



1780 Hughes Landing, Suite 800
The Woodlands, TX 77380
www.TalenEnergy.com

June 20, 2023

The accompanying Talen Energy Corporation Unaudited March 31, 2023 Condensed Consolidated Financial Statements present the comparative financial results for Talen Energy Corporation and its subsidiaries.

The accompanying Talen Energy Corporation Unaudited Pro Forma Condensed Consolidated Financial Information ("Pro Forma Financial Information") presents pro forma information to give pro forma effect to Talen Energy Corporation's emergence from bankruptcy and related accounting adjustments as described below.

Talen Energy Corporation could use its financial statements and its Pro Forma Financial Information in connection with the applicable regulatory processes of listing its equity securities in the over-the-counter market or on a national exchange.

Subsidiary Deconsolidations

As a result of the Talen Energy Supply bankruptcy and certain related agreements authorized by the bankruptcy court, Talen Energy Corporation, in accordance with United States generally accepted accounting principles ("GAAP"): (i) deconsolidated Talen Energy Supply in May 2022, and (ii) deconsolidated Cumulus Digital Holdings in September 2022 when Talen Energy Supply met certain criteria to consolidate Cumulus Digital Holdings for financial reporting purposes. The circumstances and financial effects are further described in Note 4, *Consolidation Matters*, in the Notes to the 2022 Talen Energy Corporation Audited Consolidated Financial Statements.

The 2022 Talen Energy Supply Audited Consolidated Financial Statements and the 2023 Talen Energy Supply Unaudited Condensed Consolidated Statements, each with the accompanying Management's Discussion and Analysis, contain Talen Energy Supply's full period and comparative operating results.

The Talen Energy Supply Financial and Talen Energy Corporation statements can be found on the [Talen Energy investor website](#).

Fresh Start Accounting and Pro Forma Results

After emergence from bankruptcy, Talen Energy Corporation's June 30, 2023 Consolidated Financial Statements are expected, in accordance with GAAP, to:

- Apply fresh start accounting to adjust assets and liabilities to fair value as of Talen Energy Corporation's emergence from bankruptcy
- Reconsolidate Talen Energy Supply and its subsidiaries

The Pro Forma Financial Information gives effect to Talen Energy Corporation's: (i) application of fresh start accounting under its Plan of Reorganization, and (ii) Reconsolidation of TES. The unaudited Pro Forma Financial Information is presented for illustrative purposes only and is not necessarily indicative of the financial results that would have occurred if such events had been consummated on the dates indicated; nor is it necessarily indicative of our financial positions or results of operations in the future.

Forward Looking Statements

This communication contains forward-looking statements within the meaning of the federal securities laws, which statements are subject to substantial risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this communication, or incorporated by reference into this communication, are forward-looking statements. Throughout this communication, we have attempted to identify forward-looking statements by using words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecasts," "goal," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "will," or other forms of these words or similar words or expressions or the negative thereof, although not all forward-looking statements contain these terms. Forward-looking statements address future events and conditions concerning, among other things capital expenditures, earnings, litigation, regulatory matters, hedging, liquidity and capital resources and accounting matters. Forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations or performance to differ materially from our historical results or those expressed or implied in any forward-looking statement contained in this communication. All of our forward-looking statements include assumptions underlying or relating to such statements that may cause actual results to differ materially from those that we are currently expecting, and are subject to numerous factors that present considerable risks and uncertainties.

[THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]



Talen Energy Corporation
Debtor-In-Possession
Condensed Consolidated Financial Statements
(Unaudited)

For the Period Ended March 31, 2023

[THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]

TALEN ENERGY CORPORATION AND SUBSIDIARIES
DEBTORS-IN-POSSESSION
TABLE OF CONTENTS

	Page
<hr/>	
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)	
Condensed Consolidated Statements of Operations	1
Condensed Consolidated Statements of Comprehensive Income	2
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Cash Flows	4
Condensed Consolidated Statements of Equity	5
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)	
1. Organization and Operations	6
2. Basis of Presentation and Summary of Significant Accounting Policies	6
3. Talen Bankruptcy	7
4. Risk Management, Derivative Instruments and Hedging Activities	10
5. Revenue	11
6. Income Taxes	11
7. Equity Method Investments	12
8. Nuclear Decommissioning Trust Funds	13
9. Property, Plant and Equipment	13
10. Commitments and Contingencies	13
11. Fair Value	15
12. Postretirement Benefit Obligations	16
13. Capital Structure	16
14. Accumulated Other Comprehensive Income	17
15. Supplemental Cash Flow Information	18
16. Related Party Transactions	18
17. Subsequent Events	19
SIGNIFICANT BUSINESS RISKS	20
GLOSSARY OF TERMS AND ABBREVIATIONS	23
<hr/>	

TALEN ENERGY CORPORATION AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Millions of Dollars, except share data)

	Three Months Ended	
	March 31,	
	2023	2022
Capacity revenues	\$ —	\$ 132
Energy and other revenues	—	325
Unrealized gain (loss) on derivative instruments	—	(60)
Operating Revenues	—	397
Energy Expenses		
Fuel and energy purchases	—	(258)
Nuclear fuel amortization	—	(27)
Unrealized gain (loss) on derivative instruments	—	89
Total Energy Expenses	—	(196)
Operating Expenses		
Operation, maintenance and development	—	(145)
General and administrative	—	(30)
Postretirement benefits service cost	—	(1)
Depreciation, amortization and accretion	—	(138)
Other operating income (expense), net	—	(1)
Operating Income (Loss)	—	(114)
Interest expense and other finance charges	—	(82)
Nuclear decommissioning trust funds gain (loss), net	—	(56)
Postretirement benefits gain (loss), net	—	(2)
Debt restructuring gain (loss), net	—	(4)
Other non-operating income (expense), net	—	(18)
Income (Loss) Before Income Taxes	—	(276)
Income tax benefit (expense)	—	(11)
Net Income (Loss)	—	(287)
Per Common Share		
Net Income (Loss) Attributable to Members - Basic	\$ —	(637.20)
Net Income (Loss) Attributable to Members - Diluted	—	(637.20)
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	450	450
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	450	450

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(Millions of Dollars)

	Three Months Ended	
	March 31,	
	2023	2022
Net Income (Loss)	\$ —	\$ (287)
Other Comprehensive Income (Loss)		
Available-for-sale securities unrealized gain (loss), net	—	(31)
Income tax benefit (expense)	—	13
Gains (losses) arising during the period, net of tax	—	(18)
Available-for-sale securities unrealized (gain) loss, net	—	7
Qualifying derivatives unrealized (gain) loss, net	—	(1)
Postretirement benefit actuarial (gain) loss, net	—	7
Income tax (benefit) expense	—	(4)
Reclassifications from AOCI, net of tax	—	9
Total Other Comprehensive Income (Loss)	—	(9)
Comprehensive Income (Loss)	\$ —	\$ (296)

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Millions of Dollars)

	March 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 1	\$ 1
Accounts receivable	1	1
Total Assets	\$ 2	\$ 2
Liabilities and Equity		
Liabilities subject to compromise	\$ 3	\$ 3
Total Liabilities	3	3
Stockholders' Equity		
Common stock - \$0.001 par value (a)	—	—
Additional paid-in capital	2,970	2,970
Retained earnings (deficit)	(2,971)	(2,971)
Total Equity	(1)	(1)
Total Liabilities and Equity	\$ 2	\$ 2

(a) 1,000,000 shares authorized; 449,747 shares issued and outstanding.

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Millions of Dollars)

	Three Months Ended	
	March 31,	
	2023	2022
Operating Activities		
Net income (loss)	\$ —	\$ (287)
Reconciliation adjustments:		
Impairments	—	—
Unrealized (gains) losses on derivative instruments	—	(55)
Nuclear fuel amortization	—	27
Depreciation, amortization and accretion	—	148
Nuclear decommissioning trust funds (gain) loss, net (excluding interest and fees)	—	64
Deferred income taxes	—	2
Other	—	22
Change in assets and liabilities:		
Accounts receivable, net	—	16
Inventory, net	—	39
Other assets	—	(17)
Accounts payable and accrued liabilities	—	45
Accrued interest	—	26
Other liabilities	—	8
Net cash provided by (used in) operating activities	—	38
Investing Activities		
Property, plant and equipment expenditures	—	(56)
Nuclear fuel expenditures	—	(21)
Nuclear decommissioning trust funds investment purchases	—	(603)
Nuclear decommissioning trust funds investment sale proceeds	—	594
Investments in equity of affiliates and equity method investments	—	(22)
Other investing activities	—	5
Net cash provided by (used in) investing activities	—	(103)
Financing Activities		
Cumulus Digital long-term debt proceeds	—	26
Talen Deferred Capacity Obligation repayments	—	(96)
Talen Commodity Accordion RCF proceeds	—	45
Talen Commodity Accordion RCF repayments	—	(45)
LMBE-MC long-term debt repayments	—	(6)
Contributions from noncontrolling interests	—	25
Other	—	(12)
Net cash provided by (used in) financing activities	—	(63)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	—	(128)
Beginning of period cash and cash equivalents and restricted cash and cash equivalents	1	753
End of period cash and cash equivalents and restricted cash and cash equivalents	\$ 1	\$ 625

See Note 15 in Notes to the Condensed Consolidated Financial Statements for supplemental cash flow information.

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(Millions of Dollars)

	Common stock shares (a)	Additional paid-in capital	Accumulated earnings (deficit)	AOCI	Noncontrolling interest	Total Equity
December 31, 2021	450	\$ 2,970	\$ (2,105)	\$ (154)	\$ 5	\$ 716
Net income (loss)	—	—	(287)	—	—	(287)
Other comprehensive income (loss)	—	—	—	(9)	—	(9)
Cash contribution	—	—	—	—	25	25
March 31, 2022	450	\$ 2,970	\$ (2,392)	\$ (163)	\$ 30	\$ 445
December 31, 2022	450	\$ 2,970	\$ (2,971)	\$ —	\$ —	\$ (1)
Net income (loss)	—	—	—	—	—	—
March 31, 2023	450	\$ 2,970	\$ (2,971)	\$ —	\$ —	\$ (1)

(a) Shares in thousands and par value is \$0.001 per share. Each share entitles its holder to one vote.

