

Talen Energy Corp
Form DEF 14A
April 12, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Talen Energy Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1)

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(2)

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Date Filed:

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

NOTICE OF 2016 Annual Meeting of Stockholders

To our Stockholders:

The Annual Meeting of Stockholders of Talen Energy Corporation, a Delaware corporation, will be held on Tuesday, May 24, 2016, at 9:00 A.M., local time, at the Sofitel Hotel, located at 45 West 44th Street, New York, New York 10036, for the following purposes:

- to elect eight directors, as listed in the Proxy Statement, for a term of one year;
- to ratify the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the year ending December 31, 2016;
- to approve, in a non-binding advisory vote, the compensation of our named executive officers;
- to conduct a non-binding advisory vote on the frequency of holding future non-binding advisory votes regarding executive compensation; and
- to consider such other business as may properly come before the Annual Meeting and any adjournments or postponements of the Annual Meeting.

These items of business are more fully described in the Proxy Statement. The record date for determining those stockholders who will be entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements of the Annual Meeting is March 31, 2016.

Please note that only stockholders and their proxies are invited to attend the Annual Meeting. If you plan to attend the Annual Meeting, please check the box provided on the proxy card, or, if you vote over the Internet or by telephone, follow the instructions provided to indicate that you plan to attend. Whether or not you plan to attend the Annual Meeting, we urge you to vote so that your stock will be represented and voted at the Annual Meeting.

By Order of the Board of Directors,

Paul M. Breme

Vice President, General Counsel and
Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for the
Stockholder Meeting to be Held on May 24, 2016:

The Proxy Statement and the Annual Report are Available at
www.proxyvote.com

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PROXY STATEMENT FOR THE
2016 ANNUAL MEETING OF STOCKHOLDERS

I. ABOUT THE ANNUAL MEETING

Why am I receiving these proxy materials?

We are providing these proxy materials to stockholders of Talen Energy Corporation (referred to throughout this Proxy Statement as Talen Energy, we, our or the Company) in connection with the solicitation by our Board of Directors, or the Board, of proxies to be voted at our Annual Meeting of Stockholders that will take place on Tuesday, May 24, 2016. You are cordially invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

We first released the proxy materials to stockholders on or about April 12, 2016. We either (1) mailed you a Notice of Internet Availability of Proxy Materials, or the Notice of E-Delivery, notifying each stockholder entitled to vote at the Annual Meeting how to vote and how to electronically access a copy of this Proxy Statement and our Annual Report for the fiscal year ended December 31, 2015, which together we refer to as the Proxy Materials, or (2) mailed you a paper copy of the Proxy Materials and a proxy card in paper format. If you have not received, but would like to receive, a paper copy of the Proxy Materials and a proxy card in paper format, you should follow the instructions for requesting such materials contained in the Notice of E-Delivery.

On what matters am I being asked to vote?

There are four proposals scheduled to be voted on at the Annual Meeting:

- to elect eight directors, as listed in this Proxy Statement, for a term of one year;
- to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016;
- to approve, on a non-binding advisory basis, the compensation of our named executive officers; and
- to conduct a non-binding advisory vote on the frequency of holding future non-binding advisory votes regarding executive compensation.

Who is entitled to vote at the Annual Meeting?

Holders of our common stock as of the close of business on March 31, 2016 will be entitled to vote at the Annual Meeting. Each share of common stock is entitled to one vote with respect to each matter to be voted on at the Annual Meeting. As of the close of business on March 31, 2016, the record date, there were 128,526,720 shares of common stock outstanding.

A list of stockholders entitled to vote at the Annual Meeting will be open to examination by any stockholder, for any purpose germane to the meeting, at the location of the Annual Meeting on May 24, 2016 and during ordinary business hours for 10 days prior to the meeting at our headquarters located at 835 Hamilton Street, Suite 150, Allentown, PA 18101 through the office of the Corporate Secretary.

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How do I vote my shares at the Annual Meeting?

