

Force for Good



Forecast Refresh

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This could include, among other things: (i) the inability to settle prepetition claims through the Chapter 11 Cases; (ii) commercial counterparties and/or vendors could terminate their relationship with the Company or require financial assurances or enhanced performance; (iii) unexpected delay in emergence from bankruptcy; (iv) uncertainty regarding the realization of assets and the liquidation of liabilities; and (v) the impact to existing income tax attributes, including valuation allowances against deferred tax assets for interest expense and NOL utilization limits, and uncertainty regarding the tax consequences if negotiated settlements between interest parties, do not occur; restrictions on our ability to pursue our business strategies during the bankruptcy, including limitations on our ability to transact business outside the ordinary course without obtaining Bankruptcy Court approval; our ability to obtain Bankruptcy Court approval with respect to motions filed and the outcomes of such approvals and risks associated with third party motions and the outcome of such third party motions; operating during a chapter 11 restructuring may restrict our ability to pursue our business strategies, including our ability to transact business outside the ordinary course without obtaining Bankruptcy Court approval; Talen's or its subsidiaries' levels of indebtedness; the terms and conditions of debt instruments that may restrict Talen's ability to operate its business; operational, price and credit risks in the wholesale and retail electricity markets; the effectiveness of Talen's risk management techniques, including hedging, with respect to electricity and fuel prices, interest rates and counterparty credit and non-performance risks; methods of accounting and developments in or interpretations of accounting requirements that may impact reported results, including with respect to, but not limited to, hedging activity; Talen's ability to forecast the actual load needed to perform full-requirements sales contracts; the effects of transmission congestion due to line maintenance outages and the performance of transmission facilities and any changes in the structure and operation of, or the pricing limitations imposed by, the Regional Transmission Organization ("RTOs") and Independent System Operators ("ISOs") that operate those facilities; blackouts due to disruptions in neighboring interconnected systems; federal and state legislation and regulation, including federal and state tax laws and regulations, and costs of complying with governmental permits and approvals; costs of complying with environmental and related worker health and safety laws and regulations; the impacts of climate change, including changes in regulation or their enforcement; the availability and cost of emission allowances; the performance of Talen's subsidiaries and affiliates, on which the ability of its subsidiaries to meet their debt obligations largely depend; the risks inherent with variable rate indebtedness; disruption in or adverse developments of financial markets; acquisition or divestiture activities, including Talen's ability to realize expected synergies and other benefits from such business transactions; Talen's ability to achieve anticipated cost savings; the execution and development of proposed future enterprises, including the ability to permit, develop and construct the proposed renewable energy, energy storage, data center and digital currency facilities, realization of assumptions underlying the statements regarding future enterprises, and the realization of estimates of valuations of future enterprises; Talen's ability to optimize its competitive power generation operations and the costs associated with any capital expenditures; significant increases in operation and maintenance expenses, such as health care, and pension costs, including as a result of changes in interest rates; the loss of key personnel (for health or other reasons) and the ability to hire and retain qualified employees; possibility of strikes or work stoppages by unionized employees; war, armed conflicts or terrorist attacks, including cyber-based attacks; and pandemics, including for COVID-19.

This presentation also contains preliminary financial results, which were prepared as of the date hereof and are preliminary, unaudited, unreviewed and subject to completion, based on information available to management as of the date of this presentation, subject to the closing and finalization of financial and accounting procedures for the period (which have yet to be performed) and should not be viewed as a substitute for full financial statements prepared in accordance with GAAP. Actual results may be materially different from the preliminary estimated results. As a result, prospective investors should exercise caution in relying on this information and should not draw any inferences from this information regarding financial or operating data not provided in this presentation.

