	100%	976	1956 1972	PJM
C.P. Crane	MD	Coal	100%	399	1961 1967	PJM
Bayonne	NJ	Natural Gas / Oil	100%	171	1988	PJM
Camden	NJ	Natural Gas / Oil	100%	151	1993	PJM
Dartmouth	MA	Natural Gas / Oil	100%	89	1996	ISO-NE
Elmwood Park	NJ	Natural Gas / Oil	100%	71	1989	PJM
Newark Bay	NJ	Natural Gas / Oil	100%	129	1993	PJM
Pedricktown (6)	NJ	Natural Gas / Oil	100%	131	1992	PJM
York	PA	Natural Gas	100%	52	1989	PJM
Laredo 4	TX	Natural Gas	100%	98	2008	ERCOT
Laredo 5	TX	Natural Gas	100%	98	2008	ERCOT
Nueces Bay 7	TX	Natural Gas	100%	678	2010	ERCOT
Barney Davis 1	TX	Natural Gas	100%	335	1974	ERCOT
Barney Davis 2	TX	Natural Gas	100%	674	2010	ERCOT

Total RJS Power	5,325
------------------------	--------------

Total Talen Energy	15,320
---------------------------	---------------

- (1) Excludes 11 Montana hydroelectric assets to be sold under the September 26, 2013 Purchase and Sale Agreement with NorthWestern. See Management's Discussion and Analysis of Financial Condition and Results of Operations Energy Supply Overview Financial and Operational Developments Other Financial and Operational Developments Montana Hydroelectric Sale Agreement.

Table of Contents

- (2) Does not reflect the sale or other disposition of any assets that may be required in order to obtain regulatory approval for the Transactions. See The Separation Agreement and the Transaction Agreement The Transaction Agreement Regulatory Approvals and Efforts to Close Mitigation Plan.
- (3) Includes Holtwood and Wallenpaupack.
- (4) Includes Colstrip and J.E. Corette plants.
- (5) Total net generating capacities are based on average summer and winter capacity.
- (6) Pedricktown capacity includes capacity dedicated to serving landlord load (which has historically averaged 9MW).

Risk Factors

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

our operating and financial performance and prospects;

our access to financial and capital markets to issue debt or enter into new credit facilities;

investor perceptions of us and the industry and markets in which we operate;

future sales of equity or equity-related securities;

many of our facilities operate, wholly or partially, without power sale agreements;

our financial performance can be impacted by changing natural gas prices and unpredictable price movements in the wholesale power markets and other markets that are beyond our control;

changes in earnings estimates or buy/sell recommendations by analysts;

general financial, domestic, economic and other market conditions;

costs, results of operations, financial conditions and cash flows could be adversely impacted by disruption of fuel supplies;

trading operations and the use of hedging agreements could result in financial losses that negatively impact results of operations;

the accounting for Talen Energy's hedging activities may increase volatility in the Company's quarterly and annual financial results;

maintenance, expansion and refurbishment of power generation facilities involve significant risks that could result in unplanned power outages or reduced output and could have a material adverse effect on our results of operations, cash flow and financial conditions;

increased stringency of environmental regulations and requirements and other environmentally related issues could increase our costs significantly;

insufficient liquidity to hedge markets effectively; and

competition in wholesale power markets and issues related to the oversupply of power generation capacity in certain regional markets we operate in may have a material adverse effect on our operations.

Table of Contents

Summary of the Transactions

We provide below a summary of the Transactions. See [The Transactions](#) for a more detailed description.

The Distribution and the Merger

Distributing Company	PPL Corporation, a Pennsylvania corporation. After the Distribution, PPL will not own any shares of Talen Energy common stock.
Distributed Company	Talen Energy Corporation, a Delaware corporation. After the Distribution and Merger, Talen Energy will be an independent, publicly traded company.
Record Date	Record ownership will be determined as of 5:00 p.m., New York City time, on _____, _____.
Distribution Date	The Distribution Date is expected to be on or about _____, _____.
Distribution Ratio	Each share of PPL common stock outstanding as of the record date will entitle its holder to receive a number of shares of HoldCo common stock determined by a formula based on the number of PPL shares of common stock outstanding at 5:00 p.m. New York City time, on the record date. Each such record holder will be entitled to receive a number of shares of HoldCo common stock equal to the aggregate number of shares of HoldCo common stock multiplied by a fraction, the numerator of which is the number of shares of PPL common stock held by such record holder on the record date and the denominator of which is the total number of shares of PPL common stock outstanding on the record date. Based on the number of shares of PPL common stock outstanding as of _____, _____, we expect the distribution ratio to be approximately _____ shares of HoldCo common stock for each share of PPL common stock. As a result of the Merger, each such share of HoldCo common stock will be converted into one share of Talen Energy common stock. The shareholders of PPL as of the record date and their transferees will own 65%, and the Contributors, collectively, will own 35%, of the shares of Talen Energy common stock immediately following the Combination.
Securities to be distributed and delivered	All of the shares of common stock of HoldCo outstanding immediately prior to the Merger will be distributed pro rata to PPL shareholders who hold PPL common stock as of the record date and will be automatically converted into shares of Talen Energy common stock at the Effective

Time and delivered to PPL shareholders. Assuming a record date of _____, _____ and approximately _____ shares of PPL common stock outstanding as of such date, in the aggregate approximately _____ shares of Talen Energy common stock would be delivered to PPL shareholders. The number of Talen Energy shares that PPL will ultimately deliver to its shareholders will (i) fluctuate depending on the number of PPL shares of common stock

Table of Contents

actually outstanding as of the record date and (ii) be reduced to the extent that cash payments are to be made in lieu of fractional shares, as described below.

The Distribution

On the Distribution Date, PPL will cause the distribution agent to distribute the shares of HoldCo common stock to the transfer agent for the accounts of the PPL shareholders as of the record date, which shares (other than shares held by Talen Energy, Merger Sub, HoldCo or any HoldCo subsidiary, which shares will be cancelled and retired) will be, immediately prior to the effective time of the Merger, automatically converted into the right to receive shares of Talen Energy common stock on a one-for-one basis. It is expected that it will take the distribution agent up to three business days to electronically issue Talen Energy shares to PPL shareholders or their respective bank or brokerage firm on behalf of PPL shareholders by way of direct registration in book-entry form. PPL shareholders will not be required to make any payment, surrender or exchange PPL common stock or take any other action to receive their Talen Energy common stock.

No fractional shares

Holders of PPL common stock will not receive any fractional shares of Talen Energy common stock. In lieu of fractional shares of Talen Energy, PPL shareholders will receive a cash payment. Fractional shares of Talen Energy common stock that would otherwise be allocable to any record holders of PPL common stock will be aggregated and, following the Merger, sold by the distribution agent as whole shares of Talen Energy in the open market at prevailing market prices (or otherwise as reasonably directed by PPL, in consultation with the Contributors). The exchange agent will make available the net proceeds of this sale, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a pro rata basis, without interest, to each PPL shareholder who would otherwise have been entitled to receive a fractional share of Talen Energy in the Distribution and the Merger. See The Transactions Structure of the Distribution, the Merger and the Combination Treatment of Fractional Shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient shareholders that are subject to U.S. federal income tax as described in The Transactions Material U.S. Federal Income Tax Consequences of the Transactions.

Tax consequences of the Distribution, Merger and Combination to PPL shareholders

PPL expects to receive an opinion from Simpson Thacher to the effect that the contribution by PPL of 100% of the outstanding equity securities of Energy Supply to HoldCo (the HoldCo Contribution) together with the Distribution will qualify as a reorganization pursuant to Section 368(a)(1)(D) of the Code and a tax-free distribution pursuant to Section 355 of the Code, that the Merger will qualify as a reorganization pursuant

to Section 368(a) of the Code, and that the Merger and Combination together will qualify as a

Table of Contents

transaction described in Section 351 of the Code. Such opinions will rely on certain facts and assumptions, and certain representations and undertakings, provided by us, PPL and the Contributors regarding the past and future conduct of our respective businesses and other matters.

Assuming that the HoldCo Contribution and the Distribution together qualify as a reorganization pursuant to Section 368(a)(1)(D) of the Code and a tax-free distribution pursuant to Section 355 of the Code, no gain or loss will be recognized by PPL shareholders for U.S. federal income tax purposes upon the receipt of HoldCo common stock pursuant to the Distribution. Assuming that the Merger qualifies as a reorganization pursuant to Section 368(a) of the Code and that the Merger and Combination together will qualify as a transaction described in Section 351 of the Code, HoldCo stockholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger and Combination, except for any gain or loss attributable to cash received in lieu of a fractional share of Talen Energy. See *The Transactions Material U.S. Federal Income Tax Consequences of the Transactions and Risk Factors Risks Relating to the Transactions*. If the Distribution does not qualify as a tax-free distribution under the Code and/or the Merger does not qualify as a reorganization under the Code, including as a result of subsequent acquisitions of stock of PPL or Talen Energy, then PPL and/or its shareholders may be required to pay substantial U.S. federal income taxes.

Each PPL shareholder is urged to consult his, her or its tax advisor as to the specific tax consequences of the Transactions to that shareholder, including the effect of any state, local or non-U.S. tax laws and of changes in applicable tax laws.

Relationship with PPL and TPM after the Transactions

PPL will have no continuing ownership interest in, control of or affiliation with Talen Energy following the Distribution. Talen Energy has entered into the Separation Agreement, the Transaction Agreement and the Employee Matters Agreement and, shortly before the Distribution, Talen Energy expects to enter into other agreements with PPL and the Contributors related to the Transactions. These agreements will govern the relationship between Talen Energy and PPL subsequent to the completion of the Distribution and provide for the allocation between Talen Energy and PPL of various assets, liabilities and obligations (including employee benefits and tax-related assets and liabilities). The Separation Agreement, in particular, provides for the settlement or extinguishment of certain obligations between Talen Energy and PPL. Talen Energy will enter into Transition Services Agreements with PPL and TPM, pursuant to which the parties thereto will provide certain services to the other parties thereto and their

respective subsidiaries on a transitional basis. We describe these and related arrangements in greater detail under

Table of Contents

The Separation Agreement and the Transaction Agreement Ancillary Agreements and describe some of the risks of these arrangements under Risk Factors Risks Relating to the Transactions.

Distribution Agent
The Combination

Wells Fargo Bank, National Association

Structure of the Combination

The Contributors will contribute, directly or indirectly, all of the outstanding equity interests of RJS Power to Talen Energy.

Consideration for the Combination

In consideration of the Combination, we will issue additional shares of our common stock to the Contributors in an aggregate amount which will result in PPL shareholders owning 65% of Talen Energy's outstanding common stock and the Contributors owning the remaining 35% immediately following the Combination. Talen Energy's stockholders immediately prior to the Combination will not receive any consideration in the Combination, and Talen Energy will remain the parent company for the combined company.

Approval of the Combination

No vote by PPL shareholders is required or is being sought in connection with the Combination. Each of PPL, HoldCo, Talen Energy and Energy Supply and RJS has already approved the Combination.

Termination of the Transaction Agreement

The Transaction Agreement may be terminated at any time prior to the Closing Date by mutual consent of PPL and the Contributors. The Transaction Agreement may also be terminated on the occurrence of certain events, including if the Closing Transactions have not been consummated on or prior to June 30, 2015, if the consummation of any component of the Transactions would be illegal or otherwise prohibited under applicable law, order or other action by any governmental authority or if either party has breached or failed to perform any of its respective representations, warranties, covenants or other agreements contained in the Transaction Agreement. Each of the foregoing termination events are described in greater detail under The Separation Agreement and the Transaction Agreement The Transaction Agreement Termination of the Transaction Agreement.

Transaction Expense Adjustments

Generally, all fees and expenses incurred in connection with the Transactions are to be paid by the party incurring such fees or expenses; however, any costs incurred by PPL, Energy Supply, Talen Energy, HoldCo or Merger Sub or any of their subsidiaries in connection with the

Separation Transactions and the Distribution, other than certain shared expenses, are to be paid by PPL. Certain expenses incurred in connection with the Transactions are to be paid by Talen Energy if the Closing Transactions are consummated, or 65% by PPL and 35% by the Contributors if the Closing Transactions

Table of Contents

are not consummated. All fees and expenses of financial, legal, accounting and other professional advisors retained by each of the parties will be paid by the party incurring such fees and expenses, unless such expenses are considered Shared Expenses pursuant to the Transaction Agreement. See The Separation Agreement and the Transaction Agreement The Transaction Agreement Transaction Expense Adjustments.

Tax consequences to PPL shareholders

PPL shareholders are not expected to recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger and Combination, except for any gain or loss attributable to cash received in lieu of a fractional share of Talen Energy. See The Transactions Material U.S. Federal Income Tax Consequences of the Transactions.

Each PPL shareholder is urged to consult his, her or its tax advisor as to the specific tax consequences of the Combination to that shareholder, including the effect of any state, local or non-U.S. tax laws and of changes in applicable tax laws.

Accounting Treatment of the Combination

Energy Supply will be the accounting acquirer in the Combination. Accordingly, Energy Supply will apply acquisition accounting to the assets acquired and liabilities assumed of RJS Power upon consummation of the Combination. See The Transactions Accounting Treatment and Considerations.

The Transactions

Primary purpose of the Transactions

The primary purpose of the Transactions is to separate the Energy Supply business from PPL and combine the Energy Supply business with the RJS Power business in order to realize the full value of the Energy Supply business in both the short- and long-term. See The Transactions PPL's Reasons for the Transactions.

Conditions to the Transactions

The Transactions are subject to a number of important conditions. Under the terms of the Separation Agreement and the Transaction Agreement, the consummation of the Transactions are conditioned upon, among other things, (i) the Separation Transactions having occurred in accordance with the Separation Agreement, (ii) the SEC declaring effective this registration statement and no actual or threatened stop order of the SEC suspending effectiveness of this registration statement being in effect prior to the Separation; (iii) the Talen Energy common stock being authorized for listing on the NYSE; (iv) certain regulatory approvals being obtained, including approval by the NRC and the FERC,

Hart-Scott-Rodino clearance and certain approvals by the PUC (as more fully described in The Separation Agreement and the Transaction Agreement Transaction Agreement Regulatory Approvals and Efforts to Close), and (v) there being, after giving effect to the financings described in The

Table of Contents

Separation Agreement and Transaction Agreement The Transaction Agreement Financing and Debt Payoff and the posting of any credit support and other financial commitments required to be provided by RJS Power, Talen Energy, Merger Sub, HoldCo, Energy Supply and/or their respective subsidiaries in connection with, or as a condition to, regulatory approvals required in connection with the Transactions, at least \$1.00 billion of undrawn capacity under a revolving credit facility or similar facility available to Talen Energy and its subsidiaries (for purposes of which any letters of credit or other credit support measures posted in connection with energy marketing and trading transactions then outstanding shall not be considered as drawn against such facility). For a more detailed description of the Distribution conditions see The Separation Agreement and the Transaction Agreement The Separation Agreement Conditions to the Separation and The Separation Agreement and the Transaction Agreement The Transaction Agreement Conditions to Consummation of the Closing Transactions.

No approval by the PPL shareholders or the Contributors is required in connection with the Transactions.

Trading market and symbol

We intend to apply to list our common stock on the NYSE under the ticker symbol . We anticipate that, on or shortly before the record date for the Distribution, trading of Talen Energy common stock will begin on a when-issued basis and will continue up to and including the Distribution Date. See The Transactions Listing and Trading of Our Common Stock.

Dividend Policy

We do not currently expect to declare or pay dividends on our common stock. See Dividend Policy.

New Energy Supply Revolving Credit Facility

In connection with the Transactions, Energy Supply will enter into a senior secured revolving facility that will provide for revolving loans in an aggregate principal amount of up to \$1.85 billion. See The Transactions New Energy Supply Revolving Credit Facility and Description of Material Indebtedness.

Table of Contents

The following chart illustrates our simplified organizational structure following the Transactions.

Market and Industry Data

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

* * * * *

Talen Energy Corporation is a Delaware corporation. Prior to the Transactions, our principal executive offices are located at Two North Ninth Street, Allentown, Pennsylvania, 18101, and our telephone number at that address is (610) 774-5151. Following the Transactions, our principal executive offices will be located in . Our website will be www.talenenergy.com. Information on, and which can be accessed through, our website is not incorporated in this prospectus.