If you are a “record” stockholder of our common stock (that is, if you hold common stock in your own name in the stock records maintained by our transfer agent, Wells Fargo Bank, N.A.), you may vote:

- over the Internet or by using a toll-free telephone number by following the instructions included with your proxy card or Notice of E-Delivery. Please be aware that, if you vote in this manner, you may incur costs such as telephone and Internet access charges for which you will be responsible. The Internet and telephone voting facilities for stockholders of record will close at 11:59 p.m. ET on May 23, 2016.

- if you received the Proxy Materials through the mail, by completing, signing and dating the proxy card and returning it to us by 11:59 p.m. ET on May 23, 2016.

- by casting your ballot in person at the Annual Meeting.

“Street name” holders of our common stock (that is, stockholders who hold our common stock through a bank, broker or other nominee) who wish to vote at the Annual Meeting will need to follow the voting instructions provided by their bank, broker or other nominee.

Can I change my vote after I return my proxy card or after I vote electronically or by telephone?

Yes. After you have submitted a proxy, you may change your vote at any time before the proxy is exercised by submitting a proxy bearing a later date or by delivering to the Secretary of the Company a notice of revocation. You may change your vote by: (i) submitting a new proxy card prior to the date of the Annual Meeting, (ii) voting again prior to the time at which the Internet and telephone voting facilities close by following the procedures applicable to those methods of voting or (iii) attending the Annual Meeting in person and submitting a properly completed ballot at the designated time. In each event, the later submitted vote will be recorded and the earlier vote revoked.

Who can attend the Annual Meeting?

If you are a stockholder of record and you received a Notice of E-Delivery, the Notice of E-Delivery will serve as your admission ticket. If you are a stockholder of record who received or requested printed copies of the Proxy Materials by mail, your admission ticket is enclosed with your Proxy Materials. You will need to bring your Notice of E-Delivery or admission ticket, as applicable, along with picture identification, to the Annual Meeting. If you own stock in street name through a bank, broker or other nominee, please bring to the meeting proof of your common stock ownership. Examples of proof of ownership include your most recent brokerage statement, an ownership confirmation letter from your bank or broker, or your Notice of E-Delivery or voting instruction form sent to you by your bank or broker, along with picture identification. We will use your proof of ownership documents to verify that you may attend the meeting. You may vote shares held in street name at the Annual Meeting only if you obtain a signed proxy from the record holder (bank, broker or other nominee) giving you the right to vote the shares.

What constitutes a quorum?

In order to conduct the Annual Meeting, a majority of the voting power of the common stock outstanding and entitled to vote must be present, in person or by proxy, in order to constitute a quorum.

What vote is required to elect directors and to approve each of the proposals discussed in this Proxy Statement?

The election of directors at the Annual Meeting requires the affirmative vote of a plurality of the votes cast at the Annual Meeting by shares represented in person or by proxy and entitled to vote for the election of directors. Under our Guidelines for Corporate Governance, in an uncontested election, any incumbent director nominee who receives a greater number of votes “withheld” from his or her election than votes “for” his or her election is required to tender his or her resignation promptly to the Board for consideration by the Compensation, Governance and Nominating Committee following certification of the stockholder vote.

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In the case of the proposal to determine the frequency of holding future non-binding advisory votes regarding executive compensation, the frequency that receives the highest number of votes cast will be deemed to be the frequency selected by the stockholders in the non-binding advisory vote.

Each other item to be voted upon at the Annual Meeting requires the affirmative vote of a majority of the voting power of the stock represented in person or by proxy and entitled to vote on the matter for approval.

How are votes counted?

With respect to the election of directors, you may vote “FOR” all nominees for the Board or you may “WITHHOLD” authority to vote for one or more nominees. A “WITHHOLD” vote will have the same effect as an abstention and will not count as a vote “FOR” or “AGAINST” a director because directors are elected by plurality voting, but will count for purposes of determining if a quorum is present at the Annual Meeting.

With respect to (i) the ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm and (ii) the non-binding advisory vote to approve executive compensation, you may vote “FOR,” “AGAINST” or “ABSTAIN.” An abstention will have the same effect as an “AGAINST” vote for these proposals and will count for purposes of determining if a quorum is present at the Annual Meeting.