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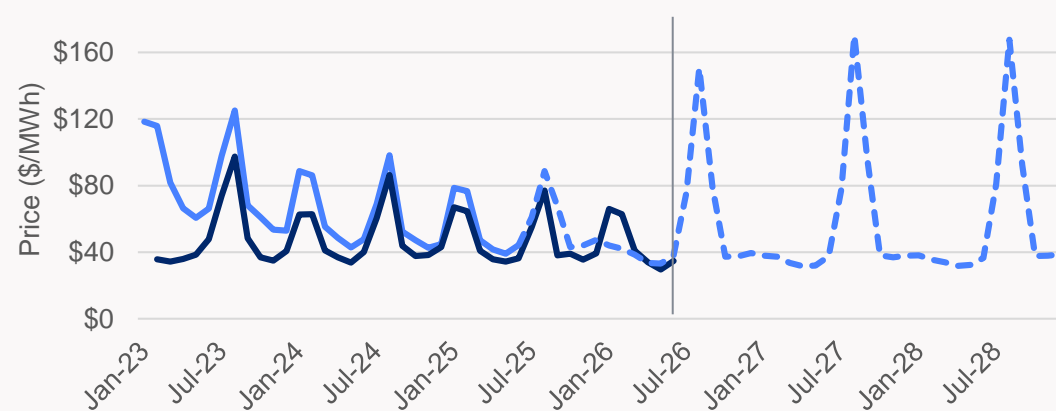
1. Financial statements can be found at <https://talenergy.investorroom.com/financials-earning-materials>.