Table of Contents**SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA OF ENERGY SUPPLY**

The following table sets forth summary historical consolidated financial data of Energy Supply as of December 31, 2012 and 2013 and for each of the years ended December 31, 2011, 2012 and 2013 and summary historical unaudited consolidated interim financial data of Energy Supply as of June 30, 2014 and for the six months ended June 30, 2013 and 2014. The summary historical consolidated financial data of Energy Supply as of December 31, 2012 and 2013 and for each of the years ended December 31, 2011, 2012 and 2013 have been derived from, and should be read together with, the audited consolidated financial statements of Energy Supply and the accompanying notes contained elsewhere in this prospectus. The summary historical unaudited consolidated interim financial data of Energy Supply as of June 30, 2014 and for the six months ended June 30, 2013 and 2014 are derived from, and should be read together with, the unaudited condensed consolidated financial statements of Energy Supply and the accompanying notes contained elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on a basis consistent with the annual audited consolidated financial statements of Energy Supply. In the opinion of management, these unaudited financial data reflect all adjustments, consisting of only normal and recurring adjustments considered necessary for a fair presentation of the operating results for those interim periods. There are certain assets and liabilities of Energy Supply relating to the Montana hydroelectric facilities and the facilities subject to Talen Energy's mitigation plan discussed elsewhere in this prospectus that may not be transferred in the Transactions. As a result, we cannot provide assurances that the summary historical consolidated financial data of Energy Supply set forth below accurately reflect the Energy Supply business that will be transferred in the Transactions. The summary historical consolidated financial data set forth below are not necessarily indicative of the results of future operations. Results for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

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

(dollars in millions)	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
Statement of Operations Data:					
Operating revenues	\$ 6,429	\$ 5,500	\$ 4,653	\$ 2,300	\$ 122
Operating income (loss)	1,361	887	(232)	156	(50)
Income (loss) from continuing operations after income taxes attributable to member	766	474	(230)	48	(53)
Net income (loss) attributable to member	\$ 768	\$ 474	\$ (230)	\$ 48	\$ (53)

Balance Sheet Data (at period end):

Cash and cash equivalents	\$ 413	\$ 239	\$ 264
Total assets	12,375	11,074	11,459
Total liabilities	8,527	6,276	6,890
Long term debt	2,521	2,221	2,219
Total equity	3,848	4,798	4,569

Statement of Cash Flows Data:

Edgar Filing: Talen Energy Corp - Form S-1

Cash provided by (used in):					
Operating activities	\$ 776	\$ 784	\$ 410	\$ 227	\$ 290
Investing activities	(668)	(469)	(631)	(282)	(403)
Financing activities	(390)	(281)	47	(93)	138

Table of Contents**SUMMARY HISTORICAL COMBINED FINANCIAL DATA OF RJS POWER**

The following table sets forth summary historical combined financial data of RJS Power as of December 31, 2012 and 2013 and for each of the years ended December 31, 2011, 2012 and 2013 and summary historical unaudited combined interim financial data of RJS Power as of June 30, 2014 and for the six months ended June 30, 2013 and 2014. The summary historical combined financial data of RJS Power as of December 31, 2012 and 2013 and for each of the years ended December 31, 2011, 2012 and 2013 have been derived from, and should be read together with, the audited combined financial statements of RJS Power and the accompanying notes contained elsewhere in this prospectus. The summary historical unaudited combined interim financial data of RJS Power as of June 30, 2014 and for the six months ended June 30, 2013 and 2014 are derived from, and should be read together with, the unaudited combined financial statements of RJS Power and the accompanying notes contained elsewhere in this prospectus. The unaudited combined financial statements have been prepared on a basis consistent with the annual audited combined financial statements of RJS Power. In the opinion of management, these unaudited financial data reflect all adjustments, consisting of only normal and recurring adjustments considered necessary for a fair presentation of the operating results for those interim periods. There are certain assets and liabilities of RJS Power relating to the facilities subject to Talen Energy's mitigation plan discussed elsewhere in this prospectus that may not be transferred in the Combination. As a result, we cannot provide assurances that the summary historical combined financial data of RJS Power set forth below accurately reflects the RJS Power business that will be transferred in the Combination. The summary historical combined financial data set forth below are not necessarily indicative of the results of future operations. Results for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

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

(dollars in millions)	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
Statement of Operations Data:					
Operating revenues	\$ 190	\$ 453	\$ 979	\$ 363	\$ 673
Operating income (loss)	51	82	67	(61)	83
Income (loss) from continuing operations after income taxes	51	82	67	(61)	83
Net income (loss)	5	33	(27)	(100)	45
Balance Sheet Data (at period end):					
Cash and cash equivalents		\$ 18	\$ 141		\$ 86
Total assets		1,963	1,981		1,854
Total liabilities		1,050	1,376		1,387
Long term debt		880	1,204		1,154
Members' interests		913	605		467
Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	\$ 37	\$ 14	\$ 169	\$ 7	\$ 183

Edgar Filing: Talen Energy Corp - Form S-1

Investing activities	(260)	(397)	(33)	7	4
Financing activities	229	384	(13)	30	(242)

Table of Contents**SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

The following sets forth summary unaudited pro forma condensed combined financial data which combines the consolidated financial information of Energy Supply and the combined financial information of RJS Power as of and for the six months ended June 30, 2014 and for the year ended December 31, 2013 after giving effect to the spinoff of HoldCo and the Combination with RJS Power as if they were completed on January 1, 2013. The summary unaudited pro forma condensed combined balance sheet data gives effect to the spinoff and the Combination as if they were completed on June 30, 2014. The summary unaudited pro forma condensed combined financial data are derived from the unaudited pro forma condensed combined financial information that is included elsewhere in this prospectus. The summary unaudited pro forma condensed combined financial data are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of the combined company would have been had the Transactions occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. There are certain assets and liabilities of Energy Supply and RJS Power relating to the facilities subject to Talen Energy's mitigation plan discussed elsewhere in this prospectus and Energy Supply's Montana hydroelectric facilities that may not be transferred in the Transactions. As a result, we cannot provide assurances that the summary unaudited pro forma condensed combined financial data set forth below accurately reflect the businesses that will be transferred in the Transactions.

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

(dollars in millions)	Year Ended December 31, 2013	Six Months Ended June 30, 2014
Statement of Operations Data:		
Operating revenues	\$ 5,492	\$ 725
Operating income (loss)	(215)	48
Income (loss) from continuing operations after income taxes attributable to stockholders	\$ (275)	\$ (15)
Balance Sheet Data (at period end):		
Cash and cash equivalents		\$ 341
Total assets		14,664
Total liabilities		8,750
Long term debt		3,373
Stockholders' equity		5,914
Other Financial Data:		
Pro forma Adjusted EBITDA (1)	\$ 1,180	\$ 656

- (1) In addition to evaluating the financial condition and results of operations in accordance with GAAP, management also reviews and evaluates certain alternative financial measures not prepared in accordance with GAAP. Non-GAAP measures do not have definitions under GAAP and may be defined differently by, and not be

comparable to, similarly titled measures used by other companies. As a result, management considers and evaluates non-GAAP measures in connection with a review of the most directly comparable measure calculated in accordance with GAAP. Management cautions investors not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measure. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP.

Table of Contents

In this prospectus, the pro forma financial information prepared in accordance with GAAP has been supplemented with pro forma EBITDA and pro forma Adjusted EBITDA because we believe that pro forma EBITDA and pro forma Adjusted EBITDA provide useful information to investors, lenders and rating agencies since these groups have historically used EBITDA-related measures in our industry, along with other measures, to estimate the value of companies, to make investment decisions and to evaluate a company's ability to meet its debt service requirements. We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by other companies because not all companies calculate EBITDA and Adjusted EBITDA in the same manner. EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP. EBITDA is defined as net income adjusted for depreciation, amortization and accretion, interest expense and income taxes. Adjusted EBITDA is defined as EBITDA as further adjusted for certain items, such as unrealized loss (gain) on derivative contracts, non-cash equity-based compensation, certain financing and transaction costs and other items not indicative of ongoing operating performance. Pro forma EBITDA and pro forma Adjusted EBITDA reflect EBITDA and Adjusted EBITDA, respectively, after giving effect to the Transactions.

A reconciliation of pro forma EBITDA and pro forma Adjusted EBITDA to pro forma net income determined in accordance with GAAP is provided below (See Unaudited Pro Forma Condensed Combined Financial Statements for information on the Pro Forma Adjustments and Pro Forma Condensed Combined amounts):

	Year Ended December 31, 2013			
	Historical Energy Supply (a)	RJS Power	Pro Forma Adjustments	Pro Forma Condensed Combined (b)
(dollars in millions)				
Pro forma income (loss) from continuing operations after income taxes attributable to stockholders	\$ (262)	\$ (27)	\$ 14	\$ (275)
Interest expense (c)	159	94	6	259
Income taxes	(159)		(7)	(166)
Depreciation and amortization (d)	328	92	6	426
Pro Forma EBITDA	66	159	19	244
Unrealized loss (gain) on derivative contracts (e)	131	38		169
Montana lease termination (f)	697			697
SMGT bankruptcy (g)	(2)			(2)
Raven Acquisition adjustments (h)		3		3
Corette asset impairment (i)	65			65
Non-cash compensation expense (j)	27			27
Loss (gain) from NDT fund	(23)			(23)
Pro Forma Adjusted EBITDA	\$ 961	\$ 200	\$ 19	\$ 1,180

(a)

Edgar Filing: Talen Energy Corp - Form S-1

Excludes results of operations of the Montana hydroelectric facilities, which are expected to be disposed of prior to the spinoff. See further discussion in Unaudited Pro Forma Condensed Combined Financial Statements Note 2. Purchase Price Allocation, Pro Forma and Other Adjustments.

- (b) Does not reflect the impact of divestitures required to achieve FERC regulatory approval. See The Separation Agreement and the Transaction Agreement The Transaction Agreement Regulatory Approvals and Efforts to Close Mitigation Plans for information on such divestitures.
- (c) RJS Power includes \$27 million of debt extinguishment costs related to deferred financing costs and expensed prepayment penalties associated with the refinancing of the then existing debt of Raven Power, Topaz Power and Sapphire Power during 2013.

Table of Contents

- (d) Energy Supply includes \$29 million of ARO accretion that is recognized in Other operation and maintenance on the Pro Forma Condensed Combined Statement of Income included under Unaudited Pro Forma Condensed Combined Financial Information.
- (e) Represents non-cash change in the fair value of derivative instruments that have been included in Energy Supply's and RJS Power's earnings.
- (f) In September 2013, PPL Montana executed a definitive agreement to sell to NorthWestern certain hydroelectric generating facilities located in Montana. To facilitate the sale of the hydroelectric facilities, on December 20, 2013, PPL Montana terminated its operating lease arrangement related to partial interests in Units 1, 2 and 3 of the Colstrip coal-fired electric generating facility and acquired those interests, collectively, for \$271 million. At lease termination, the existing lease-related assets on the balance sheet were written off and the acquired Colstrip assets were recorded at fair value as of the acquisition date. Energy Supply recorded a charge of \$697 million (\$413 million after-tax) for the termination of the lease.
- (g) In October 2011, a wholesale customer, SMGT, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. In 2012, PPL EnergyPlus recorded an additional allowance for unpaid amounts under the related long-term power contract. In March 2012, the U.S. Bankruptcy Court for the District of Montana approved the request to terminate the contract, effective April 1, 2012. In June 2013, PPL EnergyPlus received an approval for an administrative claim in the amount of \$2 million.
- (h) Comprised of pension-related payments made to legacy CPSG employees in connection with the Raven Acquisition in 2012. RJS Power has adjusted its EBITDA as reported for these payments as these payments will no longer be a recurring expense for RJS Power after December 31, 2014.
- (i) In 2012, Energy Supply announced its intention, beginning in April 2015, to place its Corette plant in long-term reserve status, suspending the plant's operation due to expected market conditions and the costs to comply with MATS. During the fourth quarter of 2013, Energy Supply determined its Corette plant was impaired and recorded a pre-tax charge of \$65 million for the plant and related emission allowances.
- (j) Reflects the portion of PPL's non-cash stock-based compensation cost allocable to Energy Supply.

	Six Months Ended June 30, 2014			
	Historical			Pro
	Energy	RJS	Pro	Forma
	Supply (a)	Power	Forma	Condensed
			Adjustments	Combined (b)
(dollars in millions)				
Pro forma income (loss) from continuing operations after income taxes attributable to stockholders	\$ (56)	\$ 45	\$ (4)	\$ (15)
Interest expense	64	38	6	108
Income taxes	(58)		27	(31)
Depreciation and amortization (c)	166	44	4	214
Pro Forma EBITDA	\$ 116	\$ 127	\$ 33	\$ 276
Unrealized loss (gain) on derivative contracts (d)	273	62		335
Raven Acquisition adjustments (e)		4		4
Non-cash compensation expense (f)	22	8		30
Separation benefits (g)	22			22
Loss (gain) from NDT fund	(11)			(11)
Pro Forma Adjusted EBITDA	\$ 422	\$ 201	\$ 33	\$ 656

- (a) Excludes results of operations of the Montana hydroelectric facilities, which are expected to be disposed of prior to the spinoff. See further discussion in Unaudited Pro Forma Condensed Combined Financial Statements Note 2. Purchase Price Allocation, Pro Forma and Other Adjustments.

Table of Contents

- (b) Does not reflect the impact of divestitures required to achieve FERC regulatory approval. See The Separation Agreement and the Transaction Agreement The Transaction Agreement Regulatory Approvals and Efforts to Close Mitigation Plans for information on such divestitures.
- (c) Energy Supply includes \$15 million of ARO accretion that is recognized in Other operation and maintenance on the Pro Forma Condensed Combined Statement of Income included under Unaudited Pro Forma Condensed Combined Financial Information.
- (d) Represents non-cash change in the fair value of derivative instruments that have been included in Energy Supply's and RJS Power's earnings.
- (e) Comprised of two adjustments resulting from the Raven Acquisition in 2012. RJS Power has adjusted EBITDA as reported for pension related payments of \$2 million made to legacy CPSG employees, as such payments will no longer be a recurring expense for RJS Power after December 31, 2014. RJS Power has also adjusted its EBITDA as reported to reflect a capacity make whole payment of \$2 million from CPSG. Under the Purchase and Sale Agreement between CPSG and Raven Power Holdings LLC, CPSG agreed to capacity make-whole payments for uncleared capacity in the 2014/2015 PJM Capacity year. The right to receive the capacity make-whole payment from CPSG was recorded as a receivable on RJS Power's balance sheet under the purchase accounting rules. Payments received under this agreement are not reflected as revenue in RJS Power financial statements. RJS Power makes an adjustment to EBITDA to eliminate the effect of adjustments resulting from the application of purchase accounting to this payment stream.
- (f) For Energy Supply, reflects the portion of PPL's non-cash stock-based compensation cost allocable to Energy Supply. For RJS Power, non-cash compensation expense related to agreements directly with the owners of RJS Power and the contracted asset manager, TPM, which allows TPM to participate in the profits of RJS Power if certain cash generation and distribution targets are met. Although the amounts paid under these agreements are not paid directly by RJS Power, RJS Power recognizes amounts paid under these agreements as non-cash compensation expense included in general and administrative expenses on the combined statements of operations.
- (g) In June, 2014, Energy Supply's largest IBEW local ratified a new three-year labor agreement. In connection with the new agreement, estimated bargaining unit one-time voluntary retirement benefits were recorded.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

*The following are some of the questions that Talen Energy stockholders and PPL shareholders may have regarding the Transactions and brief answers to those questions. For more detailed information about the matters discussed in these questions and answers, see *The Transactions* and *The Separation Agreement and the Transaction Agreement* which are included elsewhere in this prospectus. These questions and answers, as well as the summary in this prospectus, are not meant to be a substitute for the information contained in the remainder of this prospectus, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this prospectus. Shareholders are urged to read this prospectus in its entirety. You should pay special attention to the *Risk Factors* and *Cautionary Statement Regarding Forward-Looking Statements* which are included elsewhere in this prospectus.*

Q: *What are the Transactions?*

A: The Transactions are a series of transactions that will ultimately result in the separation of the Energy Supply business from PPL and the combination of that business with the RJS Power business to form Talen Energy. The Distribution is the final step in the separation of Energy Supply from PPL, which will be a pro rata distribution of all the then outstanding shares of common stock of HoldCo, which will own Energy Supply and Talen Energy, by PPL to holders of PPL common stock as of the record date. PPL will have no continuing ownership interest in, control of or affiliation with Talen Energy following the Distribution. Under the terms of the Transaction Agreement, immediately following the Distribution, a subsidiary of Talen Energy will merge with and into HoldCo, with HoldCo continuing as the surviving corporation and a wholly owned subsidiary of Talen Energy, and the shares of HoldCo common stock will be automatically converted into a like number of shares of Talen Energy common stock. Immediately following the Distribution and Merger, the RJS Power business will be contributed by the Contributors to Talen Energy in exchange for a number of shares of Talen Energy common stock in a private placement transaction that will result in PPL's shareholders owning 65%, and the Contributors collectively owning the remaining 35%, of the Talen Energy common stock immediately following the Combination.

Q: *What is Talen Energy?*

A: Talen Energy is a wholly owned indirect subsidiary of PPL incorporated under the laws of Delaware. Following the Transactions, Talen Energy will be an independent, publicly traded company operating the combined Energy Supply and RJS Power businesses.

Q: *What is the reason for the Transactions?*

A: PPL determined that the Transactions would be in the best interests of PPL and its shareholders because the Transactions would provide a number of key benefits, including primarily: (1) the creation of one of the nation's largest independent power producers with approximately 15,000 megawatts of diversified capacity focused primarily in PJM and ERCOT; (2) the expectation that the combined company will be environmentally well

positioned and have a highly diversified fleet, robust cash flow generation capability and conservative capitalization providing a platform for future growth; (3) the creation of significant shareholder value by providing the PPL utility operations and Talen Energy competitive power generation operations the ability to make operating and capital decisions as separate businesses, the significant synergy potential from cost savings plus additional benefits from improved asset commercialization across Talen Energy's generation fleet and the tax-free transaction structure; (4) the ability to use Talen Energy's equity as compensation for employees in the competitive power generation business, which will result in equity compensation that is more in line with the financial results of such employees' direct work product; and (5) the expectation that PPL and Energy Supply will have compelling growth prospects as stand-alone companies and that the financial markets will ascribe valuations that more appropriately recognize the inherent strengths of each company. See The Transactions PPL's Reasons for the Transactions.

Table of Contents

Q: *Why did PPL decide not to separate the Energy Supply business in a stand-alone spinoff transaction and instead engage in the Transactions with RJS?*

A: PPL decided to pursue the Transactions with RJS rather than a stand-alone spinoff transaction involving the Energy Supply business because it determined that the expected value to PPL and its shareholders from pursuing the Transactions was greater than the value to PPL and its shareholders of a stand-alone spinoff or split-off of the Energy Supply business.

The principal countervailing factors considered by PPL in its deliberations concerning the Transactions were:

that the Transactions necessarily involved another party and therefore presented execution risks that would not be present in a single party transaction like a spinoff or split-off; and

the possibility that the anticipated benefits of the Transactions might not be realized.

See The Transactions PPL's Reasons for the Transactions for more information.