With respect to the proposal to determine the frequency of holding future non-binding advisory votes regarding executive compensation, you may vote for “EVERY YEAR,” “EVERY 2 YEARS,” or “EVERY 3 YEARS” or you may “ABSTAIN.” Abstentions will count for purposes of determining if a quorum is present but will have no effect on this vote because the frequency that receives the highest number of votes cast will be deemed the frequency selected by stockholders in the non-binding advisory vote.

What is a “broker non-vote” and how is it counted?

If you are a street name stockholder, your bank, broker or other holder of record is permitted to vote your stock on the ratification of Ernst & Young LLP as our registered public accounting firm, or our independent auditor, even if that bank, broker or other holder does not receive voting instructions from you. Absent your instructions, a bank, broker or other similar holder may not vote on (i) the election of directors, (ii) the non-binding advisory vote on named executive officer compensation or (iii) the non-binding advisory vote regarding the frequency of holding future non-binding advisory votes regarding executive compensation. On those matters, without your voting instructions, a “broker non-vote” will occur. A “broker non-vote” occurs when a bank, broker or other similar holder of record holding shares for a beneficial owner does not vote on a particular proposal because that bank, broker or other holder does not have discretionary voting power under New York Stock Exchange, or NYSE, rules for that particular proposal and has not received instructions from the beneficial owner on how to vote the shares. If you hold your shares in street name through a bank, broker or other nominee, shares represented by “broker non-votes” will be counted in determining whether there is a quorum but will have no effect on the outcome of any such proposal.

How does the Board recommend that I vote?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board. The Board’s recommendation is set forth below together with the description of each item in this Proxy Statement. In summary, the Board recommends a vote as follows:

- Proposal No. 1, FOR the election of the eight nominated directors listed in this Proxy Statement;
- Proposal No. 2, FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
- Proposal No. 3, FOR the approval, in a non-binding advisory vote, of the compensation of our named executive officers; and
- Proposal No. 4, “EVERY YEAR” for the frequency for holding future non-binding advisory votes regarding executive compensation.

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At the date this Proxy Statement went to press, the Board had no knowledge of any business other than that described in this Proxy Statement that would be presented for consideration at the Annual Meeting. If any other business should properly come before the Annual Meeting, or any adjournment thereof, the proxy holders will vote on such matters as recommended by the Board or, if no recommendation is given, in their own discretion in the best interests of the Company.

Who will oversee the voting results?

American Election Services, LLC, 11140 Rockville Pike, Suite 100-302, Rockville, Maryland MD 20852 is expected to act as Inspector of Elections and oversee the voting results.

Who conducts the proxy solicitation, and how much will it cost?

We will pay the cost of soliciting proxies on behalf of the Board. In addition to the solicitation by mail, we may solicit proxies in person, over the Internet, by telephone or by facsimile. We have retained Georgeson LLC to assist in the solicitation of proxies for the Annual Meeting. We expect that the remuneration to Georgeson LLC for its services will not exceed \$12,000, plus reimbursement for out-of-pocket expenses. In addition, brokers, banks and other holders of record who hold stock for the benefit of others will be asked to send proxy materials to the beneficial owners of our stock, and we will reimburse them for their expenses.

When are stockholder proposals due for the next annual meeting?

Any stockholder who intends to present a proposal at the 2017 Annual Meeting of Stockholders (the “2017 Annual Meeting”) must send the proposal via standard mail, overnight delivery or other courier service, to the Vice President, General Counsel and Corporate Secretary at 835 Hamilton Street, Suite 150, Allentown, PA 18101 so that it is received:

- on or before December 13, 2016, if the proposal is submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, for inclusion in our proxy materials for the 2017 Annual Meeting; or

- on or after January 24, 2017 and on or before February 23, 2017, if the proposal is submitted pursuant to the advance notice procedure contained in our by-laws with regard to director nominations and stockholder proposals that are not submitted for inclusion in the Company’s proxy materials but that a stockholder instead wishes to present directly at the 2017 Annual Meeting.

In order to be considered at the 2017 Annual Meeting, all proposals submitted must comply with the requirements set forth in our by-laws.

What is householding, and how does it affect me?