Commodity Price Comparison

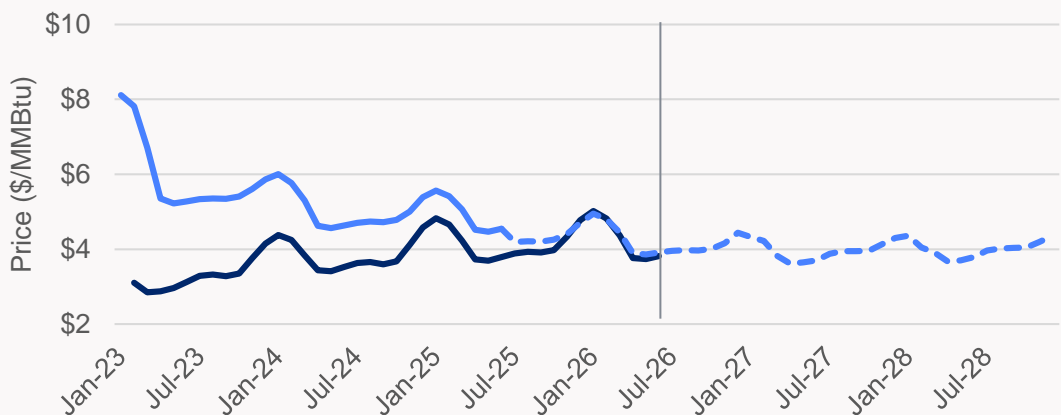
PJM Western Hub On-Peak Forward Curve



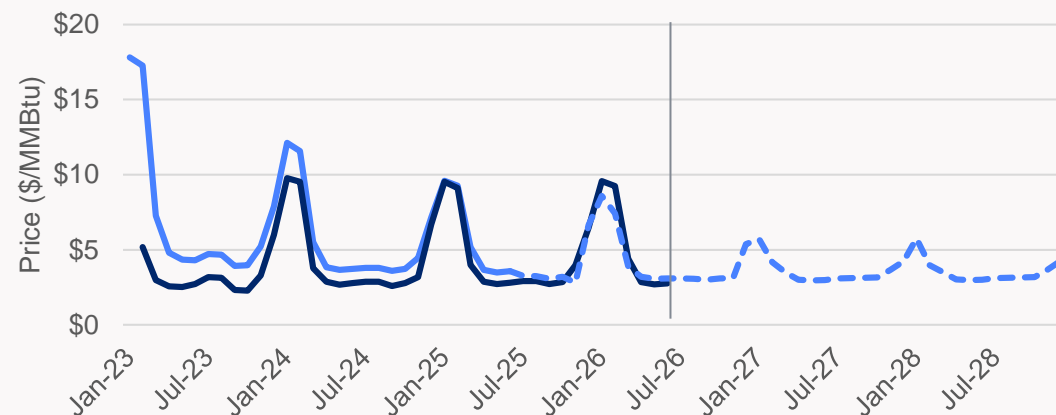
ERCOT South Hub On-Peak Forward Curve



Henry Hub Forward Curve



TETCO M3 Forward Curve



— 9/7 Forward
 — 1/27 Forward
 - - - Fundamental Pricing

Category	Assumption										
Capacity	1. 23/24 & 24/25 reflect BRA auctions that have cleared; Talen assumptions used for unsold volumes through 25/26; PA Consulting pricing thereafter										
	ZONE	Volume - MWs					Pricing - \$ / MW Day				
		<u>23/24</u>	<u>24/25</u>	<u>25/26</u>	<u>26/27</u>	<u>27/28</u>	<u>23/24</u>	<u>24/25</u>	<u>25/26</u>	<u>26/27</u>	<u>27/28</u>
	PL	5,247	5,294	5,248	5,248	5,248	\$47	\$44	\$49	\$93	\$91
	PSEG	142	142	142	142	142	\$49	\$55	\$55	\$93	\$91
	BGE	1,997	1,856	760	760	760	\$67	\$70	\$73	\$101	\$103
	LMBE	2,049	2,102	2,049	2,049	2,049	\$48	\$49	\$49	\$93	\$91
	Total / Wtd Avg	9,436	9,394	8,200	8,200	8,200	\$51	\$51	\$52	\$93	\$92
Energy Margins	Market prices as of 1/27/2023 through Jun '26; PA Consulting fundamental prices thereafter										
RGGI	1. Implementation of RGGI in Pennsylvania assumed stayed indefinitely 2. Maryland to remain in RGGI with assumed pricing of ~\$14/ton through June '26; ~\$10/ton thereafter										
Coal Conversion	Includes ~\$64mm of conversion spend through 2023										
Cumulus Coin & Data	1. TES funding of ~\$10mm for Data center completion of DC1 (48MW); no additional TES funding for Coin, Phase 1 (200MW) began operations in Q1 '23 2. PPA to provide up to 198MW delivered from Susquehanna <ul style="list-style-type: none"> a) 100MW @ \$28.81/MWh (Nautilus JV), 50MW @ \$49.62/MWh (Nautilus JV); 48MW @ \$40.00/MWh (Data) 										
Renewables / Battery Storage Funding	1. Renewables – Go forward contributions (net of dividends received) of ~\$7mm (1.7GW Pipeline); only includes development funding through interconnection stage for all projects 2. Battery Storage – Go forward contributions (net of dividends received) of ~\$8mm (1GW pipeline); only includes development funding through interconnection stage for all projects										
Restructuring Assumptions	1. Assumed emergence date of May 5, 2023 2. Professional fees per latest estimates for debtor, lender, and UCC professionals reflect settlement caps 3. No RSA periodic premium cash payment assumed; backstop fee to be paid in equity 4. All existing secured debt assumed to be settled at emergence via cash on hand and the proceeds of the rights offering										
Extrinsic Value	1. Generally, extrinsic value is the potential value a portfolio could see as a result of increased market volatility 2. TES is assumed to capture extrinsic value post-emergence										
Nuclear PTC	1. Forecast includes the value of production tax credits (“PTC”) for zero-carbon nuclear facilities, as outlined in the Inflation Reduction Act of 2022 2. Assumes ability of TES to fully monetize PTC benefit in year following the accrual										
Financing Assumptions	1. Debt financing at emergence of approximately \$2.0B, PEDFA of \$131mm, unfunded Revolver / LC facility of \$1.0B, and net debt of approximately \$2.0B 2. LMBE-MC project finance debt assumed to be repaid at emergence; the Requisite Consenting Creditors have the option under the Amended Restructuring Term Sheet to leave non-recourse project finance debt outstanding subject to permitted indebtedness limits										