Q: *What will I receive in the Transactions?*

A: Each share of PPL common stock outstanding as of the record date will entitle its holder to receive a number of shares of HoldCo common stock, as determined by a formula based on the number of shares of PPL common stock outstanding at 5:00 p.m., New York City time, on the record date. Each such record holder will be entitled to receive a number of shares of HoldCo common stock equal to the aggregate number of shares of HoldCo common stock multiplied by a fraction, the numerator of which is the number of shares of PPL common stock held by such record holder on the record date and the denominator of which is the total number of shares of PPL common stock outstanding on the record date. Based on the number of shares of PPL common stock outstanding as of _____, _____, we expect the distribution ratio to be approximately _____ shares of HoldCo common stock for each share of PPL common stock. As a result of the Merger immediately following the Distribution, each such share of HoldCo common stock will be automatically converted into one share of Talen Energy common stock prior to its delivery to PPL's shareholders. Based on the number of shares of PPL common stock outstanding as of _____, _____, we expect the distribution ratio to be approximately _____ Talen Energy shares for each share of PPL common stock. Although the number of shares of PPL common stock outstanding may increase or decrease prior to the record date and as a result this distribution ratio may change, it will nonetheless result in PPL shareholders owning 65%, and the Contributors collectively owning 35%, of the common stock of Talen Energy immediately following the Combination. PPL shareholders will not receive any new shares of common stock of Talen Energy in the Combination and will continue to hold the Talen Energy shares they received in the Distribution.

No certificates or scrip representing fractional shares of Talen Energy common stock will be issued pursuant to the Merger. Fractional shares of Talen Energy common stock that would otherwise be allocable to any record holders of PPL common stock will be aggregated, and no record holder of PPL common stock will receive cash equal to or greater than the value of one full share of Talen Energy common stock. Following the Merger, an exchange agent will sell the aggregated whole shares of Talen Energy common stock in the open market or otherwise as reasonably directed by PPL, in consultation with the Contributors. The exchange agent will make available the net proceeds of this sale, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a

pro rata basis, without interest, as soon as practicable to the record holders of PPL common stock.

Q: *What PPL shareholder approvals are required?*

A: None. PPL, as the sole stockholder of HoldCo, and Talen Energy, as sole stockholder of Merger Sub, must approve the Merger. PPL shareholders are not required to take any action to approve the Transactions. After the Merger, Talen Energy will mail to the holders of PPL common stock who are entitled to receive shares of Talen Energy common stock book-entry statements evidencing their ownership of Talen Energy common stock, cash payments in lieu of fractional shares of Talen Energy (if any) and related tax information, and other information regarding their receipt of Talen Energy common stock.

Table of Contents

No PPL shareholders will be required to pay any cash or other consideration for shares of Talen Energy common stock received in the Distribution, or to surrender or exchange PPL shares in order to receive shares of Talen Energy common stock and they should not return their PPL stock certificates. The Transactions will have no effect on the number of shares of PPL common stock owned by PPL shareholders or the number of shares of PPL common stock outstanding. No vote by PPL shareholders is required or sought in connection with the Distribution, the Merger or the Combination, and PPL shareholders will have no appraisal rights in connection with the Transactions.

Q: Are there any conditions to the consummation of the Transactions?

A: Yes, the consummation of the Transactions is subject to the satisfaction or waiver (to the extent permitted by applicable law) of a number of conditions, including among other things, that (i) the SEC declare effective this registration statement and no stop order of the SEC suspending effectiveness of this registration statement be in effect prior to the Separation Transactions; (ii) the Talen Energy common stock be authorized for listing on the NYSE; (iii) certain regulatory approvals be obtained, including approval by the NRC and the FERC, Hart-Scott-Rodino clearance and certain approvals by the PUC, and (iv) there be, after giving effect to the financings contemplated in connection with the Closing Transactions and the posting of any credit support and other financial commitments required to be provided by RJS Power, Talen Energy, Merger Sub, HoldCo, Energy Supply and/or their respective subsidiaries in connection with, or as a condition to, regulatory approvals required in connection with the Separation Transactions and the Closing Transactions, at least \$1.00 billion of undrawn capacity under a revolving credit facility or similar facility available to Talen Energy and its subsidiaries (for purposes of which any letters of credit or other credit support measures posted in connection with energy marketing and trading transactions then outstanding shall not be considered as drawn against such facility). This prospectus describes these conditions in more detail in *The Separation Agreement and the Transaction Agreement* *The Separation Agreement Conditions to the Separation* and *The Separation Agreement and the Transaction Agreement Conditions to Consummation of the Closing Transactions*. No approval by the Contributors is required in connection with the Distribution, the Merger or the Combination.

Q: How will PPL distribute Talen Energy shares of common stock?

A: Holders of PPL common stock as of the record date will receive shares of Talen Energy common stock in book-entry form. See *The Transactions Structure of the Distribution, the Merger and the Combination How You Will Receive Talen Energy Common Stock*.

Q: What is the record date for the Distribution?

A: Record ownership will be determined as of 5:00 p.m., New York City time, on _____, _____, which we refer to as the record date.

Q: When will the Transactions occur?

A: The date of the Distribution is expected to be on or about _____, which we refer to as the Distribution Date. The Merger and the Combination will occur immediately thereafter. We expect that it will take the distribution agent, acting on behalf of PPL, up to three business days after the Distribution Date to fully distribute our common stock to PPL shareholders.

Q: *What will happen to the listing of my PPL common stock?*

A: Nothing. PPL common stock will continue to be traded on the NYSE under the symbol PPL.

Table of Contents

Q: Will the spinoff affect the trading of my PPL common stock?

A: Until the market has fully analyzed the value of PPL without the Energy Supply business, the price of PPL common stock may fluctuate. In addition, it is anticipated that shortly before the record date and through the Distribution Date, there will be two markets in PPL common stock: a regular way market and an ex-distribution market. PPL common stock that will trade on the regular way market will trade with an entitlement to the Talen Energy common stock distributed pursuant to the Distribution and Merger. Stock that trades on the ex-distribution market will trade without an entitlement to the Talen Energy common stock distributed pursuant to the Distribution and Merger. See *The Transactions Listing and Trading of Our Common Stock*.

Q: What if I want to sell my PPL common stock or my Talen Energy common stock?

A: You should consult with your financial advisors, such as your stockbroker, bank or tax advisor. Neither PPL nor Talen Energy makes any recommendations as to the purchase, retention or sale of PPL common stock or the Talen Energy common stock to be distributed in the Distribution and Merger.

If you decide to sell any stock before the Distribution, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your PPL common stock or the Talen Energy common stock you will receive in the Distribution and Merger or both. If you sell your PPL common stock in the regular way market up to and including the Distribution Date, you will be selling your right to receive Talen Energy common stock in the Distribution and Merger. However, if you own PPL common stock as of 5:00 p.m., New York City time, on the record date and sell those shares in the ex-distribution market up to and including the Distribution Date, you will still receive the Talen Energy common stock that you would be entitled to receive in respect of the PPL common stock you owned as of 5:00 p.m., New York City time, on the record date. See *The Transactions Listing and Trading of Our Common Stock*.

Q: How will fractional shares be treated in the Transactions?

A: Holders of PPL common stock will not receive fractional shares of Talen Energy common stock in connection with the Transactions. Instead, the distribution agent will sell whole shares that otherwise would have been distributed as fractional shares of Talen Energy in the open market at prevailing market prices and distribute the aggregate cash proceeds of the sales, net of brokerage fees and similar costs, pro rata to each PPL shareholder who would otherwise have been entitled to receive a fractional share of Talen Energy common stock in the Transactions. The receipt of cash in lieu of fractional shares will generally be taxable to the recipient shareholder. See *The Transactions Structure of the Distribution, the Merger and the Combination Treatment of Fractional Shares*.

Q: Who will serve on the board of directors of the combined company?

A: Pursuant to the terms of the Transaction Agreement and the Stockholders Agreement, immediately prior to the completion of the Transactions, Talen Energy's board of directors will consist of the following individuals: Ralph

Edgar Filing: Talen Energy Corp - Form S-1

C. Alexander, Frederick M. Bernthal, Philip G. Cox, Jeffrey E. Garten, Stuart E. Graham, Louise K. Goeser, Michael B. Hoffman and Paul A. Farr, who will be our President and Chief Executive Officer. Following the completion of the Transactions, the majority of Talen Energy's directors will be independent, as determined in accordance with the criteria for independence required by the NYSE. See Management of Talen Energy Following the Transactions Directors.

Q: *Who will manage the business of the combined company following the Combination?*

A: Following the Combination, the business of the combined company will be managed by Paul A. Farr, presently President of Energy Supply and Executive Vice President of Talen Energy, who will be the President and Chief Executive Officer of the combined company and will no longer be employed by PPL. The senior management of the combined company will also include Jeremy R. McGuire, Senior Vice President and Chief Financial Officer, Robert D. Gabbard, Jr., Senior Vice President and Chief Commercial Officer, Clarence J. Hopf, Jr., Senior Vice President and Chief Fossil and Hydro Generation Officer,

Table of Contents

Timothy S. Rausch, Senior Vice President and Chief Nuclear Officer, James E. Schinski, Senior Vice President and Chief Administrative Officer, Paul M. Breme, Vice President, General Counsel and Corporate Secretary, and J. Matt Simmons, Jr., Vice President and Chief Accounting and Risk Officer. See Management of Talen Energy Following the Transactions Executive Officers.

Q: What will be the indebtedness of the combined company following completion of the Transactions?

A: In connection with the Transactions, Energy Supply will acquire all of RJS Power's assets and liabilities and will enter into a new revolving credit facility. Assuming the closing of the Transactions as of June 30, 2014, the combined company would have had approximately \$3,693 million in total indebtedness on a pro forma basis immediately following the Combination. See Capitalization.

Q: How will the rights of shareholders of PPL change after the Transactions?

A: Following the Transactions, PPL shareholders will continue to own all of their shares of PPL common stock. Their rights as PPL shareholders will not change, except that their shares of PPL common stock will represent an interest in PPL that no longer includes the ownership and operation of the Energy Supply business. PPL shareholders will also separately own stock of Talen Energy, which will include the combined Energy Supply and RJS Power businesses.

Q: Will there be any payments by Talen Energy to PPL in connection with the Distribution?

A: No, there will not be any payments made by Talen Energy to PPL in connection with the Distribution other than the adjustment of shared expenses and payments in connection with certain commercial arrangements with PPL described below.

Q: Will there be post-closing adjustments in connection with the Distribution?

A: Yes, pursuant to the Transaction Agreement, after the Combination, the parties will determine the actual amount of certain shared expenses and, if such actual amounts differ from the estimated amounts, a corresponding payment will be made to the applicable party. See The Separation Agreement and the Transaction Agreement The Transaction Agreement Transaction Expense Adjustments.

Q: What is the current relationship between Talen Energy and both PPL and RJS?

A: Talen Energy is currently a wholly owned indirect subsidiary of PPL and was incorporated as a Delaware corporation in order to effect the separation of the Energy Supply business from PPL. Other than in connection with the Transactions, there is currently no relationship between Talen Energy and RJS. After the Transactions,

Talen Energy or its subsidiaries will be a party to certain commercial arrangements with PPL and the Contributors and/or their affiliates, which arrangements are described under The Separation Agreement and the Transaction Agreement Ancillary Agreements Transition Services Agreements.

Q: *What are the U.S. federal income tax consequences to me of the Distribution, Merger and Combination?*

A: PPL expects to receive an opinion from Simpson Thacher to the effect that the HoldCo Contribution together with the Distribution, will qualify as a reorganization pursuant to Section 368(a)(1)(D) of the Code and a tax-free distribution pursuant to Section 355 of the Code, that the Merger will qualify as a reorganization pursuant to Section 368(a) of the Code, and that the Merger and Combination together will qualify as a transaction described in Section 351 of the Code. Such opinion will rely on certain facts and assumptions, and certain representations and undertakings, provided by us, PPL and the Contributors regarding the past and future conduct of our business and other matters.

Assuming that the HoldCo Contribution and the Distribution together qualify as a reorganization pursuant to Section 368(a)(1)(D) of the Code and a tax-free distribution pursuant to Section 355 of the Code, for U.S. federal income tax purposes no gain or loss will be recognized by PPL shareholders upon the receipt of HoldCo common stock pursuant to the Distribution. Assuming that the Merger qualifies as a reorganization

Table of Contents

pursuant to Section 368(a) of the Code and that the Merger and Combination together will qualify as a transaction described in Section 351 of the Code, HoldCo stockholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger and Combination, except for any gain or loss attributable to cash received in lieu of a fractional share of Talen Energy. See [The Transactions](#) [Material U.S. Federal Income Tax Consequences of the Transactions](#) and [Risk Factors](#) [Risks Relating to the Transactions](#). If the Distribution does not qualify as a tax-free distribution under the Code and/or the Merger does not qualify as a reorganization under the Code, including as a result of subsequent acquisitions of stock of PPL or Talen Energy, then PPL and/or its shareholders may be required to pay substantial U.S. federal income taxes.

Each PPL shareholder is urged to consult his, her or its tax advisor as to the specific tax consequences of the Distribution, Merger and Combination to that shareholder, including the effect of any state, local or non-U.S. tax laws and of changes in applicable tax laws.

Q: How will I determine the tax basis I will have in the Talen Energy shares of common stock I receive in the Merger?

A: Generally, for U.S. federal income tax purposes, your aggregate basis in the shares of common stock you hold in PPL and the new shares of HoldCo common stock received in the Distribution will equal the aggregate basis of PPL common stock held by you immediately before the Distribution. This aggregate basis will be allocated among your PPL common stock and the HoldCo common stock you receive in the Distribution, in proportion to the relative fair market value of each immediately following the Distribution. In general, your aggregate basis in shares of Talen Energy common stock you receive in the Merger (including any fractional shares in Talen Energy for which cash is received) will equal your basis in the HoldCo common stock you receive in the Distribution. See [The Transactions](#) [Material U.S. Federal Income Tax Consequences of the Transactions](#) for more information.

Q: Does Talen Energy intend to pay cash dividends?

A: No, we do not currently expect to declare or pay dividends on our common stock. See [Dividend Policy](#).

Q: How will Talen Energy shares trade?

A: Currently, there is no public market for Talen Energy common stock. We intend to apply to list our common stock on the NYSE under the symbol _____.

We anticipate that trading of Talen Energy common stock will commence on a when-issued basis on or shortly prior to the record date and before the Distribution Date. When-issued trading in the context of a spinoff refers to a sale or purchase of securities effected on or before the Distribution Date and made conditionally because the securities of the spun off entity have not yet been distributed. When-issued trades generally settle within four trading days of the Distribution Date. On the first trading day following the Distribution Date, any when-issued trading in respect of Talen Energy common stock will end and regular-way trading will begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the third full trading day following the date of the sale transactions. See [The Transactions](#) [Listing and Trading of Our Common Stock](#).

Q: *Do I have appraisal rights?*

A: No. Holders of PPL common stock are not entitled to appraisal rights in connection with the Transactions.

Q: *Who will be the transfer agent for Talen Energy shares?*

A: will be the transfer agent for Talen Energy shares.

Table of Contents

Q: *Are there risks associated with owning Talen Energy common stock upon consummation of the Transactions?*

A: Our business is subject to both general and specific risks and uncertainties relating to the businesses of Energy Supply and RJS Power. Our business is also subject to risks relating to the Transactions. Accordingly, you should read carefully the information set forth in the section entitled Risk Factors.

Q: *Where can I get more information?*

A: If you have any questions relating to the mechanics of the Distribution, you should contact the distribution agent at:

Wells Fargo Bank, National Association

Attn: Shareowner Services

1110 Centre Pointe Curve, Suite 101

Mendota Heights, MN 55120-4100

Before the Transactions, if you have any questions relating to the Transactions, you should contact PPL at:

PPL Corporation

Attn: Investor Relations

Two North Ninth Street

Allentown, PA 18101-1179

Tel: (610) 774-5151

www.pplweb.com

Table of Contents**RISK FACTORS**

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

Risks Relating to the Transactions

The completion of the Distribution and Combination are contingent upon the satisfaction of a number of conditions and may present difficulties that could have an adverse effect on us.

The proposed spinoff of the Energy Supply business and the subsequent Combination with the RJS Power business to form Talen Energy are complex transactions, subject to various conditions, and may be affected by unanticipated developments or changes in market conditions. Completion of the Distribution and Combination are contingent upon a number of factors, including that (i) PPL receives a favorable legal opinion of tax counsel as described below; (ii) the SEC declares effective this registration statement and no SEC stop order suspending effectiveness of this registration statement be in effect prior to the Separation Transactions; (iii) the Talen Energy common stock be authorized for listing on the New York Stock Exchange; (iv) certain regulatory approvals be obtained, including approval by the NRC and the FERC, Hart-Scott-Rodino clearance and certain approvals by the PUC and (v) there be, after giving effect to the financings contemplated in connection with the Closing Transactions and the posting of any credit support and other financial commitments required to be provided by RJS Power, Talen Energy, Merger Sub, HoldCo, Energy Supply and/or their respective subsidiaries in connection with, or as a condition to, regulatory approvals required in connection with the Separation Transactions and the Closing Transactions, at least \$1.00 billion of undrawn capacity under a revolving credit facility or similar facility available to Talen Energy and its subsidiaries (for purposes of which any letters of credit or other credit support measures posted in connection with energy marketing and trading transactions then outstanding shall not be considered as drawn against such facility). The Distribution and Combination may be terminated by mutual written consent of the parties or subject to certain other circumstances, including the failure to complete these transactions by June 30, 2015 or, if the required regulatory approvals have not been obtained at such time but the other conditions to the consummation of these transactions have been or are capable of being satisfied, December 31, 2015. For these and other reasons, the Distribution and Combination may not be completed on the terms or within the expected timeframe, if at all. Further, if the Distribution and Combination are completed, such transactions may not achieve the intended results.