SEC rules permit companies and intermediaries such as banks and brokers to satisfy delivery requirements with respect to two or more stockholders sharing the same address by delivering a single annual report and proxy statement or a single notice of internet availability of proxy materials addressed to those stockholders. This process is commonly referred to as “householding.” While the Company does not household, a number of brokerage firms with account holders who are Talen Energy stockholders may institute householding. Once you have received notice from your bank or broker that it will be householding materials to your address, householding generally will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or notice of internet availability of proxy materials, or if your household is receiving multiple copies of these documents and you wish to request that future deliveries be limited to a single copy, you should contact your bank or broker.

Where can I find more information about the Company?

You can find out more about the Company by visiting our Investor & Media Relations website at www.talenenergy.investorroom.com. In fact, in several places in this Proxy Statement we will identify certain corporate governance documents that are available through that website. Please note, however, that the information contained on our website is not incorporated by reference in, or considered to be a part of, this Proxy Statement.

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II. PROPOSALS

PROPOSAL 1: ELECTION OF DIRECTORS

Eight members of our Board are standing for re-election to hold office until the next Annual Meeting of Stockholders. Each nominee elected as a director will continue in office until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal. All of the nominees have indicated that they will be willing and able to serve as directors. If any nominee becomes unwilling or unable to serve as a director, the Board may propose another person in place of that nominee, and the individuals designated as your proxies will vote to appoint that proposed person. Alternatively, the Board may decide to reduce the number of directors constituting the full Board. The proxies appointed by the Board intend to vote the proxy FOR the election of each of these nominees, unless you vote otherwise.

Nominees for Directors:

Ralph Alexander, age 61, has served as a member of our Board since June 2015. Mr. Alexander is a partner of Riverstone Holdings LLC, or Riverstone, an energy and power-focused private equity firm, which he joined in September 2007. In addition to serving on the boards of a number of Riverstone portfolio companies and their affiliates, Mr. Alexander has served on the board of EP Energy Corporation, a leading North American oil and natural gas producer, since September 2013, the board of the general partner of Enviva Partners, LP, an aggregator and processor of wood fiber and pellets, since November 2013, and the board of Niska Gas Storage Partners LLC, an owner and operator of gas storage in North America, since December 2014. He previously served on the boards of Stein Mart, Inc., a retailer for clothing, accessories, housewares and home decor (2007 – June 2014), KiOR, Inc., a renewable fuels company (2011 – May 2013), and Amyris, Inc., a renewable products company (2007 – July 2013). Mr. Alexander has been nominated to serve on our Board for, among other reasons, his appointment to our Board by affiliates of Riverstone pursuant to a stockholder agreement and his experience with the energy industry, which enables him to provide critical insight and guidance to our management team and board of directors. Please see the section of this Proxy Statement titled Certain Relationships and Related Party Transactions — Stockholder Agreement for more information.

Frederick M. Bernthal, age 73, has served as a member of our Board since June 2015. Dr. Bernthal is the retired president of Universities Research Association, or URA, a position he held from 1994 until March 2011. URA is a consortium of research universities engaged in the construction and operation of major research facilities on behalf of the U.S. Department of Energy and the National Science Foundation. Dr. Bernthal served as a director of PPL Corporation from 1997 until June 2015. Dr. Bernthal has been nominated to serve on our Board for, among other reasons, his prior service as a member of the Nuclear Regulatory Commission from 1983 to 1985 and his governmental and leadership experience, which enable him to provide a unique point of view and knowledge to a company having nuclear operations. It should be noted that the Company's Guidelines for Corporate Governance provide that non-employee directors shall retire prior to the annual meeting of stockholders which follows their 73rd birthday; provided, however, that if the Board determines that it is in the best interests of the Company to nominate for reelection a director who is 73 years old or more, then it may do so. After taking into account Dr. Bernthal's background and experience as set forth above, the Board determined it is in the best interest of the Company to nominate Dr. Bernthal for reelection at the 2016 Annual Meeting.