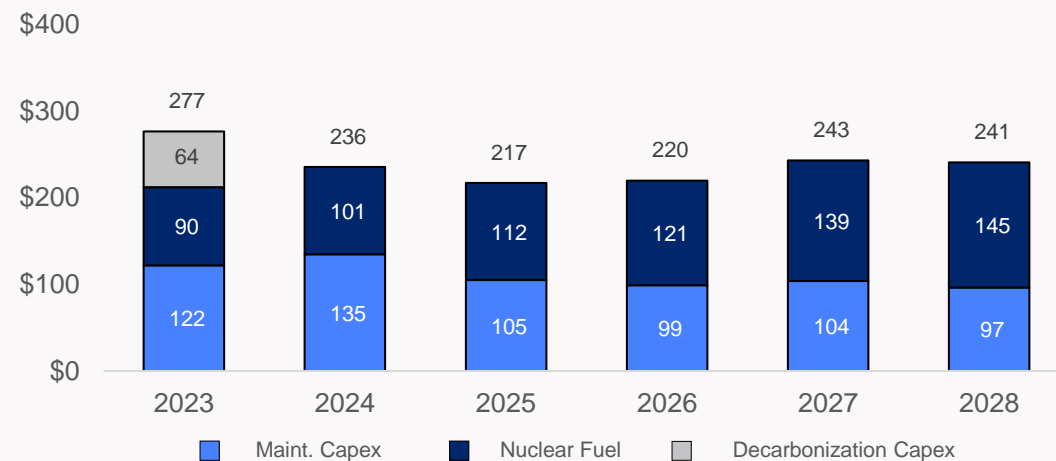
Forecast Overview - 1/27 Forecast Refresh

(\$ in millions)