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES

DEBTOR-IN-POSSESSION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Capitalized terms and abbreviations appearing in the unaudited Notes to the Condensed Consolidated Financial Statements are defined in the glossary. Dollars are in millions, unless otherwise noted. The terms "Talen," "Talen Energy Corporation," "the Company," "we," "us" and "our" refer to Talen Energy Corporation and its consolidated subsidiaries, unless the context clearly indicates otherwise. This presentation has been applied where identification of subsidiaries is non-material to the matter being disclosed, and to conform narrative disclosures to the presentation of financial information on a consolidated basis. When identification of a subsidiary is considered important to understanding the matter being disclosed, the specific entity's name is used. Each disclosure referring to a subsidiary also applies to Talen Energy Corporation insofar as such subsidiary's financial information is included in Talen Energy Corporation's consolidated financial information. Talen Energy Corporation and each of its subsidiaries and affiliates are separate legal entities and, except by operation of law, are not liable for the debts or obligations of one another absent an express contractual undertaking to the contrary.

1. Organization and Operations

Talen Energy Corporation, through its subsidiaries, owns and operates high-quality power infrastructure in the United States. We produce and sell electricity, capacity and ancillary services into wholesale power markets in the United States primarily in PJM, ERCOT and WECC, with our generation fleet principally located in the Mid-Atlantic, Texas and Montana. Talen is headquartered in The Woodlands, Texas.

Going Concern and the Talen Bankruptcy

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the ordinary course of business. However, due to the circumstances described herein, such realization of assets and settlement of liabilities were subject to uncertainty at March 31, 2023.

In recent years, the competitive power industry in the markets in which the Company operates was challenged with depressed wholesale natural gas and power prices. However, during 2021, market conditions rapidly changed with sustained increases in commodity prices. While these market conditions provided for the opportunity to earn higher commodity margin associated with electric generation in future delivery months, they also resulted in increased mark-to-market losses on hedges for the corresponding future delivery periods. As a result, Talen's commercial counterparties and commodity exchanges that were party to certain hedge transactions required elevated levels of collateral for mark-to-market losses. Generally, under the terms of these arrangements, Talen was required to collateralize hedges for future mark-to-market losses upon demand by a counterparty. However, Talen did not receive settlements for its electric generation until delivery. Accordingly, these market conditions negatively impacted Talen's actual and forecasted cash flows and, by extension, liquidity to operate in the normal course of business.

The uncertainty relating to these conditions raised substantial doubt about Talen's ability to continue as a going concern in the second half of 2021 and first half of 2022. As a result of these conditions and uncertainty, in May 2022, Talen Energy Supply, Talen Energy Corporation's direct wholly owned subsidiary, and the majority of Talen Energy Supply's direct and indirect wholly owned subsidiaries filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the Southern District of Texas. Talen Energy Corporation joined Talen Energy Supply's Chapter 11 case as an additional Talen Debtor in December 2022, in order to facilitate the implementation of certain restructuring transactions under the Plan of Reorganization.

After joining the Talen Bankruptcy, Talen Energy Corporation, along with the other Talen Debtors, operated its business as a debtor-in-possession while being subject to the jurisdiction of the Bankruptcy Court. During the pendency of the Talen Bankruptcy, the Talen Debtors, continued to enter into transactions and settle liabilities, subject to the approval of the Bankruptcy Court or as otherwise permitted in the ordinary course of business and subject to restrictions in the Talen DIP Credit Agreements and (or) other applicable orders of the Bankruptcy Court.

When Talen Energy Supply filed for bankruptcy in May 2022, Talen Energy Corporation deconsolidated Talen Energy Supply for financial reporting purposes because it was determined that Talen Energy Corporation no longer controlled the activities of Talen Energy Supply.

On May 17, 2023, Talen Energy Corporation and the Debtors emerged from Bankruptcy and will re-consolidate Talen Energy Supply and its subsidiaries and apply fresh start accounting beginning in the second quarter 2023.

See Note 3 for additional information on the Talen Bankruptcy.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

Our unaudited Condensed Consolidated Financial Statements are prepared in accordance with GAAP and include the accounts of all controlled subsidiaries. Intercompany transactions are eliminated in consolidation. Certain information and note disclosures, normally included in financial statements prepared in accordance with GAAP, have been condensed or omitted from these statements in accordance with GAAP. In the opinion of management, the Condensed Consolidated Financial Statements include all adjustments considered necessary for a fair presentation of the information set forth. All adjustments are of a normal recurring nature, except as otherwise disclosed. The Condensed Consolidated Balance Sheet at December 31, 2022 is derived from the audited Talen 2022 Consolidated Balance Sheet in the audited Talen 2022 Consolidated Financial Statements. The unaudited Condensed Consolidated Financial Statements and Notes thereto should be read contemporaneously with the audited Talen 2022 Consolidated Financial Statements and Notes thereto. The results of operations for the three months ended March 31,

2023 are not necessarily indicative of the results to be expected for the full year ending December 31, 2023 or other future periods, because the results for interim periods can be disproportionately influenced by various factors, developments and seasonal variations.

Investments in entities in which Talen has the ability to exercise significant influence but does not have a controlling financial interest are accounted for under the equity method. Entities for which a controlling financial interest is not demonstrated through voting interests are evaluated based on accounting guidance for VIEs. Talen consolidates a VIE when it is determined that it has a controlling interest in the VIE, and Talen is the primary beneficiary of the entity. See Note 10 of the 2022 Audited Consolidated Financial Statements for additional information.

Summary of Significant Accounting Policies

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Talen Bankruptcy

Voluntary Reorganization Under Chapter 11 of the U.S. Bankruptcy Code

On May 17, 2023, the Plan of Reorganization became effective, and Talen Energy Corporation and Talen Energy Supply emerged from the Talen Bankruptcy. When Talen Energy Supply filed for bankruptcy in May 2022, Talen Energy Corporation deconsolidated Talen Energy Supply for financial reporting purposes because it was determined that Talen Energy Corporation no longer controlled Talen Energy Supply as of such date. As of May 2023, with the bankruptcy proceedings complete, Talen Energy Corporation will reconsolidate Talen Energy Supply and its subsidiaries and apply fresh start accounting beginning in second quarter 2023. The below disclosures include the key terms of the Plan of Reorganization that, due to the May 2023 reconsolidation event, are expected to have an impact on Talen Energy Corporation's consolidated financial statements following such reconsolidation.

In May 2022, the Talen Filing Parties, or the Debtors, not including Talen Energy Corporation, filed voluntary petitions seeking relief under Chapter 11 of the Bankruptcy Code, subject to the Talen RSA. In December 2022: (i) Talen Energy Corporation filed a petition to become a Debtor in the Talen Bankruptcy in order to facilitate the implementation of certain restructuring transactions under the Plan of Reorganization; (ii) the Bankruptcy Court approved the joint administration of Talen Energy Corporation's bankruptcy case with the other Debtors, and directed that certain orders previously entered apply to Talen Energy Corporation to the extent applicable; and (iii) the Plan of Reorganization was confirmed by the Bankruptcy Court.

Subject to certain exceptions, under the Bankruptcy Code, the filing of the Talen Bankruptcy automatically enjoined, or stayed, the continuation of most judicial or administrative proceedings or filings of other actions against the Debtors or their property to recover, collect, or secure a claim arising prior to the Petition Date, including under Talen Energy Supply's prepetition funded debt obligations.

Following commencement of the Talen Bankruptcy in May 2022, and until the Effective Date in May 2023, the Debtors continued to operate their business in the ordinary course as debtors-in-possession under the jurisdiction of and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

Under the Plan of Reorganization, the Talen Filing Parties rejected certain contracts. Other parties to the rejected contracts may assert claims in the Bankruptcy Court against the Debtors for damages related to these rejections. See "Liabilities subject to compromise and claims" below for additional information.

Talen Restructuring Support Agreement

Prior to the commencement of the Talen Bankruptcy, the Talen Filing Parties entered into the Talen RSA with the Consenting Noteholders and agreed to support the transactions set forth in the Talen RSA Term Sheet. The Talen RSA Term Sheet provides for an up to \$1.9 billion common equity rights offering that, when combined with Talen's projected available cash at the time of consummation, was expected to provide for the payment of claims under the Talen DIP Credit Agreements, the Talen Commodity Accordion RCF, the Talen Senior Secured Term Loans, the Talen Senior Secured Notes, the Talen ISDAs and general unsecured claims.

The Talen RSA includes, among other things, certain consent rights for the Consenting Noteholders, certain commitments of the Consenting Noteholders and the other parties to the RSA to support the restructuring, termination rights for both the Consenting Noteholders and the Talen Filing Parties, and customary milestone dates by which certain events in the Talen Bankruptcy must occur.

In August 2022 and December 2022, the Talen Filing Parties and the Consenting Noteholders executed amendments to the Talen RSA incorporating the CAF Settlement, the Non-CAF Settlement, and the TEC Global Settlement. As a result of these settlements, the Consenting CAF Parties, Consenting Non-CAF Parties, and Talen Energy Corporation and the Riverstone Entities settled outstanding issues, and agreed to join the parties to the Talen RSA and to support the Plan of Reorganization. Each of these settlements is incorporated into the Plan of Reorganization.

Additionally, in connection with the TEC Global Settlement, Talen Energy Supply, Talen Energy Corporation, certain of the Cumulus Affiliates, the Riverstone Entities and Orion entered into the Cumulus Term Sheet, which, among other things, provided for additional funding for Cumulus Data and Cumulus Coin, conversion of Talen's preferred equity in Cumulus Data Holdings and Cumulus Coin Holdings into common equity of Cumulus Digital Holdings, and increased governance and consent rights for Talen Energy Supply with respect to Cumulus Digital Holdings and its subsidiaries.

The Plan of Reorganization became effective on May 17, 2023.

Backstop Commitment Letter and Equity Rights Offering

The Talen Filing Parties and the Backstop Parties have entered into the Backstop Commitment Letter, pursuant to which the Backstop Parties agreed to purchase up to \$1.55 billion of TEC Equity offered in the Rights Offering in the event the Rights Offering is not fully subscribed.

The Backstop Commitment Letter also provides the Backstop Parties with subscription rights to purchase 30% of TEC Equity issued on account of each Backstop Party's commitment. In April 2023, Talen launched the Rights Offering sized at \$1.55 billion and later agreed to reduce the Rights Offering size to \$1.4 billion. See "Regulatory Approvals, Rights Offering, Exit Financing and Emergence from Bankruptcy" below for additional information on the Rights Offering.

Plan of Reorganization

In September 2022, the Debtors filed the Plan of Reorganization and related Disclosure Statement with the Bankruptcy Court. In October 2022, the Bankruptcy Court approved the Disclosure Statement and, in November 2022, the requisite creditors approved the Plan of Reorganization.