If the Distribution does not qualify as a tax-free distribution under the Code and/or the Merger does not qualify as a reorganization under the Code, including as a result of subsequent acquisitions of stock of PPL or Talen Energy, then PPL and/or its shareholders may be required to pay substantial U.S. federal income taxes.

Among other requirements, the completion of the Transactions is conditioned upon PPL's receipt of a legal opinion of Simpson Thacher to the effect that, the HoldCo Contribution, together with the Distribution, will qualify as a reorganization pursuant to Section 368(a)(1)(D) and a tax-free distribution pursuant to Section 355 of the Code, that the Merger will qualify as a reorganization pursuant to Section 368(a) of the Code, and that the Merger and Combination together will qualify as a transaction described in Section 351 of the Code. Although receipt of such opinion of Simpson Thacher will satisfy a condition to completion of the Distribution and subsequent Merger, that legal opinion will not be binding on the IRS. Accordingly, the IRS may reach conclusions with respect to the

Distribution and Merger that are different from the conclusions reached in such opinion. PPL is not aware of any facts or circumstances that would cause the factual statements or representations on which the legal opinion will be based to be materially different from the facts at the time of the Distribution. If, notwithstanding the receipt of such opinion, the IRS were to determine the Distribution to be

Table of Contents

taxable, PPL would, and its shareholders could, depending on their individual circumstances, recognize a tax liability that could be substantial. In addition, notwithstanding the receipt of such opinion, if the IRS were to determine the Merger to be taxable, PPL shareholders may, depending on their individual circumstances, recognize a tax liability that could be substantial.

In addition, the Distribution will be taxable to PPL pursuant to Section 355(e) of the Code if there is a 50% or greater change in ownership (by vote or value) of either PPL or Talen Energy, directly or indirectly, as part of a plan or series of related transactions that include the Distribution. Because PPL's shareholders will collectively own more than 50% of Talen Energy's common stock following the Distribution and subsequent Merger and Combination, the Merger and Combination alone will not cause the Distribution to be taxable to PPL under Section 355(e) of the Code. However, Section 355(e) of the Code might apply if acquisitions of stock of PPL before or after the Distribution, or of Talen Energy after the Merger and Combination, are considered to be part of a plan or series of related transactions that include the Distribution. PPL is not aware of any such plan or series of transactions that include the Distribution.

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

The benefits that we expect to achieve as a result of the Combination will depend, in part, on the ability of the combined company to realize anticipated growth opportunities, cost savings and other synergies. Our success in realizing these growth opportunities, cost savings and synergies, and the timing of this realization, depends on the successful integration of the Energy Supply and RJS Power businesses. Even if the combined company is able to integrate the Energy Supply and RJS Power businesses successfully, this integration may not result in the full realization of the growth opportunities, cost savings and other synergies that we currently expect from this integration, either within the anticipated time frame or at all. For example, the combined company may be unable to eliminate duplicative costs. Moreover, we may incur substantial expenses in connection with the integration of Energy Supply and RJS Power's businesses. Such expenses are difficult to estimate accurately.

The integration of the Energy Supply business with the RJS Power business following the Transactions may present significant challenges.

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

the challenge of carrying on the ongoing operations of each business as part of a combined company;

the challenge of integrating the business cultures of each business;

the challenge and cost of integrating the information technology (IT) systems of each business; and

the potential difficulty in retaining key employees of Energy Supply and RJS Power.

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

interrupted as a result of the integration process, the combined company could suffer.

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

Table of Contents

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

The Energy Supply business and the RJS Power business have been able to receive benefits and services from, and have been able to benefit from the financial strength of, PPL and Riverstone, respectively. After the Transactions, the combined company will no longer benefit from resources of PPL or Riverstone, other than pursuant to the Transition Services Agreements. If we are not able to replace the resources provided by PPL or Riverstone, are unable to replace them at the same or lower cost or are delayed in replacing the resources provided by PPL or Riverstone, our business, financial condition and results of operations may be negatively impacted.

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

Energy Supply's and RJS Power's historical and pro forma financial data included in this prospectus may not reflect what Energy Supply's and RJS Power's results of operations, financial condition and cash flows would have been had they been a combined company during the periods presented, or what the combined company's results of operations, financial condition and cash flows will be in the future. Among other factors, this is because:

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

Prior to the Transactions, the assets owned by RJS Power and its subsidiaries were managed by TPM, which is an affiliate of RJS Power. The services provided by TPM include asset management, accounting, budgeting, human resources, commercial and risk management and legal. RJS Power's historical financial statements and pro forma financial information reflect the costs incurred by TPM to provide these services and other necessary functions required to operate the business and may not reflect the costs that Talen Energy, as a stand-alone public company, will incur for similar services in the future.

As discussed above, completion of the Transactions is subject to a number of conditions, including receipt of certain federal and state regulatory approvals, the receipt of which may require Talen Energy to dispose of certain assets that may or may not be material to the operation of the combined company's business. See Risk Factors Risks Relating to the Transactions The completion of the Distribution and Combination are contingent upon the satisfaction of a number of conditions and may present difficulties that could have an adverse effect on us and Business Talen Energy.

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

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

Table of Contents

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

Prior to the Transactions, the financial results of the Energy Supply business previously were included within the consolidated results of PPL, and neither Talen Energy nor RJS Power or its subsidiaries were subject to the reporting and other requirements of the Exchange Act. As a result of the Transactions, we will be directly subject to reporting and other obligations under the Exchange Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to the combined company's business and financial condition. Following the Combination, we will be responsible for ensuring that all aspects of the combined company's business comply with Section 404 of the Sarbanes-Oxley Act. Under the Sarbanes-Oxley Act, we will be required to maintain effective disclosure controls and procedures and internal control over financial reporting. In addition, our management will be required to assess the effectiveness of our internal control over financial reporting and we will be required to obtain a report by an independent registered public accounting firm addressing the effectiveness of our internal control over financial reporting on an annual basis, subject to applicable phase-in periods.

To comply with these requirements, the combined company may need to upgrade its systems, implement additional financial and management controls, reporting systems and procedures, and hire additional accounting, legal and finance staff. The combined company expects to incur additional annual expenses for the purpose of addressing these requirements, and those expenses may be significant. If the combined company is unable to upgrade its financial and management controls, reporting systems, IT systems and procedures in a timely and effective fashion, our ability to satisfy our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act and the Sarbanes-Oxley Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on the combined company's business, financial condition and results of operations.

We expect that the combined company will incur significant one-time costs associated with the Transactions that could affect the period-to-period operating results of the combined company following completion of the Transactions.

We anticipate that the combined company will incur one-time charges of approximately _____ as a result of costs associated with the Transactions. We will not be able to quantify the exact amount of these charges or the period in which they will be incurred until after the Transactions are completed. Some of the factors affecting the costs associated with the Transactions include the timing of the completion of the Transactions, the resources required to integrate the Energy Supply and RJS Power businesses and the length of time during which transition services are provided to Talen Energy by PPL and TPM. The amount and timing of these charges could adversely affect the period-to-period operating results of Talen Energy, which could result in a reduction in the market price of shares of Talen Energy common stock. Moreover, delays in completing the integration may reduce or delay the synergies and other benefits expected from the Transactions and such reduction may be material.

Our business, financial condition and results of operations may be adversely affected following the Combination if we, PPL and RJS Power are unable to obtain third-party consents for certain contracts.

Certain contracts, including customer contracts, of the Energy Supply business and the RJS business, as well as certain contracts which are to be transferred or assigned to Talen Energy or its subsidiaries by PPL and its subsidiaries, contain provisions which require the consent of third parties to effect such transfers or assignments or the change in control with respect to the ownership of Energy Supply or RJS Power, as applicable. If we, PPL and RJS Power are unable to obtain these consents on commercially reasonable and satisfactory terms or at all, our ability to obtain the benefit of such contracts in the future may be impaired. For example, the failure to obtain the consent of our or RJS Power's customers could result in lost sales and have an adverse effect on our results of operation, cash flows

and financial condition.

Table of Contents

The pendency of the Transactions could potentially adversely affect the business and operations of Energy Supply and RJS Power.

In connection with the pending Transactions, some customers of each of Energy Supply and RJS Power may delay or defer decisions, may end their relationships with the relevant company or may reduce the amount of power purchased, which could negatively affect the revenues, earnings and cash flows of the Energy Supply business and the RJS Power business, regardless of whether the Transactions are completed. Similarly, it is possible that Energy Supply's and RJS Power's current and prospective employees could experience uncertainty about their future roles with us following the Transactions, which could materially adversely affect the ability of Energy Supply and RJS Power to attract and retain key personnel during the pendency and upon consummation of the Transactions.

Our indebtedness, which would have been approximately \$3,693 million on a pro forma basis as of June 30, 2014, could adversely affect our financial condition and impair our ability to operate our business.

As of June 30, 2014, after giving effect to the Transactions, we would have had approximately \$3,693 million in total indebtedness. See Capitalization. Our indebtedness could have important consequences to our future financial condition, operating results and business, including the following:

requiring that a substantial portion of our cash flows from operations be dedicated to payments on our indebtedness instead of other purposes, including operations, capital expenditures and future business opportunities;

limiting our ability to obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;

increasing our cost of borrowing; and

limiting our ability to adjust to changing market and economic conditions and limiting our ability to carry out capital spending that is important to our growth.

Although the agreements governing the New Revolving Facility will contain, and the indenture governing the RJS Power senior notes does contain, restrictions on the incurrence of additional indebtedness, these restrictions will be subject to a number of qualifications and exceptions, and any additional indebtedness incurred in compliance with these restrictions could be substantial. If new indebtedness is added to our current indebtedness levels, the related risks we will face could intensify.

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

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

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

The agreements governing the New Revolving Facility will contain, and the indenture governing the RJS Power senior notes does contain, restrictions and limitations, including financial and other restrictive covenants that will limit Talen Energy's subsidiaries' ability to:

incur additional indebtedness, or issue guaranties or certain preferred shares;

pay dividends, redeem stock or make other distributions;

repurchase, prepay or redeem subordinated indebtedness;

Table of Contents

make investments or acquisitions;

create liens;

make negative pledges;

consolidate or merge with another company;

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

enter into certain transactions with affiliates; and

change the nature of our business.

The agreements governing the New Revolving Facility will also contain, and the indenture governing the RJS Power senior notes does contain, other customary restrictions.

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

Risks Related to Our Business

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

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

We sell our available energy and capacity into competitive wholesale markets through contracts of varying duration. Competition in the wholesale power markets occurs principally on the basis of the price of products and, to a lesser extent, reliability and availability. We believe that the commencement of commercial operation of new electricity

generating facilities in the regional markets where we own or control generation capacity and the evolution of demand side management resources will continue to increase competition in the wholesale electricity market in those regions, which could have an adverse effect on electricity and capacity prices.

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

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

Table of Contents

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

We purchase and sell electricity in wholesale markets under market-based rates throughout the U.S. and also enter into short-term agreements to market available electricity and capacity from our generation assets with the expectation of generation margins. If we are unable to deliver firm capacity and electricity under these agreements, we could be required to pay damages. These damages would generally be based on the difference between the market price to acquire replacement capacity or electricity and the contract price of any undelivered capacity or electricity. Depending on price volatility in the wholesale electricity markets, such damages could be significant. Extreme weather conditions, unplanned generation facility outages, environmental compliance costs, transmission disruptions, and other factors could affect our ability to meet our obligations, or cause significant increases in the market price of replacement capacity and electricity.

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

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

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

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

demand for electricity;

supply for electricity available from current or new generation resources;

variable production costs, primarily fuel (and associated transportation costs) and emission allowance expense for the generation resources used to meet the demand for electricity;

transmission capacity and service into, or out of, markets served;

changes in the regulatory framework for wholesale power markets;

liquidity in the wholesale electricity market, as well as general creditworthiness of key participants in the market; and

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

Table of Contents

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

We actively manage the market risk inherent in our generation and energy marketing activities, as well as our debt and counterparty credit positions. We have implemented procedures to monitor compliance with our risk management policy and programs, including independent validation of transaction and market prices, verification of risk and transaction limits, portfolio stress tests, sensitivity analyses and daily portfolio reporting of various risk management metrics. Nonetheless, our risk management programs may not work as planned. For example, actual electricity and fuel prices may be significantly different or more volatile than the historical trends and assumptions upon which we based our risk management calculations. Additionally, unforeseen market disruptions could decrease market depth and liquidity, negatively impacting our ability to enter into new transactions. We enter into financial contracts to hedge commodity basis risk, and as a result are exposed to the risk that the correlation between delivery points could change with actual physical delivery. Similarly, interest rates could change in significant ways that our risk management procedures were not designed to address. As a result, we cannot always predict the impact that our risk management decisions may have on us if actual events result in greater losses or costs than our risk models predict or greater volatility in our earnings and financial position.

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

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

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

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

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

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

We generally attempt to balance our fixed-price physical and financial purchases and sales commitments in terms of contract volumes and the timing of performance and delivery obligations through the use of financial and physical derivative contracts. These derivatives are accounted for in accordance with the Financial Accounting Standards Board Accounting Standards Codification section 815, Derivatives and Hedging, which

Table of Contents

requires us to record all derivatives on the balance sheet at fair value with changes in the fair value resulting from fluctuations in the underlying commodity prices immediately recognized in earnings, unless the derivative qualifies for cash flow hedge accounting treatment or the NPNS exception. Whether a derivative qualifies for cash flow hedge accounting treatment depends upon it meeting specific criteria used to determine if the cash flow hedge is and will remain appropriate for the term of the derivative. Specific criteria are also required in order to elect the NPNS exception, which permits qualifying Hedges to be treated under the accrual accounting method. All economic hedges may not necessarily qualify for cash flow hedge accounting treatment or the NPNS exception, or Talen Energy may elect not to utilize cash flow hedge accounting or the NPNS exception. As a result, our quarterly and annual results are subject to significant fluctuations caused by changes in market prices.

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

Declines in wholesale energy prices, partially resulting from adverse economic conditions, have in the past significantly impacted our earnings. The breadth and depth of these negative economic conditions had a wide-ranging impact on the U.S. business environment, including our businesses, and demand for energy commodities declined significantly. This reduced demand continues to impact the key domestic wholesale energy markets we serve. The combination of lower demand for power and increased supply of natural gas has put downward price pressure on wholesale energy markets in general, further impacting our energy marketing results. In general, economic and commodity market conditions will continue to challenge predictability regarding our unhedged future energy margins, liquidity and overall financial condition.

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

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

Sustained downturns or sluggishness in the economy generally affect the markets in which we and our customers operate and negatively influence electricity operations. Declines in demand for electricity as a result of economic downturns in our customers' service territories could reduce overall sales and lessen cash flows, especially where industrial customers reduce output and, therefore, consumption of energy.

Increases in electricity prices and/or a weak economy, can lead to changes in legislative and regulatory policy promoting energy efficiency, conservation, and self-generation as well as a reduction in our customers' ability to pay their bills, which may adversely impact our business.

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

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

In the ordinary course of business, we are reliant upon adequate long-term and short-term financing to fund our significant capital expenditures, debt service and operating needs. As a capital-intensive business, we are sensitive to developments in interest rates, credit rating considerations, insurance, security or collateral

Table of Contents

requirements, market liquidity and credit availability and refinancing opportunities necessary or advisable to respond to credit market changes. Changes in these conditions could result in increased costs and decreased availability of credit.

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

Credit ratings assigned by Moody's, Fitch and S&P to our businesses and their financial obligations have a significant impact on the cost of capital incurred by our businesses. A ratings downgrade could increase our short-term borrowing costs and negatively affect our ability to fund liquidity needs and access new long-term debt at acceptable interest rates.

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

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

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

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

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

Our ability to operate our facilities efficiently is critical to the financial performance of our business. Operation of our power plants, information technology systems and other assets and conduct of other activities subjects us to a variety of risks, including the breakdown or failure of equipment, accidents, security breaches, viruses or outages affecting information technology systems, labor disputes, obsolescence, delivery/transportation problems and disruptions of fuel supply and performance below expected levels. In addition, catastrophic events such as fires, explosions or other similar occurrences, extreme weather conditions beyond equipment and plant design capacity, other unanticipated operations and maintenance expenses and liabilities, increased capital expenditure requirements, including those due to environmental regulation, and potential claims for property damage or personal injuries beyond the scope of our insurance coverage could jeopardize our ability to operate our facilities as planned. These events may impact our ability to conduct our businesses efficiently and lead to increased costs, expenses or losses. Operation of our delivery systems below our expectations may result in lost revenue and increased expense, including higher maintenance costs which may not be recoverable from customers. Planned and unplanned outages at our power plants may require us to purchase power at then-current market prices to satisfy our commitments or, in the alternative, pay penalties and damages for failure to satisfy them.

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

Table of Contents

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

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

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

Weather and these other factors can significantly affect our profitability and operations by causing outages, damaging infrastructure and requiring significant repair costs. Storm outages and damage often directly decrease revenues and increase expenses, due to reduced usage and restoration costs. In addition, sustained severe drought conditions could impact our power generation, as our generation facilities use water for cooling purposes and for the operation of environmental compliance equipment.

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

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

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

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

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

obligations in the case of a disruption in fuel supply due to force majeure events or the default of a fuel supplier or transporter. Disruptions in our fuel supplies may therefore require us to find

Table of Contents

alternative fuel sources at higher costs, to find other sources of power to deliver to counterparties at a higher cost, or to pay damages to counterparties for failure to deliver power as contracted. Any such event could have a material adverse effect on our financial performance.