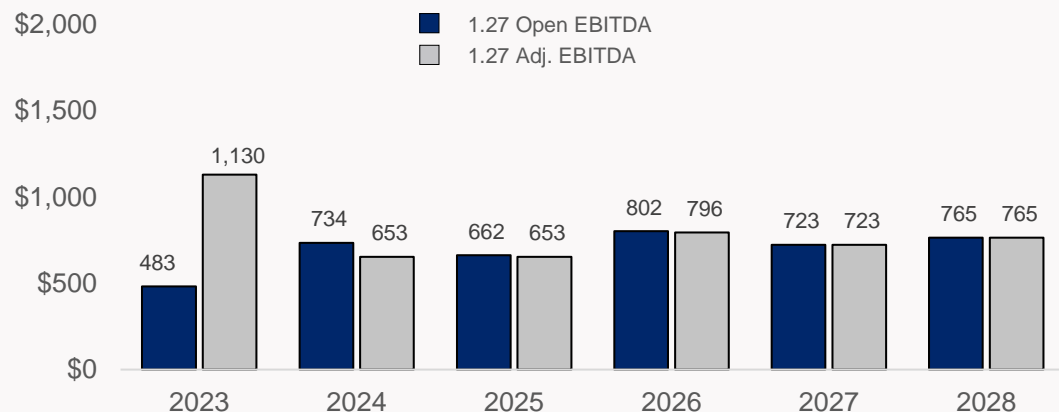
TES Gross Margin



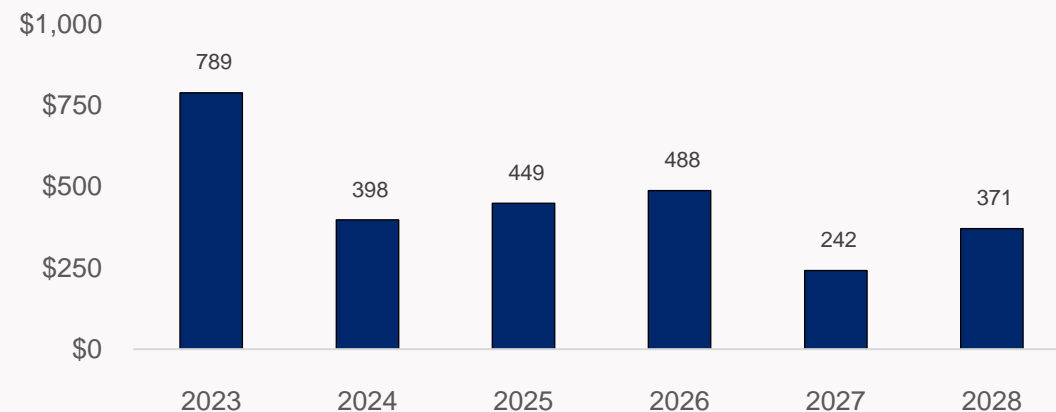
TES Capital Expenditures



TES Adj. EBITDA & Open EBITDA



TES Unlevered Free Cash Flow ⁽¹⁾

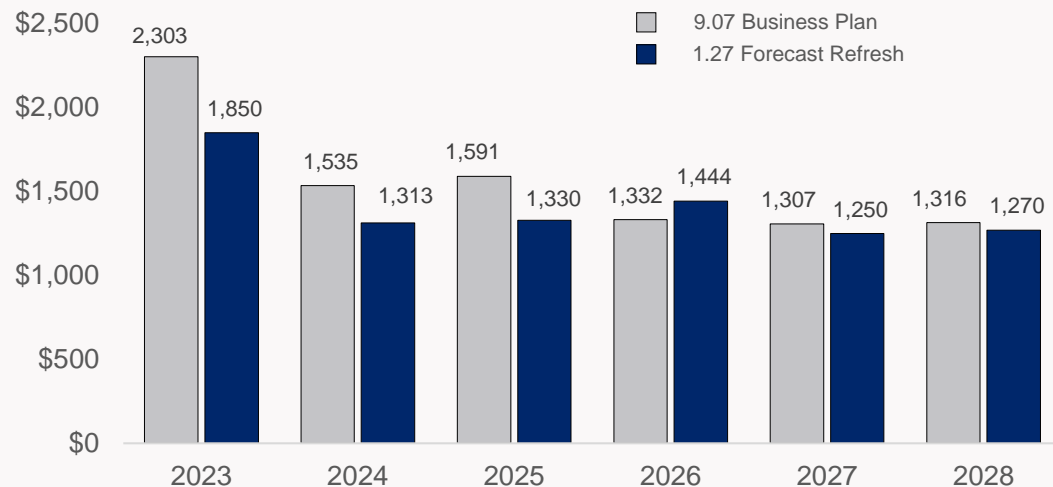


1. Unlevered free cash flow represents Adjusted Free Cash Flow excluding interest and professional fees, plus the impact of net working capital, cash taxes and other cash items (excluding debt service); excludes contributions to Cumulus.