In December 2022, the Bankruptcy Court confirmed the Plan of Reorganization. As confirmed, the Plan of Reorganization would implement, among other things, the transactions contemplated by the Talen RSA, the TEC Global Settlement, and the Global Plan Settlement. The Plan of Reorganization and Confirmation Order provide for, among other things, the following resolution of claims and interests against the Debtors, in each case upon the Effective Date:

- Holders of Other Secured Claims shall receive at the applicable Debtor's discretion: (i) payment in full in cash of the unpaid portion of such holder's Allowed Other Secured Claim; (ii) reinstatement of such holder's Allowed Other Secured Claim; (iii) the applicable Debtor's interest in the collateral securing such holder's Other Secured Claim; or (iv) such other treatment rendering such holder's Allowed Other Secured Claim unimpaired.
- Holders of Prepetition First Lien Non-CAF Claims shall receive payment in full in cash of such holder's pro rata share of the Settled First Lien Non-CAF Claim Amount.
- Holders of Prepetition CAF Claims shall receive payment in full in cash of such holder's pro rata share of the Settled CAF Claim Amount.
- Holders of Unsecured Notes Claims and participants in the Rights Offering received 99% of the TEC Equity, less the TEC Equity.
- Each holder of a General Unsecured Claim shall receive its pro rata share of interests in the \$26.05 million pool of cash set aside for general unsecured creditors. To the extent any proceeds are recovered by the Debtors pursuant to the PPL/Talen Montana Litigation, 10% of the net proceeds recovered will be contributed to the pool of cash, subject to a cap of \$11 million.
- Prepetition Intercompany Claims shall be cancelled, released, discharged, and extinguished.
- Intercompany Interests shall be reinstated so as to maintain the organizational structure of the Debtors as such structure exists on the Effective Date.
- The Riverstone Entities received approximately 1.00% of TEC Equity and the New Warrants.
- All claims against Talen Energy Corporation will be repaid in cash or reinstated and all prepetition equity interests in Talen Energy Corporation will be extinguished.

Regulatory Approvals, Rights Offering, Exit Financing and Emergence from Bankruptcy

In March 2023, Talen received the approvals from the NRC and the FERC necessary to implement the transactions contemplated by the Plan of Reorganization.

In April 2023, Talen commenced the Rights Offering. Pursuant to the Rights Offering, the Company offered holders of Unsecured Notes Claims the right to purchase the new common equity of reorganized Talen Energy Corporation, which will be authorized, issued, and outstanding on and after the Effective Date, for an aggregate purchase price of \$1.4 billion. The Rights Offering was backstopped pursuant to the Backstop Commitment Letter (described above), which obligated the Backstop Commitment Parties to (i) participate in the Rights Offering to the full extent of Unsecured Notes Claims held by them and (ii) purchase all unsubscribed for shares pro rata based on their Commitments (as defined in the Backstop Commitment Letter). Approximately 92% of Unsecured Notes Claims were tendered in the Rights Offering, and the Backstop Commitment Parties are required to purchase the remainder of the unsubscribed for new common equity attributable to the remainder of the Unsecured Notes Claims. The net proceeds to Talen in respect of the Rights Offering were approximately \$1.4 billion.

In May 2023, Talen Energy Supply completed several secured financing offerings, which, together with cash on hand and proceeds of the Rights Offering provided funding for the payment of claims as provided in the Plan of Reorganization and liquidity and working capital for Talen's business following its emergence from bankruptcy. The financings include: (i) a \$700 million secured revolving credit facility, a \$580 million secured term loan B facility, a \$470 million secured term loan C facility (the proceeds of which will be used to cash collateralize LCs) and a stand-alone \$75 million bilateral secured LC facility; and (ii) \$1.2 billion in 8.625% senior secured notes due 2030.

The Plan of Reorganization became effective on May 17, 2023.

Liabilities Subject to Compromise and Claims

At March 31, 2023 and December 31, 2022, "Liabilities subject to compromise" on the Condensed Consolidated Balance Sheets presents the then-expected allowed amount of the prepetition claims against Talen Energy Corporation that have at least a possibility of not being repaid at the full claim amount. Any additional liabilities that are subject to compromise will be recognized accordingly, and the aggregate amount of liabilities subject to compromise may change.

	March 31, 2023	December 31, 2022
Other liabilities (a)	\$ 1	\$ 1
Accounts payable and accrued liabilities	2	2
Liabilities Subject to Compromise	\$ 3	\$ 3

(a) Includes both current and noncurrent amounts.

Claims Processing. The Company has filed with the Bankruptcy Court, schedules and statements setting forth, among other things, the assets and liabilities of the Company, on the basis of certain assumptions filed in connection therewith. The schedules and statements may be subject to further amendment or modification after filing. Certain holders of prepetition claims were required to file proofs of claim related to Talen Energy Corporation by March 2, 2023, the deadline for general claims. This date excludes claimants that are governmental units. Governmental units are required to file proof of claims by June 13, 2023.

As of May 17, 2023, Talen Energy Corporation received approximately 19 proofs of claim, primarily representing General Unsecured Claims, for an aggregate amount of approximately \$4 billion. These values represent total claims filed and may include duplicative amounts.

Differences in amounts presented as "Liabilities subject to compromise" on the Consolidated Balance Sheet and claims filed by creditors are investigated and resolved, including through the filing of objections with the Bankruptcy Court, where appropriate. The Company may ask the Bankruptcy Court to disallow claims that are duplicative, have been later amended or superseded, are without merit, are overstated or should be disallowed for other reasons. As a result of this process, the Company may identify additional recognizable liabilities. The claims resolution process will continue following the Company's emergence from bankruptcy.

See Note 2 for additional information on bankruptcy-related accounting policies.

Condensed Consolidated Debtor-in-Possession Financial Information

This condensed financial information has been prepared on the same basis as Talen Energy Corporation's financial statements. Intercompany transactions between Debtors have been eliminated in the amounts presented below. The following table presents summarized condensed combined financial information of debtors of Talen Energy Corporation at March 31, 2023 and December 31, 2022.

	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 1	\$ 1
Accounts receivable, net	1	1
Total current assets	2	2
Total Assets	\$ 2	\$ 2
Liabilities and Equity		
Liabilities subject to compromise	3	3
Total Liabilities	3	3
Stockholders' Equity	(1)	(1)
Total Liabilities and Equity	\$ 2	\$ 2

Talen Energy Corporation had no operating revenues, operating income or net income for the three months ended March 31, 2023. Additionally, Talen Energy Corporation had no changes in cash on hand and cash provided by (used in) operating, investing or financing activities for the three months ended March 31, 2023.

4. Risk Management, Derivative Instruments and Hedging Activities

The following risk and other disclosures apply to Talen Energy Supply's operating activities during the periods in which Talen Energy Supply was consolidated by Talen Energy Corporation.

Risk Management Objectives

Talen Energy Supply is exposed to risks arising from our business, including but not limited to, market and commodity price risk, credit and liquidity risk, and interest rate risk. The hedging and optimization strategies deployed by our commercial organization mitigated and (or) balanced these risks within a structured risk management program in order to minimize near-term future cash flow volatility. The Company's Risk Management Committee, comprised of certain senior management members across the Talen organization and one independent member, oversee the management of these risks in accordance with our risk policy.

Management has established procedures to monitor, measure, and manage hedge and optimization in accordance with the risk policy.

Key risk control activities, which are designed to ensure compliance with the risk policy, include, among other activities: credit review and approval, validation of transactions and market prices, verification of risk and transaction limits, portfolio stress tests, analysis and monitoring of margin at risk, and daily portfolio reporting.

Market and Commodity Price Risk. Volatility in the wholesale power generation markets provides uncertainty in the future performance and cash flows of the business. The price risk Talen is exposed to includes the price variability associated with future sales and purchases of power, natural gas, coal, uranium, oil products, environmental products, and other energy commodities in competitive wholesale markets. Several factors influence price volatility including: seasonal changes in demand; weather conditions; available regional load-serving supply; regional transportation and (or) transmission availability; market liquidity; and federal, regional, and state regulations.

Within the parameters of our risk policy, we generally utilize conventional exchange-traded and over-the-counter traded derivative instruments, and in certain instances, structured products, to economically hedge the commodity price risk of the forecasted future sales and purchases of commodities associated with our generation portfolio.

Interest Rate Risk. Talen was exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows associated with existing floating rate debt issuances. To reduce interest rate risk, derivative instruments are utilized to economically hedge the interest rates for a predetermined contractual notional amount which results in a cash settlement between counterparties. At March 31, 2023 and December 31, 2022, Talen Energy Corporation does not have any outstanding interest rate swaps.

Credit Risk. Credit risk, which is the risk of financial loss if a customer, counterparty, or financial institution is unable to perform or pay amounts due, is inherent within cash and cash equivalents, restricted cash and cash equivalents, derivative instruments, and accounts receivable. The maximum amount of credit exposure associated with financial assets is equal to the carrying value. Credit risk, which cannot be completely eliminated, is mitigated through a number of practices such as ongoing reviews of counterparty credit worthiness, prepayment, inclusion of termination rights in contracts which are triggered by certain events of default and executing master netting arrangements which permit amounts between parties to be offset. Additionally, credit enhancements such as cash deposits, letters of credit, and credit insurance may be employed to mitigate credit risk.

Cash and cash equivalents are placed in depository accounts or high-quality short-term investments with major international banks and financial institutions. Individual counterparty exposure from over-the-counter derivative instruments is managed within predetermined credit limits and includes the use of master netting arrangements and cash-call margins when appropriate, to reduce credit risk. Exchange traded commodity contracts, which are executed through futures commission merchants, have minimal credit risk because these are subject to mandatory margin requirements and are cleared with an exchange. However, Talen is exposed to the credit risk of the future commission merchants arising from daily variation margin cash calls. Restricted cash and cash equivalents deposited to meet initial margin requirements are held by futures commission merchants in segregated accounts for the benefit of Talen Energy Marketing.

Outstanding accounts receivable include those from sales of capacity, generated electricity and ancillary services through contracts directly with ISOs and RTOs, sales of physical electricity to commercial and industrial retail customers and realized settlements of physical and financial derivative instruments with commodity marketers. Additionally, Talen carries accounts receivable due from joint owners for their portion of operating and capital costs for certain jointly owned facilities which are operated by the Company. The majority of outstanding receivables, which are continually monitored, have customary payment terms.

Derivative Instrument Presentation

All commodity and interest rate derivatives are economic hedges where the changes in fair value are presented immediately in income. Changes in the fair value and realized settlements on commodity derivative instruments are presented as separate components of "Energy revenues" and "Fuel and energy purchases" on the Condensed Consolidated Statements of Operations. Changes in fair value and realized settlements of interest rate derivatives are presented as "Interest expense and other finance charges" on the Condensed Consolidated Statements of Operations. See Note 16 for additional information on fair value.