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

weather conditions;

seasonality;

demand for energy commodities and general economic conditions;

disruption or other constraints or inefficiencies of electricity, gas or coal transmission or transportation;

additional generating capacity;

availability and levels of storage and inventory for fuel stocks;

natural gas, crude oil, refined products and coal production levels;

changes in market liquidity;

federal, state and foreign governmental regulation and legislation; and

the creditworthiness and liquidity of fuel suppliers and/or transporters and their willingness to do business with us.

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

impact on the financial results of specific plants and on our results of operations.

We do not own or control the transmission facilities required to sell the wholesale power from our generation facilities. If the transmission service is inadequate, our ability to sell and deliver wholesale power may be materially adversely affected. Furthermore, these transmission facilities are operated by RTOs and ISOs, which are subject to changes in structure and operation and impose various pricing limitations. These changes and pricing limitations may affect our ability to deliver power to the market that would, in turn, adversely affect the profitability of our generation facilities.

We do not own or control the transmission facilities required to sell the wholesale power from our generation facilities. If the transmission service from these facilities is unavailable or disrupted, or if the transmission capacity infrastructure is inadequate, our ability to sell and deliver wholesale power may be materially adversely affected. RTOs and ISOs provide transmission services, administer transparent and competitive power markets and maintain system reliability. Many of these RTOs and ISOs operate in the real-time and day ahead markets in which we sell energy. The RTOs and ISOs that oversee most of the wholesale power markets impose, and in the future may continue to impose, offer caps and other mechanisms to guard against the potential exercise of market power in these markets as well as price limitations. These types of price limitations and other regulatory mechanisms may adversely affect the profitability of our generation facilities that sell energy and capacity into the wholesale power markets. Problems or delays that may arise in the

Table of Contents

formation and operation of maturing RTOs and similar market structures, or changes in geographic scope, rules or market operations of existing RTOs, may also affect our ability to sell, the prices we receive or the cost to transmit power produced by our generating facilities. Rules governing the various regional power markets may also change from time to time, which could affect our costs or revenues. Additionally, if the transmission service from these facilities is unavailable or disrupted, or if the transmission capacity infrastructure is inadequate, our ability to sell and deliver wholesale power may be materially adversely affected. Furthermore, the rates for transmission capacity from these facilities are set by others and thus are subject to changes, some of which could be significant. As a result, our financial condition, results of operations and cash flows may be materially adversely affected.

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

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

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

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

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

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

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

In addition to the costs that may be associated with climate change effects, GHG regulation could increase the cost of electricity, particularly power generated by fossil fuels, and such increases could have a depressive effect on regional economies. Reduced economic and consumer activity in our service areas both generally and

Table of Contents

specific to certain industries and consumers accustomed to previously lower cost power could reduce demand for the power we generate and market. Also, demand for our energy-related services could be similarly lowered should consumers' preferences or market factors move toward favoring energy efficiency, low-carbon power sources or reduced electricity usage.

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

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

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

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

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

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

Our generation subsidiaries sell electricity into the wholesale market. Generally, our generation subsidiaries and our marketing subsidiaries are subject to regulation by the FERC. The FERC has authorized us to sell generation from our facilities and power from our marketing subsidiaries at market-based prices. The FERC retains the authority to modify or withdraw our market-based rate authority and to impose cost of service rates if it determines that the market is not competitive, that we possess market power or that we are not charging just and reasonable rates. Any reduction by the FERC in the rates we may receive or any unfavorable regulation of our business by state regulators could materially adversely affect our results of operations.

In addition, the acquisition, construction, ownership and operation of electricity generation facilities require numerous permits, approvals, licenses and certificates from federal, state and local governmental agencies. We may not be able to obtain or maintain all required regulatory approvals. If there is a delay in obtaining any

Table of Contents

required regulatory approvals or if we fail to obtain or maintain any required approval or fail to comply with any applicable law or regulation, the operation of our assets and our sales of electricity could be prevented or delayed or become subject to additional costs.

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

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

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

Our business is subject to extensive federal, state and local statutes, rules and regulations relating to environmental protection and worker health and safety. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly response actions. These laws and regulations may impose numerous obligations that are applicable to our operations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or operating expenditures to limit or prevent releases of materials from our operations, the imposition of specific standards addressing worker protection, and the imposition of substantial liabilities and remedial obligations for pollution or contamination resulting from our operations. To comply with existing and future environmental requirements and as a result of voluntary pollution control measures we may take, we have spent and expect to spend substantial amounts in the future on environmental control and compliance. Failure to comply with these laws, regulations and permits may result in joint and several, strict liability for administrative, civil and/or criminal penalties, the imposition of remedial obligations, and the issuance of injunctions limiting or preventing some or all of our operations. Private parties may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance, with environmental laws, regulations and permits or for personal injury or property damage.

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

The trend of more expansive and stringent environmental legislation and regulations applied to the power generation industry could continue, resulting in increased costs of doing business and consequently affecting profitability. Many states and environmental groups have challenged certain federal laws and regulations relating to air emissions as not being sufficiently strict. In addition, more recently, attention has also been refocused on

Table of Contents

effluent discharge limitations and the handling of CCRs. As a result, state and federal regulations have been proposed or adopted that would impose more stringent restrictions than are currently in effect, which could require us to significantly increase capital expenditures for additional pollution control equipment. Furthermore, the EPA's cooling water intake rulemaking under Section 316(b) of the federal Clean Water Act and the EPA's imposition of Prevention of Significant Deterioration (PSD) construction permit requirements for GHG emissions could adversely affect our operations and restrict or delay our ability to obtain permits. At some of our older generating facilities it may be uneconomic for us to install necessary pollution control equipment to comply with new or proposed regulations, which could cause us to retire those units.

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

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

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

Nuclear generation accounted for about 32.7% of Energy Supply's 2013 pro forma competitive power generation output. The risks of nuclear generation generally include:

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

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

uncertainties with respect to the technological and financial aspects of decommissioning nuclear plants at the end of their licensed lives. The licenses for our two nuclear units expire in 2042 and 2044. The NRC has broad authority under federal law to impose licensing requirements, including security, safety and employee-related requirements for the operation of nuclear generation facilities. In the event of noncompliance, the NRC has authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. In addition, revised security or safety requirements promulgated by the NRC, particularly in response to the 2011 incident in Fukushima, Japan, could necessitate substantial capital or operating expenditures at our Susquehanna nuclear plant.

There also remains substantial uncertainty regarding the temporary storage and permanent disposal of spent nuclear fuel, which could result in substantial additional costs to us that cannot be predicted. In addition, although we have no reason to anticipate a serious nuclear incident at our Susquehanna nuclear plant, if an incident did occur, any resulting operational loss, damages and injuries could have a material adverse effect on our results of operations, cash flows and financial condition.

Table of Contents

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

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

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

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

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

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

Because Talen Energy, Energy Supply and RJS Power are holding companies, their debt and guaranty obligations are effectively subordinated to all existing and future liabilities of their subsidiaries. Although certain agreements to which certain subsidiaries are parties limit their ability to incur additional indebtedness, Talen Energy, Energy Supply and RJS Power and their subsidiaries retain the ability to incur substantial additional indebtedness and other liabilities. Therefore, Talen Energy's, Energy Supply's and RJS Power's rights and the rights of their creditors, including rights of

any debt holders, to participate in the assets of any of their subsidiaries, in the event that such a subsidiary is liquidated or reorganized, will be subject to the prior claims of such subsidiary's creditors. See Description of Material Indebtedness.

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

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

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

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

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

War, terrorist attacks and unrest have caused and may continue to cause instability in the world's financial and commercial markets and have contributed to high levels of volatility in prices for oil and gas. Instability and unrest in the Middle East, Afghanistan, Ukraine and Iraq, as well as threats of war or other armed conflict elsewhere, may cause further disruption to financial and commercial markets and contribute to even higher levels of volatility in prices for oil and gas. In addition, unrest in the Middle East, Afghanistan, Ukraine and Iraq could lead to acts of terrorism in the United States or elsewhere, and acts of terrorism could be directed against companies such as ours. Armed conflicts and terrorism and their effects on us or our markets may significantly affect our business and results of operations in the future. In addition, we may incur increased costs for security, including additional physical plant security and security personnel or additional capability following a terrorist incident.

Table of Contents

Risks Relating to Our Common Stock

There is currently no public market for our common stock and we cannot be certain that an active trading market will develop or be sustained after the Transactions, and following the Transactions our stock price may fluctuate significantly.

There is currently no public market for our common stock, and there can be no assurance that an active trading market for our common stock will develop as a result of the Transactions or be sustained in the future. The lack of an active market may make it more difficult for you to sell our common stock and could lead to the price of our common stock being depressed or more volatile. We cannot predict the prices at which our common stock may trade after the Transactions. The market price of our common stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including:

the possibility that our business profile and market capitalization may not fit the investment objectives of some PPL shareholders and, as a result, these shareholders may sell our shares after the Transactions are completed;

actual or anticipated fluctuations in our operating results due to factors related to our business;

success or failure of our strategy;

our quarterly or annual earnings, or those of other companies in our industry;

continued industry-wide decrease in demand for electricity;

our ability to obtain third-party financing as needed;

announcements by us or our competitors of significant acquisitions or dispositions;

the inability to issue equity securities or convertible debt securities during the two year period following the date of the Distribution without jeopardizing the intended tax consequences of the Transactions;

restrictions on our ability to pay dividends under our revolving credit facility;

changes in accounting standards, policies, guidance, interpretations or principles;

the failure of securities analysts to cover our common stock after the Transactions;

changes in earnings estimates by securities analysts or the combined company's ability to meet those estimates;

the operating and stock price performance of other comparable companies;

investor perception of us;

natural or environmental disasters that investors believe may affect our businesses;

overall market fluctuations;

results from any material litigation or government investigation;

changes in laws and regulations affecting us or any of the principal products sold by us; and

general economic conditions and other external factors.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of our common stock. Until an orderly market develops, the trading prices for our common stock may fluctuate significantly.

Table of Contents

After the completion of the Transactions, sales of our common stock may negatively affect its market price.

The sales of significant amounts of our common stock or any perception in the market that this will occur may result in the lowering of the market price of our common stock. Immediately following the Transactions, we estimate that _____ shares of our common stock will be issued and outstanding, based on the number of shares of PPL common stock expected to be outstanding as of the record date and the number of shares to be issued in a private placement transaction in connection with the Combination.

Of the outstanding shares, the approximately _____ shares delivered to the PPL shareholders who hold PPL common stock as of the record date will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the limitations described in Shares Eligible for Future Sale. Such shares may be sold immediately in the public market. It is likely that some PPL shareholders, including some large shareholders, may sell such common stock for various reasons such as if our business profile or market capitalization following the Transactions does not fit their investment objectives. In particular, PPL is a member of the S&P 500 Index, while Talen Energy will not initially be and may not be in the future. Accordingly, certain PPL shareholders may elect or be required to sell our shares following the Transactions due to investment guidelines or other reasons.

The remaining outstanding _____ shares of common stock to be issued in a private placement transaction to the Contributors in connection with the Combination will be subject to certain restrictions on resale under the Securities Act. In addition, pursuant to the Stockholders Agreement, the Contributors will, subject to certain exceptions, be restricted from transferring, directly or indirectly, the shares of our common stock held by them for a period starting on the date of the prospectus and continuing for 180 days after the closing date of the Transactions. We may, in our discretion and without notice, release all or any portion of the shares of common stock subject to these 180-day lock-ups. See Shares Eligible for Future Sale for a description of these lock-up arrangements.

Upon the expiration of the lock-up described above, any sale of the shares issued to the Contributors in the public market will be subject to volume, manner of sale and other limitations under Rule 144. We expect that the Contributors will be considered affiliates 180 days after the Transactions based on their expected share ownership (consisting of _____ shares), as well as their board nomination rights. However, commencing 180 days following the Transactions, the Contributors will have the right, subject to certain exceptions and conditions, to require us to register their shares of common stock under the Securities Act, and they will have the right to participate in future registrations of securities by us. Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See Shares eligible for future sale.

As restrictions on resale end or if the Contributors exercise their registration rights, the market price of our shares of common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our new stock incentive plan and directors deferred compensation plan. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. We expect that the initial registration statements on Form S-8 will cover shares of our common stock.

Table of Contents

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

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us and our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If there is no such coverage, the trading price for our stock would likely be negatively affected. In the event we obtain securities or industry analyst coverage, if one or more of these analysts downgrades our stock or publishes misleading or unfavorable research about our business, our stock price would also likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price or trading volume to decline.

The Contributors may exert significant influence over matters requiring stockholder approval in respect of the combined company. Ownership of our common stock will be highly concentrated after the Transactions and could prevent you and other stockholders from influencing significant corporate decisions.

Following the completion of the Transactions, the Contributors, each of which is indirectly controlled by Riverstone Holdings, collectively will beneficially own 35% of the outstanding shares of our common stock. As a result, the Contributors will collectively exercise significant influence over all matters requiring stockholder approval for the foreseeable future, including approval of significant corporate transactions, which may reduce the market price of our common stock. The interests of the Contributors may conflict with the interests of our other stockholders. The Contributors may have an interest in having Talen Energy pursue acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment in Talen Energy, even though such transactions might involve risks to you. In addition, Riverstone Holdings and its affiliates engage in a broad spectrum of activities, including investments in the power generation industry. In the ordinary course of their business activities, Riverstone Holdings and its affiliates may engage in activities where their interests conflict with our interests or those of our stockholders.

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

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

authorize the issuance of blank check preferred stock that could be issued by our board of directors to thwart a takeover attempt;

limit the ability of stockholders to remove directors;

provide that vacancies on our board of directors, including vacancies resulting from an enlargement of our board of directors, may be filled only by a majority vote of directors then in office or by a sole remaining director, though we would expect that the Contributors would be entitled to designate any replacement of a director originally designated by the Contributors;

prohibit the calling of special meetings of stockholders unless called by the chairman of the board, if there be one, or by resolution of the board;

prohibit stockholder action by written consent, unless it is unanimous; and

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

Table of Contents

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

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

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

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

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

delays in or additional costs related to the completion of the Transactions;

divestitures that may be required by regulators in order to achieve regulatory approval for the Transactions;

our ability to successfully integrate the businesses of Energy Supply and RJS Power and achieve anticipated synergies, cost savings and growth opportunities;

fuel supply cost and availability;

weather conditions affecting generation, customer energy use and operating costs and revenues;

operation, availability and operating costs of existing generation facilities;

the duration of and cost, including lost revenue, associated with scheduled and unscheduled outages at our generating facilities;

expansion of alternative sources of electricity generation;

laws or regulations to reduce emissions of greenhouse gases or the physical effects of climate change;

collective labor bargaining negotiations;

the outcome of litigation against Talen Energy and its subsidiaries;

potential effects of threatened or actual terrorism, war or other hostilities, cyber-based intrusions or natural disasters;

the commitments and liabilities of Talen Energy and its subsidiaries;

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

competition in retail and wholesale power and natural gas markets;

liquidity of wholesale power markets;

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

market prices of commodity inputs for ongoing capital expenditures;

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

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

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

Table of Contents

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

the effectiveness of our risk management techniques, including hedging;

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

our ability to attract and retain qualified employees;

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

changes in securities and credit ratings;

current and future environmental conditions, regulations and other requirements and the related costs of compliance, including environmental capital expenditures, emission allowance costs and other expenses;

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

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

receipt of necessary governmental permits, approvals and rate relief;

new state, federal or foreign legislation or regulatory developments;

the impact of any state, federal or foreign investigations applicable to Talen Energy and its subsidiaries and the energy industry;

the effect of any business or industry restructuring;

development of new projects, markets and technologies;

performance of new ventures; and

business dispositions or acquisitions and our ability to successfully operate acquired businesses and realize expected benefits from business acquisitions.

Any of the foregoing events or factors, or other events or factors, could cause actual results, including financial performance, to vary materially from the forward-looking statements included in this prospectus. You should consider these important factors, as well as the risk factors set forth in this prospectus, in evaluating any statement made in this prospectus. See Risk Factors. For the foregoing reasons, you are cautioned against relying on any forward-looking statements. Any forward-looking statement speaks on as of the date on which such statement is made, and Talen Energy does not undertake any obligation to update or revise these forward-looking statements, except as required by law.

Table of Contents

THE TRANSACTIONS

Background of the Transactions

PPL, Energy Supply, Talen Energy, HoldCo, Merger Sub and RJS have agreed to separate Energy Supply from PPL by distributing 100% of the common stock of HoldCo (which will wholly own Energy Supply at such time) to PPL shareholders, and thereafter to combine the businesses of Energy Supply and RJS Power. Immediately after consummation of the Transactions, on a fully diluted basis, 65% of Talen Energy's common stock will be held by PPL shareholders and 35% of Talen Energy's common stock will be held by the Contributors, in the aggregate. After the Transactions, Talen Energy will be an independent, publicly traded company that operates the Energy Supply and RJS Power businesses.

The Transactions were structured as a Reverse Morris Trust (RMT) transaction. A RMT transaction is a spinoff structure in which, as part of a plan, a transaction partner, here the RJS Power business, combines with the spun off subsidiary, here the Energy Supply business, in a tax-free transaction. To ensure that a RMT transaction remains tax free to the distributing parent and the distributing parent's shareholders, the transaction must meet several criteria, including that immediately following the transaction, historic shareholders of the distributing parent must own more than 50% of the stock by vote and value of the combined company.

The discussions with respect to the Transactions were initiated when PPL approached Riverstone Holdings and its affiliates about a possible transaction. Beginning with management presentations on February 13 through 14, 2014, and continuing up to the execution of the definitive agreements, representatives of PPL engaged in a comprehensive due diligence review of the RJS Power business, and representatives of the Contributors conducted a similar review of the Energy Supply business. On March 12, 2014, PPL received a final proposal letter from Riverstone Holdings, and on March 15, 2014, PPL entered into an exclusivity agreement with Riverstone regarding a proposed combination of the Energy Supply business and the RJS Power business. The parties negotiated the transaction after entering into the exclusivity agreement and entered into definitive agreements with respect to the Transactions on June 9, 2014.