Edward J. Casey, Jr., age 58, has served as a member of our Board since June 2015. Mr. Casey is a director and chief operating officer of Serco Group plc, a company that provides professional, technology and management outsourcing services. Before accepting his current position in 2013, Mr. Casey served as chief executive officer of the U.S. subsidiary of Serco Group plc, Serco Inc., from 2005 to 2013 and has sat on the board of Serco Inc. since 2006, including serving as Chairman from 2006 to 2013. Mr. Casey has been nominated to serve on our Board for, among other reasons, his appointment to our Board by affiliates of Riverstone pursuant to a stockholder agreement and his knowledge of the energy and financial services industries, which enables him to provide critical insight and guidance to our management team and Board. Please see the section of this Proxy Statement titled Certain Relationships and Related Party Transactions — Stockholder Agreement for more information.

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Philip G. Cox, age 64, has served as a member of our Board since June 2015. Mr. Cox retired in April 2013 as chief executive officer of International Power plc, a global independent power producer. He was promoted to that position in 2003 after serving in his previous role of chief financial officer. Mr. Cox serves as chairman of Drax Group plc, an electrical power generation company, and as chairman of Global Power Generation, a joint venture between the Kuwait Investment Authority and Gas Natural Fenosa that develops and manages power generation assets outside of the U.S. He previously served on the boards of International Power plc (currently known as Engie Energy International), an international electricity generation company (2003 – April 2013); Meggitt PLC, an engineering business specializing in aerospace equipment (2012 – January 2015); Tractebel Energia S.A., a company providing life-cycle consultancy and engineering in power, nuclear, gas, industry and infrastructure (2011 – March 2013); and Wm Morrison Supermarkets PLC, a supermarket chain (April 2009 – January 2016). He also served as a director of PPL Corporation from May 2013 until June 2015. Mr. Cox has been nominated to serve on our Board for, among other reasons, his experience as the chief executive officer and chief financial officer of a global energy company and his other leadership and accounting roles throughout his career, all of which enable him to provide insight to our Board and management team regarding operational, global business and financial matters.

Paul A. Farr, age 48, has served as our Director, President and Chief Executive Officer since June 2015. He served as president of PPL Energy Supply, LLC (currently known as Talen Energy Supply, LLC) and PPL Generation, LLC (currently known as Talen Energy Generation, LLC) from June 2014 until June 2015. He also previously served as executive vice president and chief financial officer of PPL Corporation from April 2007 until June 2014. Mr. Farr has been nominated to serve on our Board for, among other reasons, his experience as a chief executive officer and chief financial officer, along with his extensive knowledge of our company and the industry in which we operate, all of which enable him to provide insight to the Board regarding organizational, operational and financial matters.

Louise K. Goeser, age 62, has served as a member of our Board since June 2015. Since March 2009, Ms. Goeser has served as president and chief executive officer of Grupo Siemens S.A. de C.V. and is responsible for Siemens Mesoamérica. Siemens Mesoamérica is the Mexican, Central American and Caribbean unit of multinational Siemens AG, a global engineering company operating in the industrial, energy and healthcare sectors. She serves as a director of MSC Industrial Direct Co., Inc., an industrial equipment distributor. Ms. Goeser also served as a director of PPL Corporation from 2003 until June 2015. She has been nominated to serve on our Board for, among other reasons, her years of demonstrated leadership and business experience in a variety of industry and international positions, which enable her to provide insight and guidance to the Board and our management team on a variety of organizational and operational management matters.

Stuart E. Graham, age 70, has served as a member of our Board since June 2015. He served as president and chief executive officer of Skanska AB, an international project development and construction company, from 2002 to 2008, and served on its board of directors for the same period of time. He continued to serve as chairman of Skanska USA Inc., a U.S. subsidiary of that company, until May of 2011, and he remains non-executive chairman of Skanska AB through April 2016. Mr. Graham also is a director of Harsco Corporation, a worldwide industrial services company. Mr. Graham also served as a director of PPL Corporation from 2008 until June 2015. Mr. Graham has been nominated to serve on our Board for, among other reasons, his service as the chief executive officer of a global construction firm and his leadership experience from a variety of public company boards, which enable him to provide organizational and operational skills and global business experience to our Board.