The location and pre-tax effect of derivative instruments presented on the Condensed Consolidated Statements of Operations for the three months ended March 31 were:

	2022
Realized gain (loss) on commodity contracts	
Energy revenues (a)	\$ (242)
Fuel and energy purchases (a)	19
Unrealized gain (loss) on commodity contracts	
Operating revenues (b)	\$ (60)
Energy expenses (b)	89
Realized and unrealized gain (loss) on interest rate contracts	
Interest expense and other finance charges	\$ 22

(a) Does not include those derivative instruments that settle through physical delivery.

(b) Presented as "Unrealized gain (loss) on derivative instruments" on the Condensed Consolidated Statements of Operations.

Contract Terminations

Commodity Hedge Terminations. In March 2022, Talen Energy Marketing and a commercial counterparty terminated certain outstanding economic hedges that were scheduled to be priced and delivered from April 2022 through December 2022. As a result, Talen Energy Marketing realized a \$63 million termination loss and agreed to settle the obligation on a monthly basis through January 2023. For the three months ended March 31, 2022, the realized termination loss is presented as "Energy revenues" on the Consolidated Statement of Operations.

5. Revenue

The following disclosures apply to Talen Energy Supply's operating activities during the periods in which Talen Energy Supply was consolidated by Talen Energy Corporation.

The disaggregation of our operating revenues for the three months ended March 31 were:

	2022
Capacity revenues	\$ 132
Electricity sales and ancillary services, ISO/RTO	445
Physical electricity sales, bilateral contracts, other	121
Total revenue from contracts with customers	698
Realized and unrealized gain (loss) on derivative instruments	(301)
Operating revenues	\$ 397

6. Income Taxes

The components of "Income tax benefit (expense)" for the three months ended March 31 were:

	2022
Federal	\$ (8)
State	—
Current income taxes	(8)
Federal	26
State	(29)
Deferred income taxes	(3)
Income tax benefit (expense)	\$ (11)
Income (loss) before income taxes	\$ (276)
Effective income tax rate	(4.0)%

Effective Tax Rate Reconciliations

The reconciliation of the effective tax rate for the three months ended March 31 were:

	2022
Income (loss) before income taxes	\$ (276)
Income tax benefit (expense)	(11)
Effective tax rate	(4.0)%
Federal income tax statutory tax rate	21 %
Income tax benefit (expense) computed at the federal income tax statutory tax rate	\$ 58
Income tax increase (decrease) due to:	
Change in valuation allowance	(91)
State income taxes, net of federal benefit	14
Nuclear decommissioning trust taxes	8
Income tax benefit (expense)	\$ (11)

The effective tax rate for the three months ended March 31, 2022 differed from the statutory rate primarily due to the change in valuation allowance, state taxes, and the additional 20% trust tax on the income from the NDT,

Valuation Allowance

During the three months March 31, 2022 Talen recognized \$91 million of expense for the increase in federal and state valuation allowance related to the portion of Talen's net deferred tax asset that is not more likely than not to be realized. Such an allowance resulted from a customary deferred tax asset valuation allowance assessment which is performed on net deferred tax asset positions that utilizes available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. Talen's most significant deferred tax assets are its net operating losses and interest limitation carryforwards. A significant objective input of negative evidence considered in the assessment included the cumulative book losses incurred over a three-year period. The existence of objective evidence limits the availability to consider other subjective evidence, including (but not limited to) Talen's projections for future income which may allow for utilization of net operating losses and interest limitation carryforwards. At each period, including at the Effective Date of the Plan of Reorganization, management will continue to assess the available positive and negative evidence to determine the need for a valuation allowance. Additionally, it is reasonably possible that sufficient positive evidence may become available that concludes a significant portion of the valuation allowance should be released. No assurance can be provided as to the timing or any amount associated with a valuation allowance release.

7. Equity Method Investments

The following disclosures apply to Talen Energy Supply's operating activities during the periods in which Talen Energy Supply was consolidated by Talen Energy Corporation.

Receivables Company

Under a receivables sales arrangement that was terminated during the second quarter of 2022 in connection with the Talen Bankruptcy, Talen Energy Marketing sold qualifying retail receivables at fair value for cash and equity consideration to TRF. Prior to termination of the arrangement, Talen was not the primary beneficiary of TRF because it did not have the power to direct the most significant activities that impacted TRF's economic performance. In June 2022, as a result of the termination of the arrangement, Talen Energy Marketing obtained a controlling financial interest in TRF and TRF was determined to no longer be a VIE. Accordingly, Talen Energy Marketing derecognized its equity method investment in TRF and consolidated TRF's assets and liabilities.

The sales, contributions and return of capital activities associated with TRF, prior to the derecognition of the equity method investment in connection with the Talen Energy Supply Deconsolidation, for the three months ended March 31 were:

	2022
Receivable sales by Talen to TRF	\$ 104
Receivable contributions by Talen to TRF (non-cash)	2
Return of capital to Talen by TRF	3

Fuels Companies

Talen Energy Supply holds equity interests in Conemaugh Fuels and Keystone Fuels equal to its respective undivided ownership interests in Conemaugh and Keystone. Conemaugh Fuels and Keystone Fuels were formed to purchase coal and sell it to Conemaugh and Keystone. Additionally, they may sell coal to any entity that manufactures or produces synthetic fuel from coal for resale to Conemaugh and Keystone. The aggregate affiliated fuel purchases by Talen from Conemaugh Fuels and Keystone Fuels are presented as "Fuel and energy purchases" on the Consolidated Statements of Operations.

Talen's aggregate fuel purchases, capital contributions, and return of capital for Conemaugh and Keystone Fuels for the three months ended March 31 prior to the Talen Energy Deconsolidation, were:

	2022
Fuel purchases	\$ 22
Return of capital	1
Capital contributions	2

Renewable Development Joint Ventures

Talen Energy Supply, through its Cumulus Affiliates, is party to joint venture agreements with Pattern and BQ Energy for potential solar and wind projects to be located on or near Talen owned land adjacent to certain current and previously owned generation facilities. The joint ventures are pursuing an aggregate 280 MW of photovoltaic solar development projects and 600 MW of wind development projects. The joint venture project companies are currently each owned either 49% or 50% by Talen. Talen Energy Supply's cash contributions were not material for the three months ended March 31, 2022. Due to the Talen Energy Supply Deconsolidation, the investments in these joint ventures and any associated financial activities on or after May 9, 2022 are not presented on Talen Energy Corporation's consolidated financial statements at March 31, 2023.

8. Nuclear Decommissioning Trust Funds

The following disclosures apply to Talen Energy Supply's operating activities during the periods in which Talen Energy Supply was consolidated by Talen Energy Corporation.

The sales proceeds, gains, and losses for available-for-sale debt securities for the three months ended March 31 were:

	2022
Sales proceeds of nuclear decommissioning trust funds investments (a)	\$ 493
Gross realized gains	2
Gross realized (losses)	(9)

(a) Sales proceeds are used to pay income taxes and trust management fees. Remaining proceeds are reinvested in the trust.

9. Property, Plant and Equipment

The components of "Depreciation, amortization, and accretion" presented on the Consolidated Statements of Operations for the three months ended March 31 were:

	2022
Depreciation expense (a)	\$ 116
Amortization expense (b)	4
Accretion expense (c)	19
Qualifying derivative (gain) loss, net (d)	(1)
Depreciation, amortization and accretion	\$ 138

(a) Electric generation and other property and equipment.

(b) Intangible assets and capitalized software.

(c) ARO and accrued environmental cost accretion.

(d) Reclassified from AOCL.

The cost of nuclear fuel is charged to "Nuclear fuel amortization" on the Condensed Consolidated Statements of Operations.

10. Commitments and Contingencies

Litigation

Talen Energy Corporation is involved in certain legal proceedings, claims and litigation as disclosed below. While Talen believes that we have meritorious defenses or claims, as applicable, and will continue to defend our positions vigorously in these matters, we may not be successful in our efforts. If an unfavorable outcome is probable and can be reasonably estimated, a liability is recognized. In the event of an unfavorable outcome, the liability may be in excess of amounts currently accrued.

No estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made at this time regarding the matters specifically described below because the inherently unpredictable nature of legal proceedings may be exacerbated by various factors such as ongoing discovery, significant facts that are in dispute, the stage of the proceeding and the wide range of potential outcomes for any such matter. As a result, additional losses actually incurred in excess of amounts accrued could be substantial.

Additionally, Talen Energy Supply and its subsidiaries are involved in legal proceedings, claims and litigation which are not disclosed below due to the Talen Energy Supply Deconsolidation. Because Talen Energy Corporation remains the ultimate legal owner of Talen Energy Supply such matters may impact Talen Energy Corporation's consolidated financial results following its reconsolidation of Talen Energy Supply in the second quarter of 2023. At this time, Talen Energy Corporation cannot predict what if any, impact such matters would have on its results of operations and liquidity.

ERCOT Weather Event Lawsuits. In June 2021, Talen Energy Corporation intervened in five cases in which, among other things, certain market participants are challenging the validity of the PUCT's order setting the price cap at \$9,000/MWh during Winter Storm Uri. One case is pending in the Texas Court of Appeals, Third District, and three of these cases are pending in the State of Texas District Court in Travis County. One district court case has been abated pending resolution of the appellate cases and no briefing schedule has been entered in the remaining two district court cases. In March 2023, the Third District issued an opinion in one of the cases that, in part, reversed the PUCT's order setting the price cap at \$9,000/MWh during Winter Storm Uri because such order exceeded the PUCT's authority and remanded the case to the PUCT to take actions consistent with its opinion. The PUCT (along with Talen Energy Corporation and others) has requested leave to appeal the Third District's ruling to the Texas Supreme Court. Talen Energy Corporation is coordinating its efforts in these suits with certain of the other parties in the suits, including the PUCT. Talen cannot predict the timing or outcome of these cases or their ultimate effect on the PUCT's orders during Winter Storm Uri; however, changes in one or more of the PUCT's orders could have a material adverse effect on Talen's results of operations and liquidity.

PPL/Talen Montana Litigation. In October 2018, the Talen Montana Retirement Plan filed a class action suit in Montana state court against PPL, its affiliates, and certain officers and directors relating to a distribution by Talen Montana to PPL of \$733 million of net proceeds from the sale of Talen Montana's hydroelectric facilities in November 2014 (the Distribution), which was during PPL's tenure as owner of Talen Montana. The action generally alleges that the Distribution was improper under applicable law and claims that PPL and its directors improperly made the Distribution, leaving Talen Montana without adequate funds to pay its obligations. Plaintiff seeks compensatory and punitive damages. In January 2020, PPL filed a motion to dismiss this suit for, among other things, lack of personal jurisdiction. In September 2020, the Montana state court denied PPL's motion to dismiss, but granted a stay of the Montana claims until resolution of the Delaware case described below. After commencement of the Talen Bankruptcy and following numerous procedural matters, the case has been transferred to the Bankruptcy Court.