PPL's Reasons for the Transactions

PPL's board of directors and management frequently review PPL's portfolio of assets to evaluate its current structure and composition, to determine whether changes might be advisable, and to look for attractive ways to add value for PPL's shareholders. PPL believes that the separation of the Energy Supply business and subsequent combination with the RJS Power business is the best way to realize the full value of the Energy Supply business in both the short- and long-term and provides each of Energy Supply and PPL with certain opportunities and benefits.

PPL's board of directors believes that the Transactions will accomplish a number of important business objectives and benefits as they relate to Talen Energy:

the creation of one of the nation's largest independent power producers with approximately 15,000 megawatts of diversified generation capacity located primarily in PJM and ERCOT;

the expectation that the combined company will be environmentally well positioned and will have a highly diversified fleet, robust cash flow generation capability and conservative capitalization providing a platform for future growth;

the creation of significant shareholder value by providing the PPL utility operations and Talen Energy competitive power operations the ability to make operating and capital decisions as separate businesses, the significant synergy potential from cost savings plus additional benefits from improved asset commercialization across Talen Energy's generation fleet and the tax-free transaction structure;

the ability to use Talen Energy's equity as compensation for employees in the competitive power generation business, which will result in equity compensation that is more in line with the financial results of such employees' direct work product; and

Table of Contents

the expectation that, PPL and Talen Energy will have compelling growth prospects as stand-alone companies and that the financial markets will ascribe valuations that more appropriately recognize the inherent strengths of each company.

In reaching its decision to approve the Transactions, the PPL board of directors consulted with PPL's management and financial and legal advisors and considered a wide variety of factors, including:

the reports of PPL's senior management, financial and legal advisors regarding their due diligence review of RJS Power and its business;

with input from PPL's legal and financial advisors, the structure and terms of the Transaction Agreement, the Separation Agreement and the Employee Matters Agreement, which are summarized in this prospectus;

the likelihood of consummation of the Transactions and the time period necessary to close the Transactions;

the availability of other transactions and structures;

the nature of the Transactions, which would generally be tax-free to PPL and PPL's shareholders; and

the potential value to PPL shareholders of the 65% of Talen Energy common stock that they will own after the consummation of the Transactions.

The PPL board of directors also considered the potential risks and countervailing factors associated with the Transactions, including that the anticipated benefits of the Transactions might not be realized. For additional information, see the section titled "Risk Factors."

The foregoing description of the information and factors discussed by the PPL board of directors is not meant to be exhaustive but includes the material factors and information considered by it. The PPL board of directors did not quantify or attach any particular weight to the various factors that it considered in reaching its determination that the terms of the Transactions are advisable and fair to, and in the best interests of, the PPL shareholders. Rather, the PPL board of directors viewed its position as being based on the totality of the information presented to and considered by it.

Structure of the Distribution, the Merger and the Combination

Below is a step-by-step list describing the sequence of material events relating to the Distribution, the Merger and the Combination. Each of these events is discussed in more detail elsewhere in this prospectus. We anticipate that the following steps will occur on the Distribution Date in the following order:

Step 1 PPL Energy Funding, which is a direct subsidiary of PPL and the direct parent of Energy Supply, will distribute 100% of the outstanding equity securities of Energy Supply to PPL, following which Energy Supply will be a wholly owned, direct subsidiary of PPL.

Edgar Filing: Talen Energy Corp - Form S-1

Step 2 PPL will contribute 100% of the outstanding equity securities of Energy Supply to HoldCo, resulting in Energy Supply becoming a wholly owned, direct subsidiary of HoldCo.

Step 3 PPL will distribute 100% of the HoldCo common stock pro rata to its shareholders who are shareholders as of the record date for the Distribution.

Step 4 Merger Sub will merge with and into HoldCo, with HoldCo surviving as a wholly owned, direct subsidiary of Talen Energy and HoldCo common stock will be converted into common stock of Talen Energy on a one-for-one basis and delivered to PPL shareholders of record on the record date.

Table of Contents

Step 5 The Contributors will contribute, directly or indirectly, all of the outstanding equity interests of RJS Power to Talen Energy in the Combination. In consideration of the foregoing contribution, we will issue additional shares of our common stock to the Contributors in an aggregate amount that will equal 35% of our total outstanding common stock following the Combination.

Step 6 Talen Energy will contribute, directly or indirectly, the equity interests of RJS Power to its direct subsidiary, HoldCo and HoldCo, in turn, either will contribute such equity interests to its direct subsidiary, Energy Supply, or will cause RJS Power to be merged with and into Energy Supply, with Energy Supply as the surviving entity in the merger.

How You Will Receive Talen Energy Common Stock

All of the shares of common stock of HoldCo outstanding immediately prior to the Merger will be distributed pro rata to PPL shareholders who hold PPL common stock as of the record date and will be converted into shares of Talen Energy common stock at the Effective Time and delivered to PPL shareholders. Assuming a record date of _____, and approximately _____ shares of PPL common stock outstanding as of such date, in the aggregate approximately _____ shares of Talen Energy common stock would be delivered to PPL shareholders. The number of Talen Energy shares that PPL will ultimately deliver to its shareholders will (i) fluctuate depending on the number of PPL shares of common stock actually outstanding as of the record date and (ii) be reduced to the extent that cash payments are to be made in lieu of fractional shares, as described below.

Treatment of Fractional Shares

No certificates or scrip representing fractional shares of Talen Energy common stock will be issued pursuant to the Merger. Fractional shares of Talen Energy common stock that would otherwise be allocable to any record holders of PPL common stock will be aggregated, and no record holder of PPL common stock will receive cash equal to or greater than the value of one full share of Talen Energy common stock. Following the Merger, an exchange agent will sell the aggregated whole shares of Talen Energy common stock in the open market or otherwise as reasonably directed by PPL, in consultation with the Contributors. The exchange agent will make available the net proceeds of this sale, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a pro rata basis, without interest, as soon as practicable to the record holders of PPL common stock.

New Energy Supply Revolving Credit Facility

Concurrently with, and subject to, the consummation of the Transactions, we intend to enter into a credit agreement with Citibank, N.A., as administrative agent, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc., BNP Paribas Securities Corp., Credit Suisse Securities (USA) LLC, Bank of Tokyo-Mitsubishi UFJ Ltd. and RBC Capital Markets, as joint lead arrangers and joint bookrunners, and the other agents and lenders from time to time party thereto, which will provide for a revolving loan facility consisting of a \$1.850 billion revolving credit facility maturing in five years from the Closing Date (the *New Revolving Facility*). Concurrently therewith, Energy Supply will terminate existing credit facilities with aggregate commitments of approximately \$3.2 billion and repay any borrowings thereunder, and RJS Power will terminate its existing \$150 million revolving credit facility and repay any borrowings thereunder.

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

The following is a summary of the material U.S. federal income tax consequences of the Transactions to HoldCo, PPL and the PPL shareholders. This discussion is based on the Code, U.S. Treasury regulations promulgated or proposed

thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This summary does not address all of the U.S. federal income tax consequences of the Transactions. In particular,

Table of Contents

it may not address U.S. federal income tax considerations applicable to the PPL shareholders subject to special treatment under U.S. federal income tax law, such as financial institutions, dealers in securities, traders in securities who elect to apply a mark-to-market method of accounting, insurance companies, tax-exempt entities, partnerships and other pass-through entities, shareholders who hold their shares as part of a hedge, straddle, conversion or constructive sale transaction, shareholders who are subject to the alternative minimum tax and shareholders who acquired their shares upon the exercise of employee stock options or otherwise as compensation. In addition, this summary is limited to shareholders that hold their PPL and HoldCo common stock as a capital asset. This summary does not address the U.S. federal income tax considerations applicable to the Contributors or any of their direct or indirect owners. Finally, this discussion does not address the effects of the Medicare contribution tax on net investment income, any U.S. state or local or non-U.S. tax considerations, or any U.S. federal estate, gift or alternative minimum tax considerations.

This summary is limited to PPL shareholders that are United States holders. A United States holder is a beneficial owner of PPL common stock that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds stock of PPL or HoldCo, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such partnership and the particular partner. Any such partnership should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners of the Transactions.

PPL SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE DISTRIBUTION, MERGER, AND COMBINATION TO THEM, INCLUDING THE EFFECTS OF UNITED STATES FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

The Distribution

PPL's obligation to complete the Distribution is conditioned upon PPL's receipt of an opinion of Simpson Thacher, to the effect that (A) PPL's election to treat Energy Supply as a corporation for U.S. federal income tax purposes (the Energy Supply Election), together with the distribution by PPL Energy Funding, which is a direct subsidiary of PPL and the direct parent of Energy Supply, of the outstanding equity securities of Energy Supply to PPL (the Internal Distribution), will qualify as a reorganization pursuant to Section 368(a)(1)(D) of the Code and a tax-free distribution pursuant to Section 355 of the Code, (B) the HoldCo Contribution, together with the Distribution, will qualify as a reorganization pursuant to Section 368(a)(1)(D) of the Code and a tax-free distribution pursuant to Section 355 of the Code and (C) the Merger and the Combination will not cause Section 355(e) of the Code to apply to the Distribution or the Internal Distribution (the Distribution Opinion). The Distribution Opinion will be based on, among other things, certain representations and assumptions as to factual matters made by PPL, HoldCo and the Contributors, including factual representations concerning Section 355(e) of Code, as discussed below. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the Distribution Opinion. The Distribution Opinion will represent Simpson Thacher's legal judgment, will not be binding on the IRS or the courts, and the IRS or the courts may not agree with the conclusions reached in the Distribution Opinion. In addition, the Distribution Opinion will be based on current law, and cannot be relied upon if current law changes with retroactive effect.

Table of Contents

Assuming that each of the Energy Supply Election together with the Internal Distribution and the HoldCo Contribution together with the Distribution qualifies as a reorganization pursuant to Section 368(a)(1)(D) of the Code and a tax-free distribution pursuant to Section 355 of the Code:

no gain or loss will be recognized by, and no amount will be included in the income of, PPL shareholders upon their receipt of HoldCo common stock in the Distribution;

the basis of PPL common stock immediately before the Distribution will be allocated among the PPL common stock and HoldCo common stock received in the Distribution, in proportion to relative fair market values at the time of the Distribution;

the holding period of HoldCo common stock received in the Distribution by each PPL shareholder will include the period during which the shareholder held the PPL common stock on which the Distribution is made, provided that the PPL common stock is held as a capital asset on the date of the Distribution; and

no gain or loss will be recognized by PPL upon the Distribution.

United States holders that have acquired different blocks of PPL common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, the HoldCo common stock distributed with respect to such blocks of PPL common stock.

If the Distribution does not qualify as tax-free distribution pursuant to Section 355 of the Code, then each PPL shareholder who receives HoldCo common stock would be treated as receiving a taxable dividend in an amount equal to the fair market value of HoldCo common stock received, to the extent of such PPL shareholder's ratable share of PPL's earnings and profits. Each PPL shareholder would have a basis in HoldCo common stock received equal to its fair market value.

In addition, if the Distribution does not qualify as a tax-free distribution pursuant to Section 355 of the Code, PPL would have taxable gain equal to the excess of the value of the assets transferred to HoldCo plus the value of any liabilities assumed by HoldCo over PPL's tax basis for those assets. Even if the Distribution otherwise qualifies as a tax-free distribution pursuant to Section 355 of the Code, the Distribution will be taxable to PPL pursuant to Section 355(e) of the Code if there is a 50% or more change in ownership (by vote or by value) of either PPL or HoldCo, directly or indirectly, as part of a plan or series of related transactions that include the Distribution. Because the PPL shareholders will collectively own more than 50% of Talen Energy's common stock following the Merger and Combination, the Merger and Combination alone will not cause the Distribution to be taxable to PPL under Section 355(e) of the Code. However, Section 355(e) of the Code might apply if other acquisitions of stock of PPL before or after the Merger and Combination, or of Talen Energy after the Merger and Combination, are considered to be part of a plan or series of related transactions that include the Distribution. In connection with the request of the Distribution Opinion, PPL intends to represent that the Distribution is not part of any such plan or series of related transactions. If Section 355(e) of the Code applies, then PPL may recognize a substantial amount of taxable gain. Even if Section 355(e) of the Code causes the Distribution to be taxable to PPL, the Distribution will nevertheless remain tax-free to the PPL shareholders.

Under the Separation Agreement, in certain circumstances and subject to certain limitations, Energy Supply is required to indemnify PPL for certain taxes that may be imposed on the Distribution, including taxes that arise as a result of actions or failures to act by Talen Energy, Energy Supply and HoldCo, as a result of changes in ownership of the stock of Talen Energy after the Merger and Combination or as a result of acquisition of PPL's common stock by Talen Energy or certain related persons. See The Separation Agreement and the Transaction Agreements The Separation Agreement. In addition, HoldCo may be required to make payments to PPL in respect of certain tax benefits that are realized by Talen Energy as a result of the Distribution being taxable. In some cases however, PPL might recognize gain on the Distribution without being entitled to an indemnification payment under the Separation Agreement.

Table of Contents

U.S. Treasury regulations require each PPL shareholder that owns at least 5% of the total outstanding stock of PPL and receives stock in the Distribution to attach to its U.S. federal income tax return for the year in which the Distribution occurs a statement containing certain information relating to the tax-free nature of the Distribution.

The Merger and Combination

The Contributors' and PPL's obligations to complete the Merger and Combination are conditioned on receipt by PPL of the Distribution Opinion and an opinion of Simpson Thacher to the effect that the Merger will qualify as a reorganization under Section 368(a) of the Code and to the effect that the Merger and Combination will together qualify as a transaction described in Section 351 of the Code (the Simpson Thacher Merger and Combination Opinion). The Contributors' obligation to complete the Combination is conditioned on receipt of a similar opinion from the Contributors' counsel, Vinson & Elkins L.L.P.

The Simpson Thacher Merger and Combination Opinion will be based on, among other things, certain representations and assumptions as to factual matters made by Talen Energy, Energy Supply, HoldCo, PPL and the Contributors. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the Simpson Thacher Merger and Combination Opinion. The Simpson Thacher Merger and Combination Opinion will represent respective counsel's legal judgment, and is not binding on the IRS or the courts, and the IRS or the courts may not agree with the conclusions reached in the opinions. In addition, the Simpson Thacher Merger and Combination Opinion will be based on current law, and cannot be relied upon if current law changes with retroactive effect.

Assuming the Merger qualifies as a reorganization under Section 368(a) of the Code and that the Merger and Combination together qualify as a transaction described in Section 351 of the Code:

no gain or loss will be recognized by, and no amount will be included in the income of, HoldCo stockholders upon their receipt of Talen Energy common stock in the Merger (except with respect to cash received in lieu of fractional shares of Talen Energy common stock, as described below);

the basis of Talen Energy common stock received by a HoldCo stockholders in the Merger (including fractional shares of Talen Energy common stock for which cash is received) will equal the basis of the HoldCo stock exchanged;

the holding period of Talen Energy common stock received in the Merger by each HoldCo stockholder (including fractional shares of Talen Energy common stock for which cash is received) will include the period during which the stockholder held the HoldCo common stock exchanged, provided that the HoldCo common stock is held as a capital asset on the date of the Merger; and

any cash received in lieu of fractional share interests in Talen Energy common stock will give rise to taxable gain or loss equal to the difference between the amount of cash received and the tax basis allocable to the fractional share interests, determined as described above, and such gain will be capital gain or capital loss (the deductibility of which is subject to limitation) if the HoldCo common stock exchanged in the Merger is held as a capital asset on the date of the Merger and will be long-term capital gain or loss if the United States

holder's holding period for such fractional share interest, determined as described above, is greater than one year.

If the Merger does not qualify as a reorganization under Section 368(a) of the Code or if the Merger and Combination together do not qualify as a transaction described in Section 351 of the Code, the HoldCo stockholders would be considered to have made a taxable sale of HoldCo stock to Talen Energy in exchange for Talen Energy common stock and would generally be required to recognize taxable gain to the extent that the fair market value of Talen Energy common stock received, including fractional shares of Talen Energy common stock for which cash is received, exceeds the adjusted basis in the HoldCo stock exchanged or loss to the extent that the basis of the HoldCo stock exchanged exceeds the fair market value of the Talen Energy common stock received, including fractional shares of Talen Energy common stock for which cash is received. Each HoldCo stockholder would have a basis in Talen Energy common stock received equal to its fair market value.

Table of Contents

Information Reporting and Backup Withholding

Holders of HoldCo stock who receive Talen Energy common stock in the Merger must retain, and, in the event the holder holds at least 1% (by vote or value) of the total outstanding shares of HoldCo immediately prior to the Merger must attach to their U.S. federal income tax return for the year in which the Merger occurs a detailed statement setting forth, the information listed in Treasury Regulation § 1.368-3(b). Such information includes the holder's tax basis in its shares of HoldCo stock and a description and statement of the fair market value of the Talen Energy common stock received in exchange therefor. Talen Energy and/or PPL will provide the appropriate information to such stockholders upon request.

Accounting Treatment and Considerations

The Financial Accounting Standards Board Accounting Standards Codification section 805, Business Combinations, requires the use of the acquisition method of accounting for business combinations. In applying the acquisition method, it is necessary to identify both the accounting acquiree and the accounting acquirer. In a business combination effected through an exchange of equity interests, such as the Combination, the entity that issues the interests (Talen Energy in this case) is generally the acquiring entity. In identifying the acquiring entity in a combination effected through an exchange of equity interests, however, all pertinent facts and circumstances must be considered, including the following:

If a new entity is formed to issue equity interests to effect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer. In this case, as Talen Energy has no significant pre-combination activities other than to issue shares to the shareholders of the combining companies, either Energy Supply or RJS Power would be identified as the accounting acquirer.