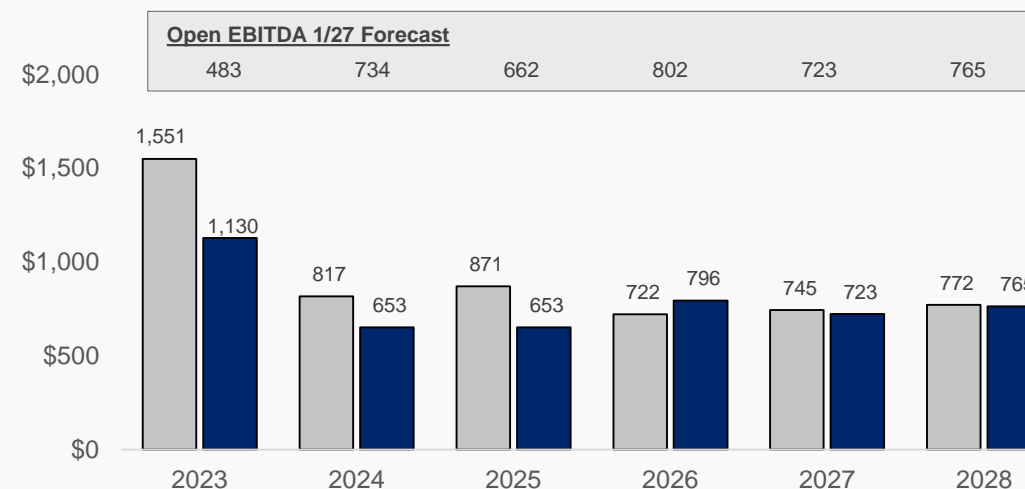
Forecast Overview - 9/7 vs 1/27 Forecast Refresh

(\$ in millions)

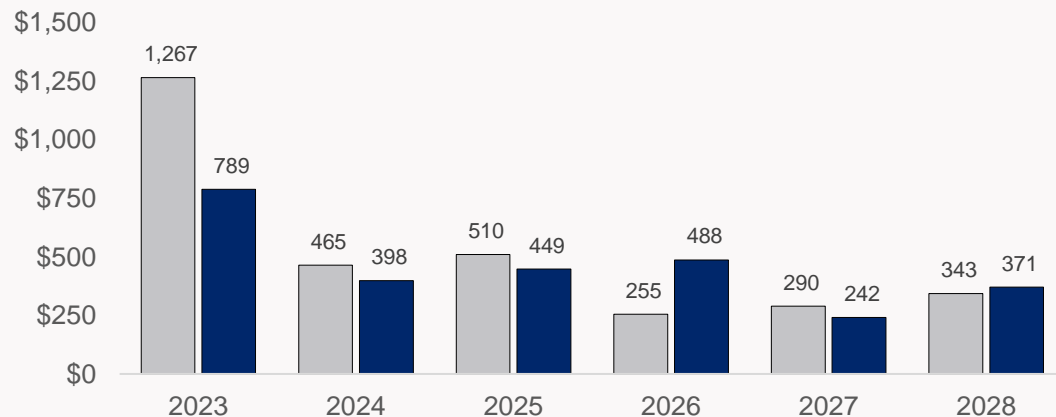
Gross Margin



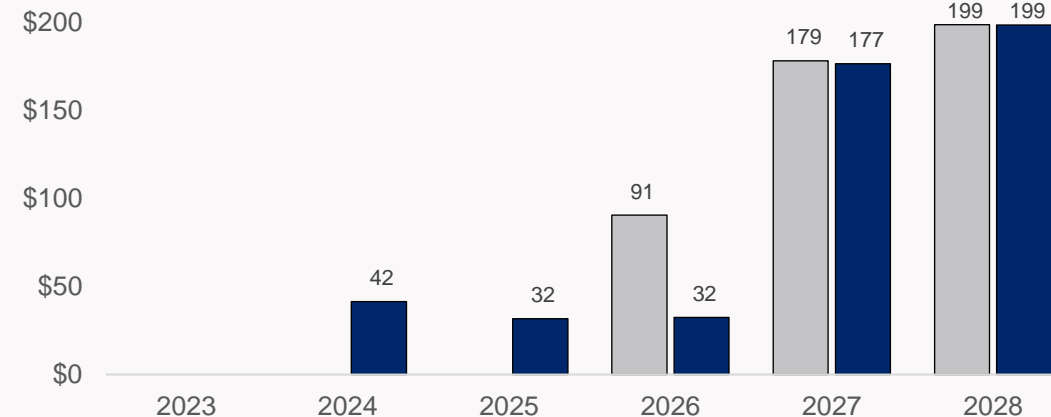
Adjusted EBITDA



Unlevered Free Cash Flow⁽¹⁾



Nuclear PTC (Accrued)



1. Unlevered free cash flow represents Adjusted Free Cash Flow excluding interest and professional fees, plus the impact of net working capital, cash taxes and other cash items (excluding debt service); excludes contributions to Cumulus.