In November 2018, PPL filed a lawsuit in Delaware Court of Chancery (Delaware Court) against Talen Energy Corporation and certain affiliates seeking, among other things, indemnity from Talen for the claims asserted in the Montana state lawsuit and a declaratory judgment that such claims asserted in the Montana state lawsuit are without merit and that Talen entities do not have standing to bring such claims. In October 2019, the Delaware Court granted Talen defendants' motion to dismiss one of PPL's claims but denied Talen defendants' other requests for dismissal. After the commencement of the Talen Bankruptcy and following numerous procedural matters, the case has been transferred to the Bankruptcy Court.

In addition, after the commencement of the Talen Bankruptcy, Talen Montana filed an adversary complaint against PPL and its affiliates in the Bankruptcy Court. The adversary complaint asserts actual and constructive fraudulent transfer claims arising from the Distribution, similar to the claims asserted in the Montana action. In August 2022, the Bankruptcy Court entered an order consolidating the Montana and Delaware cases with the adversary proceeding and Talen Montana and Talen Energy Supply filed an amended and consolidated complaint. The amended and consolidated complaint asserts substantially the same fraudulent transfer claims as in the adversary complaint, an indemnity claim by Talen Energy Supply to recover damages, including defense costs, arising from PPL's claims, and claims under the bankruptcy code to disallow claims asserted by PPL and its affiliates in the Bankruptcy Court and to subordinate any such claims that are allowed. In September 2022, the PPL defendants filed an answer responding to the amended and consolidated complaint and asserted counterclaims against the Talen defendants substantially similar to the claims asserted in the Delaware Court. At the PPL defendants' request, the parties participated in a mediation in February 2023. No settlement was reached during the mediation. Talen Montana and its affiliates believe that PPL's claims are without merit and intend to vigorously prosecute and defend these actions. PPL is expected to vigorously defend the claims asserted by Talen Montana. Talen Montana and Talen cannot predict the outcome of this matter or its effect on Talen Montana and Talen; however, a material adverse judgment could have an adverse effect on Talen Montana's and Talen's results of operations and liquidity.

Pension Litigation. In November 2020, four former Talen employees filed a lawsuit in the U.S. District Court for the Eastern District of Pennsylvania against Talen Energy Supply, Talen Energy Corporation, the TERP, and the Talen Energy retirement plan committee, alleging that they are owed enhanced benefits under the TERP because: (i) either or both of the 2015 Talen Formation Transactions and (or) the 2016 take-private transaction constituted a change in control as defined in the TERP; and (ii) their employment was terminated within three years following such change in control. The plaintiffs also allege they are entitled to such benefits because certain provisions in a PPL pension plan were not included in the TERP, and that the availability of the claimed additional benefits was not properly disclosed or made known to them. The lawsuit seeks class action status on behalf of all Talen non-union employees (or their surviving beneficiaries) whose employment was terminated between June 1, 2015 and December 5, 2019 and who were age 55 or older at the time of termination. In February 2021, the Talen defendants filed a motion to dismiss the plaintiffs' claims on the grounds that plaintiffs released the claims in connection with their termination of employment, and further that certain claims are time-barred by the applicable statute of limitations. In September 2021, the court denied this motion on procedural grounds and ordered the parties to commence discovery, but also noted that the court remained willing to consider the Talen defendants' arguments at a later point in the proceeding. In January 2022, plaintiffs filed a motion for class certification seeking to certify the class outlined above. We filed our opposition to this motion in April 2022. After commencement of the Talen Bankruptcy and following the filing of a joint motion, the District Court in Pennsylvania abated the litigation through January 31, 2023, subject to certain exceptions. In March 2023, the District Court granted plaintiffs leave to amend their complaint to add ten former retirement plan committee members as defendants, and the plaintiffs amended their complaint accordingly. In May 2023, the plaintiffs and the Talen Defendants filed a joint stipulation with the District Court staying the proceedings pending the outcome of third-party mediation, which is expected to be held in the third quarter of 2023. At this time, we cannot predict the outcome of this matter or its effect on Talen; however, a material adverse judgment could have an adverse effect on Talen's results of operations and liquidity.

Other. In the normal course of Talen's business, we may become party to various legal proceedings, claims, and litigation arising from current or past operations. While the outcome of these matters is uncertain, the likely results are not expected, either individually or in the aggregate, to have a material adverse effect on our financial condition or results of operations, although the effect could be material to our results of operations in any interim reporting period.

Regulatory and Environmental

Talen Energy Corporation (or its subsidiaries) are involved, and exposed to, regulatory and environmental matters related to Talen Energy Supply activities, which are not specifically disclosed herein due to the Talen Energy Supply Deconsolidation. Because Talen Energy Corporation remains the ultimate legal owner of Talen Energy Supply, such regulatory and environmental matters may impact Talen Energy Corporation's consolidated financial results following its reconsolidation of Talen Energy Supply in the second quarter of 2023. At this time, Talen Energy Corporation cannot predict what if any, impact these matters would have on its results of operations and liquidity.

Guarantees and Other Assurances

From time to time, Talen Energy Corporation enters into agreements that provide financial performance assurance to third parties on behalf of certain subsidiaries. These agreements primarily support or enhance the creditworthiness attributed to a subsidiary on a stand-alone basis or facilitate the commercial activities in which these subsidiaries engage. Such agreements may include guarantees, stand-by letters of credit issued by financial institutions, surety bonds issued by insurance companies, and indemnifications. In addition, they may include customary indemnifications to third parties related to asset sales and associated with the Talen Formation Transactions. Based on our current knowledge, the probability of expected material payment/performance for the guarantees and other assurances is considered remote.

Surety Bonds. Surety bonds provide financial performance assurance to third parties on behalf of Talen Energy Corporation, Talen Energy Supply and certain Talen Energy Supply subsidiaries for obligations including, but not limited to, environmental obligations and AROs. In the event of nonperformance by the applicable subsidiary, the beneficiary may make a claim to the surety, following which Talen Energy Supply, and in some cases, Talen Energy Corporation, would be required to reimburse any payment by the surety. Talen's liability with respect to any surety bond is released once the obligations secured by the surety bond are performed. Surety bond providers generally have the right to request additional collateral or request that such bonds be replaced by alternate surety providers, in each case upon the occurrence of certain events.

Talen Montana Financial Assurance. Pursuant to the Colstrip AOC, Talen Montana, in its capacity as the Colstrip operator, is obligated to close and remediate coal ash disposal impoundments at Colstrip. The Colstrip AOC specifies an evaluation process between Talen Montana and the MDEQ on the scope of remediation and closure activities, requires the MDEQ to approve such scope, and requires financial assurance to be provided to the MDEQ on approved plans. Each of the co-owners of the Colstrip Units have provided their proportional share of financial assurance to the MDEQ for estimates of coal ash disposal impoundments remediation and closure activities approved by the MDEQ.

11. Fair Value

The following disclosures apply to Talen Energy Supply's activities during the periods in which Talen Energy Supply was consolidated by Talen Energy Corporation.

Recurring Fair Value Measurements

The changes in the net Level 3 commodity derivative assets and liabilities for the three months ended March 31 were:

	2022
Asset (liability), net, beginning of the period	\$ (6)
Gains (losses), net, included in earnings	(28)
Settlements	(4)
Asset (liability), net, end of the period	\$ (38)

The significant unobservable inputs used in the fair value measurement of Level 3 commodity derivatives at March 31, 2022 were:

Transaction Type	Valuation Technique	Unobservable Input	Low End Range	High End Range	Weighted Average (a)	Fair Value
Congestion Products	Historical congestion	Forward congestion price	\$(8.05)/MWh	\$129.95/MWh	\$2.90/MWh	\$ 9
Heat rate options	Option models	Power volatilities	14%	128%	55%	(47)
		Gas volatilities	4%	16%	10%	
		Power and gas correlation	(5)%	35%	14%	

(a) Weighted average is based on notional volumes at March 31, 2022.

The sensitivity of fair value measurements to changes in the significant unobservable inputs at March 31, 2022 were:

Significant Unobservable Input	Position	Change in Input	Fair Value Effect
Forward congestion price	Purchased pathway	Price increase / decrease	Higher / (Lower)
Forward congestion price	Sold pathway	Price increase / decrease	Lower / (Higher)
Power and gas spread volatilities	Sold call option	Spread increase / decrease	Lower / (Higher)
Power and gas correlation	Sold call option	Correlation increase / decrease	Higher / (Lower)

The net gains and losses of Level 3 commodity derivatives for the three months ended March 31 were:

	2022
Energy Revenues	
Gains (losses) included in earnings	\$ (28)
Change in unrealized gains (losses) (a)	(32)

(a) Amounts included in earnings for positions still held at the end of each reporting date.

Nonrecurring Fair Value Measurements

There were no nonrecurring fair value measurements related to impairments of long-lived assets during the three months ended March 31, 2023 or March 31, 2022.

Reported Fair Value

The carrying value of certain assets and liabilities on the Condensed Consolidated Balance Sheets, including "Cash and cash equivalents," "Accounts receivable" and "Accounts payable and other accrued liabilities" approximate fair value.

12. Postretirement Benefit Obligations

The following disclosures apply to Talen Energy Supply's benefit obligations during the period in which Talen Energy Supply was consolidated by Talen Energy Corporation.

Talen Energy Supply and certain subsidiaries sponsor postemployment benefits which include defined benefit pension plans, health and welfare postretirement plans (other postretirement benefit plans), and defined contribution plans. Due to the Talen Energy Supply Deconsolidation, the assets and liabilities associated with such benefit plans are not included on Talen Energy Corporation's Consolidated Balance Sheet as of March 31, 2023 and December 31, 2022.

Obligations under the defined benefit pension and other postretirement plans are generally based on factors, among others, such as age of the participants, years of service, and compensation. The defined benefit pension and other postretirement plans are closed to new participants. Effective December 31, 2018, all participants ceased accruing additional benefits in the TERP, the Company's largest defined benefit pension plan.

The components of net periodic benefit costs for the three months ended March 31 were:

	2022
Postretirement benefits service cost	\$ 1
Interest cost	13
Expected return on plan assets	(18)
Amortization of:	
Net loss	7
Postretirement benefits (gain) loss, net	2
Net periodic defined benefit cost (credit)	\$ 3

13. Capital Structure

On December 6, 2016, Talen Energy Corporation completed a transaction in which all of the then-outstanding shares of Talen Energy Corporation's common stock not owned by the Sponsor Entities were acquired by Talen Energy Corporation and canceled. As a result of the transaction, Talen Energy Corporation became privately owned by the Sponsor Entities.