Michael B. Hoffman, age 65, has served as a member of our Board since June 2015. Mr. Hoffman is a partner of Riverstone, an energy and power-focused private equity firm, which he joined in 2003. In addition to serving on the boards of a number of Riverstone portfolio companies and their affiliates, Mr. Hoffman currently serves as a director of Pattern Energy, Inc., an independent wind power company, as a director of the general partner of Enviva Partners, LP, an aggregator and processor of wood fiber and pellets, and is the chairman of Onconova Therapeutics, Inc., a clinical stage biopharmaceutical company. Mr. Hoffman has been nominated to serve on our Board for, among other reasons, his appointment to our Board by affiliates of Riverstone pursuant to a stockholder agreement, his experience with the energy

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industry and his investment banking experience, which enables him to provide critical insight and guidance to our management team and Board. Please see the section of this Proxy Statement titled Certain Relationships and Related Party Transactions — Stockholder Agreement for more information.

The Board of Directors recommends that you vote FOR the election of each of these nominees for director.

PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2016

The Audit Committee has appointed Ernst & Young LLP, or E&Y, as our independent registered public accounting firm to audit the financial statements of Talen Energy and its subsidiaries for the fiscal year ending December 31, 2016. E&Y has been our principal independent auditor since we became publicly traded in June 2015, and it has audited the financial statements of Talen Energy Supply, LLC, our indirect, wholly owned subsidiary, since January 1, 2006.

In determining whether to reappoint E&Y for the fiscal year ended December 31, 2016, the Audit Committee considered several factors including, among other things:

- E&Y's knowledge of our business;
- E&Y's independence and objectivity;
- E&Y's professional qualifications;
- E&Y's historical and recent performance, including the extent and quality of E&Y's communications with the Audit Committee and feedback from management regarding E&Y's overall performance; and
- the appropriateness of E&Y's fees, both on an absolute basis and as compared with its peers.

The Audit Committee believes that the continued retention of E&Y as our independent registered public accounting firm is in the best interest of the Company and our stockholders, and we are asking our stockholders to ratify the selection of E&Y as our independent registered public accounting firm for the year ending December 31, 2016.

Although ratification is not required, the Board is submitting this proposal to our stockholders because we value our stockholders' views and as a matter of good corporate practice.

In the event that our stockholders fail to ratify E&Y as the Company's independent registered public accounting firm, it will be considered a recommendation to the Audit Committee to consider the selection of a different firm. Even if the appointment is ratified, the Audit Committee may in its discretion select a different independent registered public accounting firm at any time during the fiscal year if it determines that such a change would be in the best interests of the Company and our stockholders.

A representative of E&Y is expected to be present at the Annual Meeting. The representative will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

For more information regarding the Audit Committee and the fees paid by the Company to E&Y during 2015, please see the section titled Corporate Governance — Board Committees — Audit Committee.

The Board of Directors recommends that you vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2016.

**PROPOSAL 3: NON-BINDING ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER
COMPENSATION**

As required by the the Dodd–Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and related SEC rules, we are asking our stockholders to approve, on a non-binding, advisory basis, the compensation of our named executive officers as described in this Proxy Statement, including the section titled Executive Compensation — Compensation Discussion and Analysis. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on our named executive officers’ compensation.

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As described in detail under the section titled Executive Compensation — Compensation Discussion and Analysis, our executive compensation programs are designed to attract, motivate and retain our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term, and strategic goals, corporate goals and the realization of increased stockholder value. Please read the Compensation Discussion and Analysis section of this Proxy Statement for additional details about our executive compensation programs, including information about the fiscal year 2015 compensation of our named executive officers. For 2015, it is notable that the Company’s operating performance exceeded the targets established with respect to the primary performance measures utilized for purposes of our incentive compensation plans. The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation, Governance and Nominating Committee or our Board. Our Board and the Compensation, Governance and Nominating Committee value the views of our stockholders and will carefully review and consider the voting results for this proposal when evaluating our executive compensation programs.

The language of the resolution to be approved by our stockholders is as follows:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

The Board of Directors recommends a vote,

on a non-binding advisory basis, FOR the approval of the compensation of our named executive officers as disclosed in this Proxy Statement.