Illustrative Emergence Pro Forma Capitalization

(\$ in millions)

Assumes 5/5/23 emergence

Cash at Emergence	\$150
\$(1.0)bn Exit RCF ¹	\$ -
Funded Exit Credit Facilities ²	2,005
Total Secured Debt	\$2,005
<i>Net Secured Debt</i>	<i>1,855</i>
PEDFA Series B & C	131
Total Debt	\$2,136
Net Debt	\$1,986
Net Leverage	
FY 2023E Total Leverage	1.8x
FY 2024E Total Leverage	3.0x
Memo:	
2023E Adj. EBITDA	\$1,130
2024E Adj. EBITDA ³	653
LC Balance	502

Cash Sources	
Pre-Effective Date Cash	\$1,243
New Money Debt Financing	2,005
Rights Offering Proceeds ⁴	1,550
Release of Restricted Cash and Other Sources ⁵	90
Total Sources	\$4,889

Cash Uses	
DIP Claims	\$1,000
Secured Claims ^{6,7}	3,217
LMBE-MC Holdco II LLC Term Loan (Net of Cash) ⁸	276
Professional Fees and Financing Fees	219
GUC Cash Pool	26
Cash to Balance Sheet	150
Total Uses	\$4,889

Source: Company's Weekly Forecast

Note: Assumes 5/5 emergence and PEDFA series B & C are reinstated (backed by LCs). Excludes Orion credit facility, which will remain at Cumulus Digital unrestricted group. Debt and equity rights offering amounts are estimates that are subject to change.

1. A portion of the revolver may be funded as a Term Loan C / synthetic facility; undrawn exit RCF plus unrestricted cash exceeds Minimum Liquidity under the Amended and Restated Commitment Letter.
2. Illustratively shown as Funded Exit Credit Facilities but may opt for a different structure with the goal of capital structure optimization.
3. Includes impact of Nuclear PTCs.
4. The Parties to the Amended and Restated Commitment Letter have agreed to discuss in good faith whether the Additional Permitted Indebtedness (as defined therein) shall replace any portion of the Rights Offering.
5. Includes cash collateral released for benefit of CAF lender claims and Riverstone Settlement Contribution.
6. Estimated 1L claims are presented net of CAF Consenting Parties' contribution to GUC Cash Pool and include accrued interest through the petition date, make whole and call premium claims for the CAF and Secured Notes, respectively, per settlement agreements.
7. Includes 1L ISDA hedge claims of \$38mm.
8. LMBE-MC project finance debt assumed to be repaid at emergence; the Requisite Consenting Creditors have the option under the Amended Restructuring Term Sheet to leave non-recourse project finance debt outstanding subject to permitted indebtedness limits

1/27 Forecast Refresh - Post-Emergence Adj. Free Cash Flow

(\$ in millions)

TES (Excluding Cumulus Affiliates) Adjusted EBITDA / Free Cash Flow⁽¹⁾

	Post-Emergence 2023		2024		2025		2026		2027		2028	
Total Revenue	\$	1,392	\$	2,011	\$	1,978	\$	2,114	\$	1,723	\$	1,733
Cost of Operations (Fuel and Other)		(422)		(698)		(648)		(670)		(472)		(462)
Gross Margin (Realized)	\$	970	\$	1,313	\$	1,330	\$	1,444	\$	1,250	\$	1,270
O&M Expenses	\$	(379)	\$	(602)	\$	(606)	\$	(575)	\$	(595)	\$	(593)
G&A Expenses		(67)		(100)		(103)		(106)		(109)		(112)
Nuclear PTC Benefit		-		42		32		32		177		199
Adjusted EBITDA	\$	524	\$	653	\$	653	\$	796	\$	723	\$	765
Capital Expenditures	\$	(161)	\$	(236)	\$	(217)	\$	(220)	\$	(243)	\$	(241)
Interest Paid		(107)		(179)		(158)		(156)		(154)		(154)
Adjusted Free Cash Flow	\$	256	\$	238	\$	277	\$	420	\$	326	\$	370
Memo:												
Ending Unrestricted Cash	\$	189	\$	416	\$	689	\$	1,015	\$	1,097	\$	1,307