In February 2017, Talen Energy Corporation filed an amendment to its Articles of Incorporation and effected a 1-for-100 reverse stock split of its authorized, issued, and outstanding shares of common stock that reduced the number of shares authorized from 100,000,000 to 1,000,000 and the shares outstanding from 44,975 thousand to 450 thousand.

In September 2017, the Sponsor Entities transferred a portion of their shares of common stock to Talen MidCo LLC. All the voting interests in Talen MidCo LLC are owned by the Sponsor Entities. Certain members of Talen management have a non-voting profits interest in Talen MidCo LLC.

At March 31, 2023, outstanding shares of Talen Energy Corporation owned by the Sponsor Entities and Talen MidCo LLC were:

	Talen MidCo LLC	Raven Power Holdings, LLC	C/R Energy Jade, LLC	Sapphire Power Holdings LLC
Shares (in thousands)	221	130	83	16

On May 17, 2023, the effective date of the Plan of Reorganization, all outstanding shares of Talen Energy Corporation's common stock owned by the Sponsor Entities and Talen Midco LLC were canceled and new shares of common stock and warrants in the same amount were issued pursuant to the Rights Offering and the Plan of Reorganization.

Noncontrolling Interest

In the first quarter 2022, Riverstone contributed \$25 million to Cumulus Coin Holdings that was then contributed to Nautilus. This equity contribution provided Riverstone with a noncontrolling interest in Cumulus Coin Holdings.

14. Accumulated Other Comprehensive Income

The total changes in AOCI for the three months ended March 31 were:

	2022
Beginning balance	\$ (154)
Gains (losses) arising during the period	(31)
Reclassifications to Condensed Consolidated Statements of Operations	13
Income tax benefit (expense)	9
Other comprehensive income (loss)	(9)
Accumulated other comprehensive income	\$ (163)

The components of AOCI, net of tax, at March 31 were:

	2022
Available-for-sale securities unrealized gain (loss), net	\$ (10)
Qualifying derivatives unrealized gain (loss), net	10
Postretirement benefit prior service credits (costs), net	6
Postretirement benefit actuarial gain (loss), net	(169)
Accumulated other comprehensive income	\$ (163)

The locations of pre-tax gains (losses) reclassified from AOCI and included on the Condensed Consolidated Statements of Operations for the three months ended March 31 were:

Location of gain (loss)	2022
Nuclear decommissioning trust funds gain (loss), net (a)	\$ (7)
Depreciation, amortization and accretion (b)	1
Postretirement benefit gain (loss), net (c)	(7)
Total	\$ (13)

(a) Available-for-sale securities unrealized gain (loss), net

(b) Qualifying derivatives unrealized gain (loss)

(c) Postretirement benefit prior service credits (costs), net and Postretirement benefit actuarial gain (loss), net

The postretirement obligations components of AOCI are not presented in their entirety on the statement of operations during the periods; rather, they are included in the computation of net periodic defined benefit costs (credits). See Note 12 for additional information.

15. Supplemental Cash Flow Information

Supplemental information for the Condensed Consolidated Statements of Cash Flows for the three months ended March 31 were:

	2022
Cash paid (received) during the period	
Interest and other finance charges, net of capitalized interest (\$0 million in 2023 and \$2 million in 2022)	\$ 74
Income taxes, net	(1)
Non-cash investing and operating activities	
Capital expenditure accrual increase (decrease)	\$ 39
Accounts receivable contributed to equity method investment (a)	2
Depreciation, amortization and accretion included on the Statements of Operations:	
Depreciation, amortization and accretion	\$ 138
Amortization of deferred finance costs and original issuance discounts (interest expense) (b)	10
Total	\$ 148
Non-cash financing/investing activities	
Unrealized (gain) loss on derivatives:	
Commodity contracts	\$ (29)
Interest rate swap contracts	(26)
Total	\$ (55)
Operating Activities Reconciliation Adjustments, Other:	
Net periodic defined benefit cost	\$ 3
Derivative option premium amortization	18
Nonrecourse PIK interest	(3)
Debt restructuring (gain) loss, net	4
Total	\$ 22

(a) See Note 7 for information on equity method investments.

(b) Includes previously recognized fair value adjustments on certain exchanges of indebtedness.

Cash

"Cash and cash equivalents" as presented on the Condensed Consolidated Statements of Cash Flows and Condensed Consolidated Balance Sheets was \$1 million at March 31, 2023 and December 31, 2022.

Talen Energy Corporation did not have any "Restricted cash and cash equivalents" at March 31, 2023 and December 31, 2022.

16. Related Party Transactions

Talen historically has incurred and paid customary management fees for services provided by Riverstone and its affiliates and reimbursed Riverstone for certain costs. In November 2021, Riverstone agreed to suspend Talen's payment obligations for these management fees. For the three months ended March 31, 2023, no fees were incurred for service or reimbursement and for the three months ended March 31, 2022, the aggregate fees incurred for services and reimbursements was \$2 million. These fees are presented as "General and administrative" on the Condensed Consolidated Statement of Operations.

In recent years, Talen Energy Supply has paid certain expenses and liabilities incurred by Talen Energy Corporation. Talen Energy Corporation presents \$2 million due to Talen Energy Supply as "Liabilities subject to compromise" on the Condensed Consolidated Balance Sheets at March 31, 2023 and December 31, 2022.

Pursuant to the TEC Global Settlement: (i) upon confirmation of the Plan of Reorganization in December 2022, Talen Energy Supply paid in fees and expenses of Talen Energy Corporation's professional advisors and also placed in funds in escrow that will be used to pay fees and expenses of Talen Energy Corporation's advisors when due at future dates; (ii) all other unpaid management fees and expenses owed to Riverstone will be forfeited by Riverstone upon the Plan of Reorganization Effective Date; and (iii) amounts owed by Talen Energy Corporation to Talen Energy Supply will either waived or reinstated, at the option of New Parent, upon the Plan of Reorganization Effective Date.

Cumulus Digital 2027 TLF Credit Support

Under the terms of the Cumulus Digital Credit Agreement, Talen Energy Supply has provided \$50 million in LCs to the Cumulus Digital lender to support certain of Cumulus Digital's obligations under the Cumulus Digital 2027 TLF. Cumulus Digital has agreed to reimburse Talen Energy Supply for fees associated with the LCs with payment of such amounts deferred, until the earlier of: (i) two years from the commercial operation date of the Nautilus facility; or (ii) the date Cumulus Data and Cumulus Coin meet a minimum interest coverage threshold. Talen Energy Supply will have the option to receive payment for the deferred fees in cash payments ratably over the next succeeding 24 months or in additional common units of Cumulus Digital Holdings, subject to certain caps under the Cumulus Digital COSA.

Talen Energy Corporation has provided a guarantee to the lenders under the Cumulus Digital 2027 TLF for certain shortfalls in principal and interest payments by Cumulus Digital (up to a maximum of 23% of the principal amount of outstanding loans under the Cumulus Digital 2027 TLF). The guarantee will terminate if the principal amount of loans outstanding is reduced to \$50 million or less.

17. Subsequent Events

Talen Energy Corporation evaluated subsequent events through June 20, 2023, the date the financial statements are available to be issued; all significant subsequent events are included in their respective notes to the financial statements.

SIGNIFICANT BUSINESS RISKS

Talen is subject to business risks that could cause our future results to differ from historical results and include but are not limited to:

Market, Financial and Economic Risks

- Prices for power, nuclear fuel, natural gas, coal, fuel oil, Bitcoin and emission allowances are predominately impacted by supply and demand. Supply, which can vary by region, is impacted by generation and transmission capacity availability and governmental regulation. Demand can vary due to, among other things, weather, general economic conditions, and the COVID-19 pandemic;
- The differences between the price received for power and the fuel prices for natural gas, coal and uranium, which significantly influence our Realized Energy Margin;
- Changes in capacity revenues from annual and supplemental RTO and ISO capacity auctions, particularly the result for the uncleared capacity auctions;
- The price differences between the locations where we deliver power and liquid market hubs which may be impacted by, among other things, transmission constraints and congestion;
- Our ability to mitigate short-term and medium-term cash flow variability through the consummation of commercial hedging transactions;
- The effects of extreme natural gas, uranium, power, and coal price volatility on our energy margin and our hedging strategy;
- The availability of sufficient natural gas, uranium and coal fuel supplies at our generation facilities for electric generation;
- The effects of interest rate and equity security price volatility on the value of assets in, and potential cash funding requirements of, our NDT and our pension and other postretirement plans;
- The potential effects of the Ukraine and Russia conflict and attendant sanctions imposed on Russia, including supply chain disruptions, and disruptions in oil and natural gas production and the supply of nuclear fuel;
- Increases in the supply of electricity due to new power generation capacity, including new combined cycle gas and renewable power generation;
- Wholesale electric energy price volatility in the markets in which we operate due to increasing generation from intermittent renewable power generation;
- The effects of our reliance on the operations of, and financial results from, Susquehanna to fund our other operations and to satisfy our financial and liquidity requirements;
-
- Our ability to generate sufficient cash flow in order to fund our operations, debt service obligations and working capital requirements due to macroeconomic factors, such as a sustained period of low natural gas and (or) power prices in the markets in which we operate, decreases in demand for electricity, a slowdown in the U.S. economy, extended periods of moderate weather or broad increases in energy efficiency;
- The credit risk associated with the collection of shared operational expenses, capital expenditures, and other required jointly funded amounts due from the co-owners and (or) partners of jointly-owned facilities;
- The effects on our business resulting from the financial difficulties or creditworthiness of our hedging counterparties, contractors, fuel suppliers (including coal and nuclear fuel suppliers), and fuel transporters (including railroads and pipelines), and market operators;
- The risks associated with material payment defaults by other ISO and RTO market participants including: (i) the effects of such default on ISO and RTO market liquidity and the ability for the market operator to perform settlements in the ordinary course of business; (ii) the allocation by the market operator of settlement losses from defaulting market participants to non-defaulting market participants; and (iii) the lengthy recoverability period, if at all, of amounts owing to non-defaulting market participants due to disruptions in settlements;
- The effects of our stakeholders' increasing focus on environmental, social and governance issues on our ability to raise capital and access liquidity in the financial markets;

- Significant collateral requirements required by commodity exchanges and (or) hedging counterparties, due to, among other factors, unexpected volatility in the price for natural gas and wholesale power;
- The need to make cash contributions to defined benefit pension plans and other postretirement benefit plans, and the impact of volatility in interest rates, and prices of securities and their impact on the fair value of debt and equity securities in such plans, on the amount and timing of such required contributions;
- The financial effects of Capacity Performance penalties imposed by PJM due to operational issues at our power generation facilities or the failure of PJM to call on our generation in a timely manner;
- The effects of defaults and (or) cross-defaults that may occur under the terms of the Cumulus Digital Credit Agreement or other indebtedness relating to these projects due to Cumulus Digital's failure to achieve agreed upon milestones including the procurement of up to \$16 million in equity funding from June to July 2023, or due to other delays or counterparty non-performance, which could result in a draw on LCs or other credit support provided by Talen, as well as a loss in value of Talen's investment in such projects;
- Market conditions of, and overall sentiment towards, crypto assets, including the negative impacts caused by the extreme price volatility and recent significant decline in value of cryptocurrencies and disruption caused by the recent bankruptcies in the industry;