PROPOSAL 4: NON-BINDING ADVISORY VOTE ON THE FREQUENCY OF HOLDING FUTURE NON-BINDING ADVISORY VOTES REGARDING EXECUTIVE COMPENSATION

As required by the Dodd-Frank Act and related SEC rules, we are asking our stockholders to vote, on a non-binding, advisory basis, for their preference regarding the frequency of future non-binding advisory votes on the compensation of our named executive officers. Specifically, stockholders may vote on whether the non-binding advisory vote on the compensation of our named executive officers should occur every year, every two years or every three years.

The Board has given consideration to the preferred frequency of the non-binding advisory vote on the compensation of our named executive officers. After considering the benefits and consequences of available options, the Board recommends that stockholders vote in favor of holding the non-binding advisory vote on the compensation of our named executive officers every year. An annual non-binding advisory vote would provide the Board with consistent feedback from our stockholders on this important matter.

When voting on this proposal, stockholders should understand that they are not voting “for” or “against” the recommendation of the Board to hold the non-binding advisory vote every year. Rather, stockholders will have the option to choose whether to approve holding future non-binding advisory votes on the compensation of our named executive officers every year, every two years or every three years, or to abstain entirely from voting on the matter. The option that receives the most votes from stockholders will be the frequency of the non-binding advisory vote on the compensation of our named executive officers that stockholders recommend. Although this advisory vote is not binding, the Board will review and consider the outcome of this vote when making its determination as to the frequency of future non-binding advisory stockholder votes on the compensation of our named executive officers.

The Board of Directors recommends a vote, on a non-binding advisory basis, for the option of EVERY YEAR as the preferred frequency of future non-binding advisory votes on executive compensation.

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III. CORPORATE GOVERNANCE

THE BOARD

Our business and affairs are managed under the direction of our Board, which is required to abide by our Guidelines for Corporate Governance. Stockholders can review our Guidelines for Corporate Governance on our Investor & Media Relations website at www.talenenergy.investorroom.com.

Director Independence. Under our Guidelines for Corporate Governance, the term “independent director” means a director who is subject to classification as such under applicable NYSE listing standards and who the full Board has affirmatively determined, not less than annually, has no relationship with the Company that would compromise the director’s status as an independent director. In the event a director has a relationship with the Company that is relevant to his or her independence and is not addressed by the objective tests set forth in the NYSE independence definition, our Board will determine, considering all relevant facts and circumstances, whether such relationship is material. In accordance with our Guidelines for Corporate Governance, the Board has determined that each of Messrs. Bernthal, Casey, Cox and Graham and Ms. Goeser, who collectively constitute a majority of our directors, meets the independence criteria set forth in SEC regulations and NYSE listing standards, including, where applicable, those specifically relating to service on the Audit Committee and the Compensation, Governance and Nominating Committee.

Board Meetings. The Board met 10 times during 2015 following our initial public offering in June 2015. Each director attended at least 75% of the meetings held by the Board and the committees on which he or she served during the year. Directors are expected to attend all meetings of stockholders, the Board and the committees on which they serve. Because the Company became a standalone, publicly traded company in June 2015, the 2016 Annual Meeting of Stockholders will be its first annual meeting.

Leadership Structure. Mr. Graham, one of our independent directors, currently serves as the non-executive Chairman of the Board and has served in that capacity since June 2015. In his role as Chairman, Mr. Graham oversees meetings of the independent directors and acts as a liaison between the independent directors and our Chief Executive Officer. While the appropriate Board leadership structure may vary over time as circumstances warrant, the Company currently believes that the designation of an independent, non-executive Chairman provides the Board with independent leadership while allowing the Chief Executive Officer to concentrate on the operations of the business.

Executive Sessions. The independent directors periodically meet in regular executive sessions during Board meetings without management present, and Mr. Graham, our non-executive Chairman, chairs these executive sessions.

Code of Ethics. Our Code of Business Ethics applies to all Board members and employees of the Company and its subsidiaries, including the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer and any other employee with any responsibility for the preparation and filing of documents with the SEC. The Code of Business Ethics covers a variety of topics, including the