1. Excludes net working capital, cash taxes and other cash items (excluding debt service).

Appendix

Hedge Summary

ATC Hedge Positions as of 1/27/23 ^(1,2,3,4)

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
<u>PJM</u>							
<i>Hedged % (ATC)</i>	80%	69%	56%	33%	27%	19%	24%
<i>UCAP Hedged % (ATC)</i>	30%	33%	28%	19%	10%	9%	9%
<i>Gas % Hedged</i>	95%	53%	57%	4%	9%	3%	9%
<u>ERCOT</u>							
<i>Hedged % (ATC)</i>	88%	61%	163%	31%	67%	14%	54%
<i>UCAP Hedged % (ATC)</i>	30%	40%	19%	16%	11%	9%	12%
<i>Gas % Hedged</i>	93%	62%	199%	39%	96%	19%	81%
<u>Montana</u>							
<i>Hedged % (ATC)</i>	57%	67%	54%	30%	33%	37%	37%
<i>UCAP Hedged % (ATC)</i>	56%	67%	54%	30%	33%	37%	37%

1. Does not necessarily reflect all option positions; includes LMBE-MC hedges.

2. The Company hedges its expected power generation consistent with its risk policy; as market conditions change (and therefore expected generation and natural gas consumption. change), the percentage may also fluctuate, including by exceeding 100% of the then-expected generation / consumption.

3. UCAP is based on modeled generation capacity.

4. Company's hedged volume post-2024 is not significant.

5. LMBE-MC project finance debt assumed to be repaid at emergence; the Requisite Consenting Creditors have the option under the Amended Restructuring Term Sheet to leave non-recourse project finance debt outstanding subject to permitted indebtedness limits.

1/27 Forecast Refresh - Reconciliation

(\$ in millions)

TES (Excluding Cumulus Affiliates) Reconciliation of Net Income to Adjusted Free Cash Flow ⁽¹⁾

	Post-Emergence 2023	2024	2025	2026	2027	2028
Net Income	\$ (188)	\$ (36)	\$ (78)	\$ 60	\$ 14	\$ 46
Adjustments						
Interest Expense and Other Finance Charges	\$ 135	\$ 175	\$ 157	\$ 155	\$ 154	\$ 154
Income Tax (Benefit) Expense	26	(12)	(26)	20	5	15
Depreciation, Amortization and Accretion	325	488	488	428	428	428
Nuclear Fuel Amortization	62	89	92	98	108	108
Unrealized (Gain) Loss on Commodity Derivative Contracts	94	(77)	(1)	-	-	-
Restructuring costs and other	70	26	21	34	15	15
Adjusted EBITDA	\$ 524	\$ 653	\$ 653	\$ 796	\$ 723	\$ 765
Capital Expenditures	\$ (161)	\$ (236)	\$ (217)	\$ (220)	\$ (243)	\$ (241)
Interest Paid	(107)	(179)	(158)	(156)	(154)	(154)
Adjusted Free Cash Flow	\$ 256	\$ 238	\$ 277	\$ 420	\$ 326	\$ 370

1. The Financial Projections do not consider the potential impact of the application of "fresh start" accounting under Accounting Standards Codification 852, "Reorganizations" ("ASC 852") that may apply upon the Effective Date. If the Debtors implement fresh start accounting, material differences from the amounts presented are anticipated.