Regulatory, Environmental and Legislative Risks

- Uncertainty around unknown future changes in the market construct of ISOs or RTOs, including but not limited to, changes in response to unusual events, such as Winter Storm Uri and Winter Storm Elliott;
- The influence of ESG based policies developed by regulators, legislatures, capital market participants and others that could materially affect Talen's operations and results of operations;
- The effects of rules, regulations, legislation and (or) international climate change treaty changes, including those that result from changes in political party control of the executive and legislative branches of the U.S. Government, on: (i) environmental and asset retirement obligations; (ii) market structure; (iii) ESG policies; and (iv) other matters applicable to our operations;
- Changes in other state, federal and local laws and regulations, as well as interpretations thereof, applicable to our current and future operations, including any future amendments to the nuclear production tax credit program provisions of the Inflation Reduction Act;
- Uncertainty of the rules and timing of PJM's capacity auction for subsequent delivery years and the pending implementation of any final FERC orders, appeals of such orders, and other actions that would impact the capacity market and (or) the prospects for our PJM generation facility portfolio to earn capacity revenues;
- Increasing scrutiny from investors, lenders, customers, and government regulators, related to the actual or perceived environmental impact of Bitcoin mining, including environmental concerns raised by private individuals and governmental actors related to the energy resources consumed in the Bitcoin mining process which may result in a significant reduction or complete halting of any Bitcoin mining activities;
- Uncertainty around the results from audits or other reviews by regulatory agencies of our business processes;
- Uncertainty around the effective date of Pennsylvania's entrance into the RGGI market;
- Future uncertainty related to our fossil fuel-fired power generation business and the associated environmental liabilities and asset retirement obligations, including estimates management has made related to the carrying value of such liabilities;
- Our ability to acquire the necessary permits for expansion of the data center and cryptocurrency mining facilities;

Operational Risks

- The effects of transmission congestion, generally due to line maintenance outages, on the realized margin earned by our generation fleet;
- Risks associated with our nuclear facility including: (i) the safe operation of, and unscheduled outages, at the facility; (ii) the availability and cost of nuclear fuel and fuel-related components; (iii) increased nuclear industry security, safety and regulatory requirements; and (iv) the substantial uncertainty regarding the temporary storage and permanent disposal of spent nuclear fuel;
- Operational risks associated with an aging fossil-fueled generation facility portfolio, including: (i) managing its useful lives; (ii) unscheduled outages and the effects of extreme weather, such as the freezing of operational plant and equipment components; (iii) potential disruptions in fuel supply for our generation facilities, including unavailable rail or pipeline capacity, and the unavailability of chemicals and (or) sorbents required for environmental regulation compliance; (iv) potential disruptions in our materials supply chains from regulations affecting the use of imported materials; and (v) increased state and federal regulation;

- The risk of disruption to our operations and energy marketing activities due to cyber-attacks on computer systems and networks on which our operations rely and the risk of damage to our generation facilities and (or) disruption to our operations due to attacks by terrorists, vandals or others;
- The ability of our generation units to: (i) be available in strong market conditions; (ii) achieve a reliable run-time; (iii) achieve safe low-cost operations; and (iv) complete planned outages on time and within budget;
- Our ability to operate and market power generated at our facilities during periods of planned and unplanned electric transmission outages;
- Our ability to exercise discipline in capital expenditures, which primarily include maintenance, safety, environmental and reliability projects, and effectively control operating expenses;
- The risk of disruption to our operations due to extreme weather conditions or other natural disasters and the risk of damage to generation facilities;
- Penalties incurred that are associated with non-performance of PJM Capacity Performance requirements and tariff non-compliance imposed by FERC or the PUCT;
- Our inability to obtain agreement on management decisions for joint owner and (or) joint venture projects, which could result in construction delays, increased costs and (or) abandonment of the affected projects;
- Our aging workforce, including the difficulty in replacing retiring workers and the cost of funding legacy postretirement benefit obligations;
- The expiration or termination of commodity contracts and our inability to replace such contracts on favorable terms, or at all;
- The effect of future pandemics (and any governmental responses thereto) on Talen's business, which effects are presently unknown and may also amplify many of the risks otherwise described herein;
- The indenture governing our senior secured notes due 2030 and the agreements governing our other exit financing arrangements will contain various covenants that impose restrictions on us and most of our subsidiaries that may affect our ability to operate our business;

Growth Project and Energy Transition Risks

- The ability to fund and otherwise successfully execute on our energy infrastructure transition plan, including our renewable energy, battery storage, and digital infrastructure growth projects, and our efforts to repower facilities to run on alternate fuel sources;
- Delays in performance and (or) non-performance by third-party contractors on whom we are reliant for the development and construction of our energy transition projects; and
- Our ability to find tenants to occupy our new data center projects on reasonable business terms.

GLOSSARY OF TERMS AND ABBREVIATIONS (Unaudited)

Legal Entities and Certain Generation Facilities

Colstrip. A generation facility comprised of four coal-fired generation units located in Colstrip, Montana, collectively, "Colstrip Units." Talen Montana operates the Colstrip Units, owns an undivided interest in Colstrip Unit 3, and has an economic interest in Colstrip Unit 4. Colstrip Units 1 and 2 were permanently retired in January 2020.

Conemaugh. A generation facility located in New Florence, Pennsylvania in which Talen Generation, through a direct subsidiary, owns a 22.22% undivided interest, and which is operated by an unaffiliated party. See Note 9 in Notes to the Talen 2021 Condensed Consolidated Financial Statements for additional information on jointly owned facilities.

Conemaugh Fuels. Conemaugh Fuels, LLC, an entity in which Talen Generation owns a 22.22% equity interest, which engages in the purchase of coal, the subsequent sale of coal to the Conemaugh co-owners, and other fuel-related activities.

Cumulus Affiliates. Collectively includes Cumulus Battery Storage Holdings, Cumulus Compute Holdings, Cumulus Digital Holdings, Cumulus PT Energy Transition Holdings, Cumulus Real Estate Holdings and Cumulus Renewables Holdings and their respective subsidiaries.

Cumulus Battery Storage Holdings. Cumulus Battery Storage Holdings LLC, a direct subsidiary of Cumulus Growth. Talen Energy Supply receives voting-convertible preferred equity units for investments made into this company and as a result owns a majority interest on an as-converted basis. Accordingly, Talen Energy Supply consolidates this company and its subsidiaries for financial reporting purposes.

Cumulus Coin. Cumulus Coin LLC, a direct subsidiary of Cumulus Coin Holdings that owns a 75% equity interest in Nautilus at March 31, 2023.

Cumulus Coin Holdings. Cumulus Coin Holdings LLC, a direct subsidiary of Cumulus Digital and the parent of Cumulus Coin. Talen Energy Supply and Talen Growth previously held voting-convertible preferred equity interests in this company. In September 2022, in connection with the Cumulus Digital Equity Conversion, the preferred equity interests were converted to common equity interests in Cumulus Digital Holdings.

Cumulus Compute Holdings. Cumulus Compute Holdings, LLC a direct subsidiary of Cumulus Growth. Talen Energy Supply receives voting-convertible preferred equity units for investments made into this company and as a result owns a majority interest on an as-converted basis. Accordingly, Talen Energy Supply consolidates this company and its subsidiaries for financial reporting purposes.

Cumulus Data. Cumulus Data LLC, formerly Susquehanna Data LLC, a direct subsidiary of Cumulus Data Holdings that is developing the Cumulus Data Center Campus.

Cumulus Data Holdings. Cumulus Data Holdings LLC, a direct subsidiary of Cumulus Digital and parent of Cumulus Data. Talen Energy Supply and Talen Growth previously held voting-convertible preferred equity interests in this company. In September 2022, in connection with the Cumulus Digital Equity Conversion, the preferred equity interests were converted to common equity interests in Cumulus Digital Holdings.

Cumulus Digital. Cumulus Digital LLC, a direct subsidiary of Cumulus Digital Holdings and the parent of Cumulus Data Holdings and Cumulus Coin Holdings.

Cumulus Digital Holdings. Cumulus Digital Holdings, LLC, a subsidiary of Talen Energy Supply and the parent of Cumulus Digital. Prior to September 2022, Cumulus Digital Holdings was a subsidiary of Cumulus Growth. As a result of the Cumulus Digital Equity Conversion, Cumulus Digital Holdings became majority-owned by Talen Energy Supply, with the minority interests held by affiliates of Riverstone and Orion.

Cumulus Growth. Cumulus Growth Holdings LLC, a direct subsidiary of Talen Energy Corporation that prior to September 2022, owned common equity interests in Cumulus Digital Holdings and that as of December 31, 2022, owns 100% of the common equity interests in Cumulus Renewables Holdings, Cumulus Battery Storage Holdings, Cumulus Compute Holdings, Cumulus Real Estate Holdings and Cumulus PT Energy Transitions Holdings. While Cumulus Growth owns the issued and outstanding common equity in these entities, Talen Energy Supply holds voting convertible preferred equity interests in these entities that, on an as-converted basis, entitle Talen Energy Supply to majority control.

Cumulus PT Energy Transitions Holdings. Cumulus PT Energy Transitions Holdings LLC, a direct subsidiary of Cumulus Growth that owns a 50% interest in a joint venture entity with Pattern that is intended to hold early-stage development assets prior to the formation of project-specific joint venture entity. Talen Energy Supply receives voting-convertible preferred equity units for investments made into this company and as a result owns a majority interest on an as-converted basis. Accordingly, Talen Energy Supply consolidates this company and its subsidiaries for financial reporting purposes.

Cumulus Real Estate Holdings. Cumulus Real Estate Holdings LLC, a direct subsidiary of Cumulus Growth. Talen Energy Supply receives voting-convertible preferred equity units for investments made into this company and as a result owns a majority interest on an as-converted basis. Accordingly, Talen Energy Supply consolidates this company and its subsidiaries for financial reporting purposes.

Cumulus Renewables Holdings. Cumulus Renewables Holdings LLC, a direct subsidiary of Cumulus Growth. Talen Energy Supply receives voting-convertible preferred equity units for investments made into this company and as a result owns a majority interest on an as-converted basis. Accordingly, Talen Energy Supply consolidates this company and its subsidiaries for financial reporting purposes.