The relative voting interests of Talen Energy after the Transactions. In this case, PPL shareholders will receive 65% of the equity ownership and associated voting rights in Talen Energy after the Transactions, while the Contributors will receive 35%.

The composition of the governing body of Talen Energy after the Transactions. Upon the completion of the Transactions, the board of directors of Talen Energy will be comprised of eight members, five of whom will be designated by PPL, and three of whom are designated by the Contributors, as set forth in the Stockholders Agreement. The Chairman of the board of directors will be Stuart E. Graham, who currently serves on the board of directors of PPL, and the Chief Executive Officer of Talen Energy will be Paul A. Farr, who currently serves as President of Energy Supply.

The composition of the senior management of Talen Energy after the Transactions. The management team that will lead Talen Energy will be largely sourced from PPL.

The relative size of the entities combining to form Talen Energy (measured in, for example, assets, revenues, or earnings). In this case, Energy Supply is significantly larger than RJS Power in all respects.

Talen Energy's management has determined that Energy Supply will be the accounting acquirer in the Transactions based on the facts and circumstances outlined above and the detailed analysis of the relevant GAAP guidance. Consequently, Energy Supply will apply acquisition accounting to the assets acquired and liabilities assumed of the RJS Power business upon consummation of the Transactions.

Listing and Trading of Our Common Stock

There is currently no market for our common stock. However, a when-issued market in our common stock may develop prior to the Distribution. See Trading Prior to the Distribution Date below for an explanation of a when-issued market. We intend to apply to list our common stock on the NYSE under the symbol . We will announce our when-issued trading symbol when and if it becomes available. Following the Transactions, PPL's common stock will continue to trade on the NYSE under the symbol PPL.

Table of Contents

Neither we nor PPL can assure you as to the trading price of PPL common stock or Talen Energy common stock after the Transactions, or as to whether the combined trading prices of Talen Energy common stock and PPL common stock after the Transactions will be less than, equal to or greater than the trading prices of PPL common stock prior to the Transactions. The trading price of Talen Energy's common stock may fluctuate significantly following the Transactions. See Risk Factors Risks Relating to Our Common Stock There is currently no public market for our common stock and we cannot be certain that an active trading market will develop or be sustained after the Transactions, and following the Transactions our stock price may fluctuate significantly.

Trading Prior to the Distribution Date

It is anticipated that shortly before the record date and through the Distribution Date, there will be a when-issued market in our common stock. We will announce our when-issued trading symbol when and if it becomes available. When-issued trading refers to a sale or purchase of securities made conditionally because the security has been authorized but not yet issued. The when-issued trading market will be a market for Talen Energy common stock that will be distributed to holders of PPL common stock on the Distribution Date. If you own shares of PPL common stock as of 5:00 p.m., New York City time on the record date, you will be entitled to Talen Energy common stock distributed pursuant to the Distribution and Merger. You may trade this entitlement to Talen Energy common stock, without the shares of PPL common stock you own, on the when-issued market. On the first trading day following the Distribution Date, we expect when-issued trading with respect to Talen Energy common stock will end and regular-way trading will begin. When-issued trading is expected to begin two days before the record date and when-issued trades are expected to settle within four days following the Distribution Date.

It is also anticipated that shortly before the record date and through the Distribution Date, there will be two markets in PPL common stock: a regular-way market and an ex-distribution market. PPL common stock that trades on the regular-way market will trade with an entitlement to Talen Energy common stock distributed pursuant to the Distribution and Merger. Shares that trade on the ex-distribution market will trade without an entitlement to Talen Energy common stock distributed pursuant to the Distribution and Merger. Therefore, if you sell shares of PPL common stock in the regular-way market up to and including the Distribution Date, you will be selling your right to receive Talen Energy common stock in the Distribution and Merger. However, if you own shares of PPL common stock as of 5:00 p.m., New York City time, on the record date and sell those shares on the ex-distribution market up to and including the Distribution Date, you will still receive the Talen Energy common stock that you would otherwise be entitled to receive pursuant to your ownership of shares of PPL common stock. Ex-distribution trading is expected to begin two days before the record date and ex-distribution trades are expected to settle within four days following the Distribution Date.

Table of Contents

THE SEPARATION AGREEMENT AND THE TRANSACTION AGREEMENT

The Separation Agreement

The following is a summary of selected material provisions of the Separation Agreement. This summary is qualified in its entirety by the Separation Agreement, dated as of June 9, 2014. The Separation Agreement is incorporated by reference in its entirety and is filed as an exhibit to the registration statement of which this prospectus forms a part. The rights and obligations of the parties are governed by the express terms and conditions of the Separation Agreement and not by this summary or any other information included in this prospectus. Recipients of this prospectus are urged to read the Separation Agreement in its entirety. The Separation Agreement has been included to provide recipients of this prospectus with information regarding its terms. It is not intended to provide any other factual information about PPL, Energy Supply, Talen Energy, HoldCo or Merger Sub. Information about PPL, Energy Supply, Talen Energy, HoldCo and Merger Sub can be found elsewhere in this prospectus.

The Separation Transactions

Under the Separation Agreement, PPL and Energy Supply will cause certain internal restructuring transactions to occur, including the following:

Energy Supply and the Energy Supply subsidiaries will convey certain excluded assets and liabilities to PPL or one or more of PPL's other subsidiaries, as more particularly described in The Separation Agreement The Separation ;

PPL will make the Energy Supply Election;

PPL Energy Funding will make the Internal Distribution, following which Energy Supply will be a wholly owned, direct subsidiary of PPL;

PPL and certain of its subsidiaries will convey to Energy Supply or one or more Energy Supply subsidiaries the Energy Supply assets, as more particularly described in The Separation Agreement The Separation ;

PPL will make the HoldCo Contribution, resulting in Energy Supply becoming a wholly owned, direct subsidiary of HoldCo;

HoldCo will assume the Energy Supply liabilities, as more particularly described in The Separation Agreement The Separation ; and

Certain intercompany agreements and accounts will be terminated, as more particularly described in The Separation Agreement Termination of Intercompany Agreements and Accounts.

Timing of the Transactions Contemplated by the Separation Agreement

The internal restructuring will occur before the Distribution, which will occur immediately before the Merger and the Combination. See The Transaction Agreement.

The Separation

Transfer of Assets

Subject to the terms and conditions of the Separation Agreement, PPL and certain of its subsidiaries will convey to Energy Supply or one or more Energy Supply subsidiaries, all of PPL's and its applicable subsidiaries' right, title and interest in the Energy Supply assets (to the extent not already held by Energy Supply), which includes (i) all assets of PPL and/or its subsidiaries (other than HoldCo, Talen Energy, Merger Sub, Energy Supply and their subsidiaries) used or held for use primarily in, or that primarily arise or are produced from, the

Table of Contents

operation or conduct of the Energy Supply business, other than specified excluded assets, (ii) all assets of Energy Supply and/or any of its subsidiaries other than certain specified excluded assets and those that are used or held for use primarily in, or that primarily arise or are produced from, the operation or conduct of PPL's other businesses as conducted immediately prior to the separation time consistent with past practice, and (iii) the following, with certain exceptions:

real property and leasehold interests in real property used or held for use primarily in the Energy Supply business, and all the buildings, structures, improvements and fixtures thereon and all easements and rights of way pertaining thereto or accruing to the benefit thereof and all other appurtenances and real property rights pertaining thereto;

tangible and intangible personal property and interests used or held for use primarily in, or that primarily arise from, the operation or conduct of the Energy Supply business;

permits (including pending applications) and all rights under any contract with any governmental authority that are used or held for use primarily in the Energy Supply business;

past, present and future rights to causes of action, lawsuits, judgments, claims (including insurance claims), rights, refunds, credits, rights of recovery, rights of set-off (or any share thereof), counterclaims or demands to the extent related to the Energy Supply business or any Energy Supply asset or liability;

intellectual property primarily used in the Energy Supply business as of the separation time;

warranties to the extent relating to the Energy Supply assets or the Energy Supply business;

any contract that is primarily used by the Energy Supply business and all interests, rights, claims and benefits pursuant to, and associated with such contracts;

certain business records related to the Energy Supply assets or liabilities or the Energy Supply business;

accounts receivable, notes receivable or other amounts receivable to the extent arising out of the operation or conduct of the Energy Supply business;

cash and cash equivalents to the extent arising out of the operation or conduct of the Energy Supply business (subject to distributions permitted pursuant to the Transaction Agreement and the settlement of intercompany accounts pursuant to the Separation Agreement);

certain rights to contracts pursuant to which the counterparty provides products, services or intellectual property to both the Energy Supply business and PPL's other businesses;

all ownership interests in Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries;

the rights of Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries under the Separation Agreement, the Transaction Agreement or any ancillary agreement;

goodwill of the Energy Supply business;

the right to enforce confidentiality provisions related to confidential information of the Energy Supply business;

certain assets specified in the disclosure schedules to the Separation Agreement; and

any and all assets that are expressly contemplated by the Separation Agreement, the Transaction Agreement or any ancillary agreement as assets to be retained by or conveyed to Energy Supply, Talen Energy, HoldCo, Merger Sub or any of their subsidiaries.

The Separation Agreement also identifies certain excluded assets that will not be transferred to Energy Supply or its subsidiaries as part of the separation, including (i) all assets of PPL and/or its subsidiaries (other than HoldCo, Talen Energy, Merger Sub, Energy Supply and their subsidiaries) other than those used or held for

Table of Contents

use primarily in, or that primarily arise or are produced from, the operation or conduct of the Energy Supply business, (ii) all assets of Energy Supply and/or any of its subsidiaries that are used or held for use primarily in, or that primarily arise or are produced from, the operation or conduct of PPL's other businesses as conducted immediately prior to the separation time consistent with past practice, and (iii) the following:

PPL names and marks;

certain contracts specified in the disclosure schedules to the Separation Agreement;

records relating to the negotiation and consummation of the Transactions;

cash and cash equivalents to the extent arising out of the operation or conduct of the business of PPL and/or any of its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries);

certain rights to contracts pursuant to which the counterparty provides products, services or intellectual property to both the Energy Supply business and PPL's other businesses;

the right to enforce confidentiality provisions related to confidential information of PPL and its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries);

the rights of PPL and its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries) under the Separation Agreement, the Transaction Agreement or any ancillary agreement; and

all ownership interests in PPL and its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries).

For purposes of the Separation Agreement and the Transaction Agreement, Energy Supply business means the following:

the ownership and/or operation of electric generating facilities and related assets owned, leased or otherwise held or operated by Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries;

the ownership and operation of specified assets by PPL and its subsidiaries prior to the transfer by PPL Electric Utilities Corporation of such assets and related liabilities to certain subsidiaries of Energy Supply on July 1, 2000;

Edgar Filing: Talen Energy Corp - Form S-1

the ownership and/or operation of PPL Interstate Energy Company, Pennsylvania Mines Corporation, and Realty Company of Pennsylvania and their respective assets and businesses;

the marketing, trading, purchase and sale of electricity, natural gas, petroleum and other commodities in wholesale and retail transactions by PPL EnergyPlus, LLC, PPL Treasure State, LLC and PPL EnergyPlus Retail, LLC, and related hedging transactions;

the mechanical contracting business of PPL Energy Services Holdings, LLC and certain of its subsidiaries; and

the ownership and operation of PPL Land Holdings, LLC; in each case, excluding certain specified assets and liabilities.

Assumption of Liabilities

In connection with the Separation Transactions, HoldCo will assume, perform, discharge and fulfill when due and, to the extent applicable, comply with certain liabilities of the Energy Supply business described below and certain other liabilities described in the schedules to the Separation Agreement. The Energy Supply liabilities to be assumed by HoldCo include (i) all liabilities of PPL and/or its subsidiaries (other than HoldCo, Talen Energy, Merger Sub, Energy Supply and their subsidiaries) to the extent arising out of, relating to or produced from the operation or conduct of the Energy Supply assets or primarily arising out of, relating to or produced

Table of Contents

from the operation or conduct of the Energy Supply business, (ii) all liabilities of Energy Supply and/or its subsidiaries except to the extent arising out of, related to or produced from the operation or conduct of PPL's other businesses and other certain specified excluded liabilities and (iii) the following, with certain exceptions:

all liabilities that are expressly contemplated to be assumed by Energy Supply, Talen Energy, HoldCo, Merger Sub or any of their subsidiaries pursuant to the Separation Agreement, the Transaction Agreement or any ancillary agreement;

certain liabilities under contracts pursuant to which the counterparty provides products, services or intellectual property to both the Energy Supply business and PPL's other businesses;

any liability of Energy Supply, Talen Energy, HoldCo, Merger Sub or any of their subsidiaries with respect to assets that were owned prior to June 9, 2014 by a subsidiary of Energy Supply but that, as of the Distribution, are no longer owned by such subsidiary of Energy Supply; and

certain liabilities specified in the disclosure schedules to the Separation Agreement.

The Separation Agreement and the disclosure schedules thereto also identify specific liabilities that will not be assumed by HoldCo as part of the separation, including the following liabilities:

any liability of PPL and/or any of its affiliates to the extent arising out of or related to any excluded asset or any other asset of PPL and/or any of its affiliates that is not an Energy Supply asset or certain other specified assets;

any liability of PPL and/or its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries) arising from the making or performance of the Separation Agreement, the Transaction Agreement or any ancillary agreement;

certain liabilities under contracts pursuant to which the counterparty provides products, services or intellectual property to both the Energy Supply business and PPL's other businesses;

any liability of PPL or its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries) in connection with the termination of intercompany contracts or services; and

all liabilities that are expressly contemplated by the Separation Agreement, the Transaction Agreement or any ancillary agreement as liabilities to be retained or assumed by PPL or its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries), and all liabilities of such parties under those agreements.

Sufficiency of Assets

To the extent the failure of an asset to be an Energy Supply asset results in the material inaccuracy of the representation in the Transaction Agreement regarding the Energy Supply assets being sufficient to operate the Energy Supply business (referred to as a missing asset), Talen Energy may reasonably request on or prior to the eighteen-month anniversary of the Closing Date that PPL:

pay over to Talen Energy any payments received by PPL or its subsidiaries (other than Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries) directly generated by the missing asset following the date of the Distribution, but only to the extent the missing asset relates to the Energy Supply business; and

either (i) transfer the missing asset to Talen Energy or (ii) provide Talen Energy use of the missing asset or a reasonably comparable replacement. Talen Energy or one of its subsidiaries will pay for such use of the missing asset at a cost substantially equivalent to the historical cost allocated to the Energy Supply business for its use of the missing asset in order that Talen Energy will, consistent with past practice, receive the benefits and bear the economic burdens of the missing asset as closely as possible to historical practice. The selection of the above-described remedies will be in PPL's discretion, subject to Talen Energy's consent, not to be unreasonably withheld, delayed or conditioned.

Table of Contents

Third Party Consents

Promptly after the signing of the Separation Agreement and for a period of twenty-four months following the date of the Distribution, PPL will use reasonable best efforts to transfer or reissue all permits and contracts and to obtain all consents and governmental approvals required to consummate the Separation Transactions.

Deferred Assets; Subsequent Transfers

To the extent the transfer of any Energy Supply assets or liabilities or excluded assets or liabilities requires any consents or governmental approvals which have not been obtained on or prior to the date of the Distribution, the party retaining such asset or liability will hold it in trust for the benefit or for the account of the party entitled to or obligated to assume the asset or liability until it is transferred (such assets or liabilities referred to as deferred assets or liabilities). At closing, the parties will enter into arrangements to provide the party entitled to or obligated to assume such deferred asset or liability with the benefits and the obligations thereof (in each case, as closely as possible to that which would be applicable if the consent or governmental approval had been obtained and the deferred asset or liability had been transferred). If and when the applicable consent or governmental approval is obtained, the transfer will be promptly effected in accordance with the Separation Agreement.

Termination of Intercompany Agreements and Accounts

Subject to specified exceptions, PPL and HoldCo will terminate all contracts between PPL and its subsidiaries (excluding Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries), on the one hand, and Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries, on the other hand (except any contract to which any third person is a party, the Transaction Agreement, the Separation Agreement and the ancillary agreements). Subject to specified exceptions, all accounts between PPL and its subsidiaries (excluding Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries), on the one hand, and Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries on the other hand, likewise will be satisfied and/or settled in full or otherwise cancelled and terminated or extinguished.

Shared Contracts

PPL and Energy Supply will use their reasonable best efforts to separate certain contracts to which the counterparty provides products, services or intellectual property to both the Energy Supply business and PPL's other businesses into separate contracts so that from and after the Distribution, (i) Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries will have the sole benefit and liabilities with respect to each such contract to the extent related to the Energy Supply business and (ii) PPL and its subsidiaries will have the sole benefit and liabilities with respect to each such contract to the extent not related to the Energy Supply business. If any shared contract is not separated prior to the date of the Distribution, then the applicable portion of the contract will be treated as a deferred asset or liability. See The Separation Agreement Deferred Assets; Subsequent Transfers. The obligations to use reasonable best efforts to separate any shared contract will terminate on the date that is twenty-four months following the date of the Distribution. No party will (or will permit any of its affiliates to) amend, renew, extend or otherwise modify any shared contract without the consent, not to be unreasonably withheld, delayed or conditioned, of the other parties to the extent such amendment, renewal, extension or modification would adversely affect such other party (or any of its affiliates) in any material respect. PPL will bear all third-party fees and out-of-pocket expenses that may be reasonably required in connection with obtaining the separation of any shared contract.

Tax Matters

Edgar Filing: Talen Energy Corp - Form S-1

Pursuant to the Separation Agreement, Energy Supply will indemnify PPL and certain affiliates for a variety of taxes, including (i) certain post-Distribution taxes attributable to the Energy Supply business and Talen Energy and (ii) income taxes imposed on PPL attributable to a failure of the Transactions to qualify for tax-free treatment as a result of, among other items, a post-Distribution breach of certain covenants (including those described

Table of Contents

below), and any post-Distribution acquisitions of Energy Supply, HoldCo or Talen Energy common stock. PPL will indemnify Talen Energy and certain affiliates for a variety of taxes, including (i) certain pre-Distribution taxes attributable to the Energy Supply business, (ii) PPL's consolidated U.S. federal income taxes and (iii) income taxes imposed on Talen Energy attributable to a failure of the Transactions to qualify for tax-free treatment as a result of, among other items, a post-Distribution breach of certain covenants (including those described below), and any post-Distribution acquisitions of PPL common stock.

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

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

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

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

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

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

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

Resignations

At or prior to the Distribution, PPL will cause each employee and director of PPL and its subsidiaries who will not be employed by Energy Supply, Talen Energy, HoldCo, Merger Sub or their subsidiaries after the date of the Distribution to be removed or resign, effective not later than the date of the Distribution, from all boards of directors or similar governing bodies, and from all positions as officers, of Energy Supply, Talen Energy, HoldCo, Merger Sub or their subsidiaries. At or prior to the Distribution, PPL will also cause each employee and director of Energy Supply, Talen

Energy, HoldCo, Merger Sub or their subsidiaries who will not be employed by PPL or its subsidiaries after the date of the Distribution to be removed or resign, effective not later than the date of the Distribution, from all boards of directors or similar governing bodies, and from all positions as officers, of PPL or its subsidiaries.

Insurance

Effective as of the date of the Distribution, Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries will no longer be insured parties under PPL insurance policies. Talen Energy, however, will have the right to access (i) occurrence-based coverage for claims asserted after the date of the Distribution but arising out

Table of Contents

of an occurrence prior to such date and (ii) claims-based coverage for claims asserted prior to the date of the Distribution. PPL will use reasonable best efforts to acquire in the name of Talen Energy or the applicable subsidiary insurance coverage with respect to the Energy Supply business for claims made by Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries on or after the date of the Distribution with respect to incidents occurring prior to such date, on substantially the same terms as the previous PPL insurance policy. The obligations of PPL and its subsidiaries set forth in this section will terminate on the two-year anniversary of the date of the Distribution.

Directors and Officers Indemnification; Liability Insurance

PPL will, for a period of at least six years after the closing, indemnify and hold harmless, and provide advancement of expenses, to the maximum extent permitted under applicable law, to all past and present directors, managers or officers of Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries (other than the subsidiaries that comprise the RJS Power business that are contributed by the Contributors to Talen Energy in the Combination), and each individual who prior to the closing becomes a director, manager or officer of any of the foregoing entities, in respect of acts or omissions occurring at or prior to the closing, including for acts or omissions occurring in connection with any of the Transactions.

PPL will maintain in effect for each of the indemnified persons referred to above, for a period of at least six years after the closing, policies of directors and officers liability insurance of at least the same coverage and containing terms and conditions which are, in the aggregate, no less advantageous to the insured, as the policies of insurance maintained by PPL or any of its subsidiaries at the time of the separation for its or their former directors and officers, with respect to claims arising from acts or omissions that occurred at or prior to the closing, including for acts or omissions occurring in connection with any of the Transactions.

Conditions to the Separation

The obligations of the parties to effect the Separation Transactions pursuant to the Separation Agreement are subject to each of the conditions to such party's obligations to effect the closing of the Closing Transactions contemplated by the Transaction Agreement, as described in The Transaction Agreement Conditions to Consummation of the Closing Transactions, having been satisfied or waived (other than certain enumerated conditions and conditions that, by their nature, are to be satisfied between the separation time and closing or contemporaneously with closing).

Additional Covenants

Each of PPL and Energy Supply have undertaken specified covenants in the Separation Agreement restricting the conduct of their respective businesses and committing them to take specified actions. You are urged to read carefully the sections of the Separation Agreement entitled Confidentiality; Access to Information and Additional Agreements. The more significant of these covenants include:

confidentiality and access to information agreements with respect to and access by each party to confidential information (including making witnesses available) in the possession of the other party;

the use of PPL and Energy Supply trademarks after the closing, and other agreements related to intellectual property;

the removal of tangible Energy Supply assets located at any facilities of PPL or any of PPL's subsidiaries (excluding Energy Supply and its subsidiaries), and the removal of tangible excluded assets located at any facilities of Energy Supply or any of its subsidiaries; and

certain real estate matters.

Table of Contents

Mutual Releases; Indemnification

Release of Pre-Distribution Date Claims

Subject to specified exceptions, PPL, on the one hand, and each of the Contributors, HoldCo, Talen Energy and Energy Supply, on the other hand, will release each other and their respective subsidiaries, officers, managers and directors, and their respective successors and assigns, from any and all liabilities and any and all rights, claims and causes of action, whether arising under any contract or by operation of law or otherwise, including in connection with the Separation Transactions, the Transactions and all other activities to implement the Separation Transactions and/or the Transactions:

existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur at or before the closing; or

arising from any conditions existing or alleged to have existed at or before the closing.

The mutual release is subject to specified exceptions set forth in the Separation Agreement and the disclosure schedules thereto, including with respect to:

any liability that is retained, assumed or satisfied by Energy Supply or PPL or their respective subsidiaries under the Separation Agreement, or any other obligation of any of them under, the Separation Agreement, the Transaction Agreement or any ancillary agreement;

the indemnification obligations in the Separation Agreement;

any liability, the release of which would result in the release of any person other than those described above; and

any indemnification to which a director, officer, manager, employee or agent of PPL, Energy Supply, Talen Energy, HoldCo, Merger Sub or any of their subsidiaries, who was a director, officer, manager, employee or agent of such entity before the separation, is entitled, if such individual is or was entitled to a right of indemnification pursuant to such party's organizational documents, any corporate policy of PPL or its subsidiaries or any contract.

Indemnification

Except as otherwise provided in the Separation Agreement, Energy Supply will indemnify PPL, its subsidiaries and all persons who are or have been directors, partners, managers, members, managing members, officers, agents or employees of PPL or its subsidiaries (except Energy Supply, Talen Energy, HoldCo, Merger Sub and their respective subsidiaries), together with their respective heirs, executors, administrators, successors and assigns, against all losses, liabilities, damages, penalties, judgments, awards, assessments, fines, penalties, obligations, deficiencies, amounts paid in settlement, taxes, costs and expenses (including reasonable attorneys' fees and expenses) relating to any of the

following, whether arising before or after the closing:

any Energy Supply liabilities;

any liability arising from, related to, or in connection with the financings described in this prospectus, subject to or except as otherwise provided in the Transaction Agreement;

any breach by Energy Supply, Talen Energy, HoldCo, Merger Sub or their subsidiaries of any obligations to be performed subsequent to the closing pursuant to the Separation Agreement, the Transaction Agreement or the ancillary agreements; and

any breach or inaccuracy of any representation or warranty of the Contributors set forth in the Transaction Agreement that survives the closing under the Transaction Agreement, which includes representations and warranties regarding (i) information to be supplied in connection with this prospectus or other documents required to be filed with the SEC or any other governmental authority, (ii) sufficiency of assets and (iii) broker's or finder's fees.

Table of Contents

Except as otherwise provided in the Separation Agreement, PPL has agreed to indemnify Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries, RJS and their subsidiaries and all persons who are or have been directors, partners, managers, members, managins members, officers, agents or employees of such entities, together with their respective heirs, executors, administrators, successors and assigns, from and against all losses, liabilities, damages, penalties, judgments, awards, assessments, fines, penalties, obligations, deficiencies, amounts paid in settlement, taxes, costs and expenses (including reasonable attorneys fees and expenses) relating to any of the following, whether arising before or after the closing:

any excluded liabilities;

any breach by PPL or any of its subsidiaries (excluding Energy Supply, Talen Energy, HoldCo, Merger Sub and their subsidiaries) of any obligations to be performed subsequent to the closing pursuant to the Separation Agreement, the Transaction Agreement or the ancillary agreements; and

any breach or inaccuracy of any representation and warranty of PPL, Energy Supply, Talen Energy, HoldCo, Merger Sub or their subsidiaries (excluding the Contributors and their subsidiaries) set forth in the Transaction Agreement that survives the closing under the Transaction Agreement, which includes representations and warranties regarding (i) information to be supplied in connection with this prospectus or other documents required to be filed with the SEC or any other governmental authority, (ii) sufficiency of assets and (iii) broker s or finder s fees.

The indemnification provisions set forth above and in the Separation Agreement will not apply to indemnification claims relating to taxes, which are covered separately in the Separation Agreement. See The Separation Agreement Tax Matters.

Termination

Any time before the closing, the Separation Agreement will terminate without further action upon termination of the Transaction Agreement. If terminated, no party will have any liability to the other party, except as provided in the Transaction Agreement.

The Transaction Agreement

The following is a summary of selected material provisions of the Transaction Agreement. This summary is qualified in its entirety by the Transaction Agreement. The Transaction Agreement is incorporated by reference in its entirety and is filed as an exhibit to the registration statement of which this prospectus forms a part. The rights and obligations of the parties are governed by the express terms and conditions of the Transaction Agreement and not by this summary or any other information included in this prospectus. Recipients of this prospectus are urged to read the Transaction Agreement in its entirety. The Transaction Agreement has been included to provide recipients of this prospectus with information regarding its terms. It is not intended to provide any other factual information about PPL, Energy Supply, Talen Energy, HoldCo or Merger Sub. Information about PPL, Energy Supply, Talen Energy, HoldCo and Merger Sub can be found elsewhere in this prospectus.

The Transaction Agreement contains representations and warranties that PPL, HoldCo, Talen Energy, Merger Sub and the Contributors made to each other. These representations and warranties have been made solely for the benefit of the

other parties to the Transaction Agreement and have been qualified by certain information that has been disclosed to the other parties to the Transaction Agreement and that is not reflected in the Transaction Agreement. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, recipients of this prospectus should not rely on the representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Transaction Agreement, which subsequent information may or may not be fully reflected in the companies' public disclosures.

Table of Contents

The Distribution

Under the Transaction Agreement, immediately prior to the effective time of the Merger, PPL will distribute, on a pro rata basis, all of the outstanding shares of HoldCo common stock to record holders of PPL common stock as of the close of business on the record date. Each such record holder will be entitled to receive a number of shares of HoldCo common stock equal to the aggregate number of shares of HoldCo common stock multiplied by a fraction, the numerator of which is the number of shares of PPL common stock held by such record holder on the record date and the denominator of which is the total number of shares of PPL common stock outstanding on the record date.

The Merger

Under the Transaction Agreement and in accordance with the DGCL, immediately following the Distribution and at the effective time of the Merger, Merger Sub will merge with and into HoldCo. As a result of the Merger, the separate corporate existence of Merger Sub will cease and HoldCo will continue as the surviving corporation, will become a wholly owned direct subsidiary of Talen Energy and will succeed to and assume all the property, rights, powers, privileges and franchises, and be subject to all of the debts, liabilities and duties of Merger Sub in accordance with the DGCL and upon the terms set forth in the Transaction Agreement. The certificate of incorporation and bylaws of HoldCo, as in effect immediately prior to the effective time of the Merger, will be the certificate of incorporation and bylaws of the combined company from and after the effective time of the Merger until amended in accordance with applicable law and such certificate of incorporation. Cash in lieu of fractional shares will be distributed as described in The Transactions Structure of the Distribution, the Merger and the Combination Treatment of Fractional Shares.

As of the effective time of the Merger, each share of HoldCo common stock issued and outstanding following the Distribution and immediately prior to the effective time of the Merger (other than shares owned or held by Talen Energy, Merger Sub, HoldCo or any HoldCo subsidiary, which shares will be cancelled and retired) will be automatically converted into the right to receive one share of Talen Energy common stock, with the result that, immediately following the effective time of the Merger, the record holders of PPL common stock as of the close of business on the record date will own all of the outstanding shares of Talen Energy common stock.

The Combination

The Contributors will contribute the RJS Power business to Talen Energy as set forth below. In consideration thereof, Talen Energy will issue additional shares of Talen Energy common stock to the Contributors in an aggregate amount that will equal 35% of the total outstanding common stock of Talen Energy, taking into account the issuance of such shares following the Combination.

Under the terms of the Transaction Agreement, and substantially contemporaneous with the Merger, the Contributors will contribute, directly or indirectly, all of the outstanding equity interests of RJS Power to Talen Energy, free and clear of any security interest other than certain security interests in connection with the financings described in this prospectus or otherwise specified in the disclosure letter to the Transaction Agreement. Additionally, the parties will cooperate in good faith to identify a method for the contribution to Talen Energy of all of the outstanding members interests in Raven Power BargeCo LLC, a Delaware limited liability company (BargeCo). In the event the parties are unable to identify such a method prior to the Closing Date, RJS Power and/or its subsidiaries, as applicable, will enter into one or more agreements (or amendments to existing agreements) with BargeCo for coal transportation and related services, which will provide for a term that extends for not less than two years after the closing and otherwise be in form and substance reasonably satisfactory to the parties. Such agreements (or amendments to existing agreements) will not result in either increased liability or increased benefits to BargeCo compared to the agreements between BargeCo and RJS Power and/or its subsidiaries in effect on June 9, 2014. If, at any time following the Closing Date,

an affiliate of the Contributors that, directly or indirectly, owns the members' interests in BargeCo sells such members' interests in BargeCo to a third party or BargeCo sells its barges to a third party, then the Contributors shall cause the proceeds of any such sale to promptly be paid to Talen Energy.

Table of Contents

Transaction Expense Adjustments

Generally, all fees and expenses incurred in connection with the Transactions are to be paid by the party incurring such fees or expenses; however, any costs incurred by PPL, Energy Supply, Talen Energy, HoldCo or Merger Sub or any of their subsidiaries in connection with the Separation Transactions and the Distribution, other than certain shared expenses, are to be paid by PPL. Certain expenses incurred in connection with the Transactions are to be paid by Talen Energy if the Closing Transactions are consummated, or 65% by PPL and 35% by RJS if the Closing Transactions are not consummated. All fees and expenses of financial, legal, accounting and other professional advisors retained by each of the parties will be paid by the party incurring such fees and expenses; unless such expenses are considered Shared Expenses pursuant to the Transaction Agreement.

The Transaction Agreement provides that no later than five business days prior to the Closing Date, each of the parties will use their reasonable best efforts to deliver to the other final invoices and/or releases for certain transaction expenses and costs incurred by such party or any of its affiliates prior to or at the closing of the Transactions. At closing, Talen Energy will pay or reimburse PPL and/or RJS, as applicable, for these expenses. See The Transaction Agreement Transaction Expense Adjustments. Not later than sixty days following the Closing Date, each of PPL and RJS will cause to be prepared and delivered to Talen Energy and each other a statement setting forth such party's good faith calculation of specified shared expenses paid by such party or any of its affiliates. Talen Energy will promptly pay or reimburse PPL and/or RJS, as applicable, for such expenses not previously paid by Talen Energy or its subsidiaries at the closing of the Transactions.

Conditions to Consummation of the Closing Transactions

The obligations of each party to consummate the Closing Transactions are subject to the satisfaction or waiver of closing conditions that are contained in the Transaction Agreement, including:

the absence of any temporary restraining order or preliminary or permanent injunction or other order by any governmental authority restraining or preventing the consummation of any of the Transactions;

the Separation Transactions having occurred in accordance with the Separation Agreement;

the Talen Energy common stock to be issued in the Closing Transactions having been authorized for listing on the NYSE, subject to official notice of issuance;

the receipt of certain consents, approvals and authorizations by governmental authorities, as described in The Transaction Agreement Regulatory Approvals and Efforts to Close, (including the expiration or termination of any waiting periods with respect thereto (and any extensions thereof) applicable to the Transactions), and such approvals having become final;

the effectiveness of the registration statement of which this prospectus forms a part, and the absence of any actual or initiated or threatened stop order in connection therewith;

Edgar Filing: Talen Energy Corp - Form S-1

all other necessary permits or filings under state securities or blue sky laws, the Securities Act and the Exchange Act relating to the issuance and trading of the Talen Energy common stock to be issued pursuant to the Closing Transactions having been obtained and effective, and the expiration of any applicable notice periods required by applicable stock exchange rules or the foregoing securities laws;

the receipt by the boards of directors of PPL and Talen Energy of a solvency opinion with respect to PPL and Talen Energy, in form and substance reasonably satisfactory to PPL and the Contributors, from a nationally recognized solvency valuation firm;

PPL's receipt of (i) the Simpson Thacher Merger and Combination Opinion and (ii) the Distribution Opinion;

the effectiveness of the amended and restated certificates of incorporation and bylaws of Talen Energy and HoldCo, the Stockholders Agreement and the Transition Services Agreements; and

Table of Contents

after giving effect to the financings described in The Transaction Agreement Financing and Debt Payoff on the Closing Date and the posting or grant of any credit support and other financial commitment required to be provided by RJS Power, Talen Energy, Merger Sub, HoldCo, Energy Supply and/or their respective subsidiaries in connection with, or as a condition to, the required regulatory approvals required in connection with the Separation Transactions and the Closing Transactions, there being at least \$1.00 billion of undrawn capacity under a revolving credit facility or similar facility available to Talen Energy and its subsidiaries (for purposes of which any letters of credit or other credit support measures posted in connection with energy marketing and trading transactions then outstanding shall not be considered as drawn against such facility).

In addition, the Contributors obligations to consummate the Closing Transactions are subject to the satisfaction or waiver of the following conditions:

the covenants and agreements being performed by Talen Energy, Merger Sub, HoldCo, PPL, Energy Supply and their applicable subsidiaries in all material respects as of or prior to the closing of the Transactions (other than certain covenants and agreements which must be performed in all respects);

the representations and warranties of Talen Ener