Keystone. A generation facility located in Shelocta, Pennsylvania in which Talen Generation, through a direct subsidiary, owns a 12.34% undivided interest and which is operated by an unaffiliated party. See Note 9 in Notes to the Talen 2021 Consolidated Financial Statements for additional information on jointly owned facilities.

Keystone Fuels. Keystone Fuels, LLC, an entity in which Talen Generation owns a 12.34% equity interest, that engages in the purchase of coal, subsequent sale of coal to Keystone, and other fuel-related activities.

Laredo. Laredo, LLC, a direct subsidiary of Talen Texas that owns and operates a generation facility in Laredo, Texas.

LMBE-MC. LMBE-MC HoldCo II LLC, a direct subsidiary of LMBE-MC HC that, through its subsidiaries, owns generation facility operations in Pennsylvania and holds outstanding indebtedness that is non-recourse to Talen.

LMBE-MC HC. LMBE-MC HoldCo I LLC, a direct subsidiary of Talen Generation and the parent of LMBE-MC that, through its subsidiaries, owns generation facility operations in Pennsylvania.

Nautilus. Nautilus Cryptomine LLC, a joint venture owned, as of March 31, 2023, 75% by Cumulus Coin and 25% by TeraWulf, which owns and operates a cryptomining project on land leased from Cumulus Data at the Cumulus Data Center Campus.

Riverstone. Riverstone Holdings LLC.

Riverstone Entities. Riverstone V Coin Holdings, L.P., Raven Power Holdings LLC, C/R Energy Jade, LLC, and Sapphire Power Holdings, LLC.

Sponsor Entities. Raven Power Holdings LLC, C/R Energy Jade, LLC and Sapphire Power Holdings LLC, affiliates of Riverstone that collectively control 100% of Talen Energy Corporation's common stock.

Susquehanna. A nuclear-powered generation facility located in Berwick, Pennsylvania. Susquehanna Nuclear operates and owns a 90% undivided interest in Susquehanna.

Susquehanna Nuclear. Susquehanna Nuclear, LLC, a direct subsidiary of Talen Energy Supply that operates and holds an undivided interest in Susquehanna.

Talen or Talen Energy Supply. Talen Energy Supply, LLC, a direct subsidiary of Talen Energy Corporation and the parent company of Talen Generation, Susquehanna Nuclear, Talen Montana Holdings, LLC, Talen Energy Marketing, Talen Texas, Talen NE, and Talen Growth.

Talen Energy Corporation. Talen Energy Corporation, the parent company of Talen Energy Supply and Cumulus Growth and their consolidated subsidiaries.

Talen Energy Marketing. Talen Energy Marketing, LLC, a direct subsidiary of Talen Energy Supply that provides energy management services to Talen-owned and operated generation facilities and engages in wholesale commodity marketing activities.

Talen Generation. Talen Generation, LLC, a direct subsidiary of Talen Energy Supply that through its subsidiaries, owns and operates generation facilities and holds certain undivided interests in generation facilities that are operated by unaffiliated parties in Pennsylvania, New Jersey, and Maryland.

Talen Growth. Talen II Growth Holdings LLC, an indirect subsidiary of Talen Energy Supply that owns common equity interests in Cumulus Digital Holdings.

Talen Montana. Talen Montana, LLC, a direct subsidiary of Talen Montana Holdings, LLC that owns an undivided interest in Colstrip Unit 3 and operates the Colstrip Units.

Talen NE. Talen NE LLC, a direct subsidiary of Talen Energy Supply that through a subsidiary owns and operates a generation facility in Massachusetts.

TRF. Talen Receivables Funding, LLC, a direct subsidiary of Talen Energy Marketing that, prior to the Talen Bankruptcy, purchased certain receivables from Talen Energy Marketing and sold them to an unaffiliated financial institution. The agreement was terminated during the second quarter 2022 as a result of the Talen Bankruptcy. See Note 7 in Notes to the Condensed Consolidated Financial Statements for additional information on TRF activities.

Talen Texas. Talen Texas, LLC, a direct subsidiary of Talen Energy Supply that through its subsidiaries, owns and operates generation facilities in Texas.

Other Terms and Abbreviations

Allowed. With respect to any claim of a creditor in the Talen Bankruptcy, that there is no objection to the claim or that the claim has been allowed by a Bankruptcy Court final order.

Administrative Claim. A claim for costs and expenses of administration of the Talen Bankruptcy.

AOCl. Accumulated other comprehensive income or loss, which is a component of stockholder's equity on the Condensed Consolidated Balance Sheets.

ARO. Asset retirement obligation.

ASU. Accounting standards update.

Backstop Commitment Letter. The Backstop Commitment Letter, dated as of May 31, 2022, by and among the Talen Filing Parties and the Backstop Parties, as amended, as amended and restated, or otherwise modified from time to time.

Backstop Parties. Those certain Consenting Noteholders party to the Backstop Commitment Letter.

Backstop Periodic Premium. A periodic premium, paid monthly, at a rate equal to 10% per annum of each Backstop Party's portion of the backstop commitment and fully credited against the Backstop Premium.

Backstop Put Premium. Collectively, the Backstop Premium and Backstop Periodic Premium.

Backstop Premium. A premium equal to 20% of each Backstop Party's portion of the aggregate backstop commitment, payable upon the consummation of the Plan of Reorganization (as reduced by the amount of Backstop Periodic Premium paid prior thereto).

Bankruptcy Code. Title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended.

Bankruptcy Court. The United States Bankruptcy Court for the Southern District of Texas, Houston Division.

Bitcoin. A virtual digital currency, with no central issuing authority, used in peer-to-peer online transactions.

CAF. Commodity Accordion Facility.

CAF Settlement. The settlement of all claims, interests, and controversies among the Talen Energy Supply Filing Parties, the Consenting Noteholders, and the Consenting CAF Parties, the terms of which are set out in the third amendment to the Talen RSA.

Capacity Performance. Revenue opportunity for electricity providers within PJM related to commitments to satisfy PJM's capacity obligation. Auctions for this opportunity, generally referred to as capacity auctions, primarily occur in May for delivery three years from the date of the auction. Created to further ensure market reliability, providers assume higher performance requirements during system emergencies. Began in 2016 and initially was phased in during the auction process, capacity performance became the only capacity product procured in the 2020/2021 PJM Capacity Year delivery year. Capacity Performance carries an increased penalty associated with non-performance.

Chapter 11. Title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended.

Confirmation Order. The order by the Bankruptcy Court confirming the Plan of Reorganization entered on December 15, 2022.

Colstrip AOC. "Administrative Order on Consent" entered into in 2012 (with minor amendments in 2017) between: (i) Talen Montana, on behalf of the co-owners of the Colstrip Units and in its capacity as the operator of Colstrip; and (ii) the MDEQ.

Consenting CAF Parties. The holders of claims under the Talen Commodity Accordion RCF that are party to the third amendment to the Talen RSA.

Consenting Noteholders. The holders of Talen Energy Supply's unsecured notes that are party to the Talen RSA.

Consenting Non-CAF Parties. The holders of claims under the Talen Senior Secured Term Loans and the Talen Senior Secured Notes that are party to the fourth amendment to the Talen RSA.

Consenting TEC Parties. Talen Energy Corporation and the Riverstone Entities, as parties to the fifth amendment to the Talen RSA.

COVID-19. The infectious coronavirus disease caused by the "severe acute respiratory syndrome coronavirus 2" (SARS-CoV-2) virus.

Creditors' Committee. The official committee of unsecured creditors of the Debtors, appointed by the U.S. Trustee pursuant to section 1102 of the Bankruptcy Code on May 23, 2022, Docket No. 264, the membership of which may be reconstituted from time to time.

Cumulus Data Center Campus. A data center campus under development by Cumulus Data, which is planned to be a zero-carbon data center campus adjacent to Susquehanna. The first data center building is initially expected to support 48 MW capacity and is scalable to 164 MW through the construction of two additional buildings. Cumulus Data has an option agreement with subsidiaries of Talen Energy Supply to purchase electricity which would in turn be submetered to tenants of the data center campus pursuant to data center lease supply agreements.

Cumulus Digital 2027 TLF. Cumulus Digital Term Loan Facility due September 2027 entered into by Cumulus Digital and affiliates of Orion that provides for up to \$175 million to support Cumulus Coin's required contributions to Nautilus, and Cumulus Data's construction of certain shared infrastructure that will support both Nautilus and the Cumulus Data Center Campus. The loan was fully drawn in September 2022.

Cumulus Digital COSA. Corporate and Operational Services Agreement, dated September 20, 2021, between Talen Energy Supply and Cumulus Digital, pursuant to which Talen Energy Supply provides corporate, administrative and operational services to Cumulus Digital and its subsidiaries. This agreement was amended and restated in September 2022.

Cumulus Digital Credit Agreement. Credit Agreement dated as of September 20, 2021, by and among Cumulus Digital and its subsidiaries, Cumulus Digital Holdings, and affiliates of Orion implementing the Cumulus Digital 2027 TLF, as amended, modified or supplemented from time to time.

Cumulus Digital Equity Conversion. The conversion of Talen's and Riverstone V Coin Holdings L.P.'s preferred equity in Cumulus Coin Holdings and Cumulus Data Holdings, and the conversion of class B units of Cumulus Digital Holdings held by Orion affiliates, in each case into common equity of Cumulus Digital Holdings as contemplated by the Cumulus Term Sheet.

Cumulus Intercompany Claims. Any claim against a Debtor held by a Cumulus Affiliate.

Cumulus Term Sheet. That certain *Cumulus Term Sheet* dated as of August 29, 2022, by and among Talen, Talen Energy Corporation, Cumulus Digital, Orion Energy Partners Investment Agent, LLC, and the Riverstone Entities, and certain of each of their affiliates. The Cumulus Term Sheet is an attachment to the TEC Term Sheet. See Note 12 of the 2022 Talen Energy Supply Audited Financial Statements for additional information on the Cumulus Term Sheet and the transactions implemented thereunder.

Debtors. Prior to December 12, 2022, the Talen Filing Parties, and thereafter, the Talen Filing Parties together with Talen Energy Corporation..

DIP. Debtor in possession.

DIP Claims. All claims held by the lenders or the agent under the Talen DIP Credit Agreements on account of, arising under, or relating to the Talen DIP Credit Agreements, the facilities thereunder, or the DIP Order, including claims for all principal amounts outstanding, and any and all fees, interest, expenses, indemnification obligations, reimbursement obligations, and other amounts due under the DIP Documents (as defined in the DIP Order), which, for the avoidance of doubt, shall include all "DIP Obligations" as such term is defined in the DIP Order.

DIP Order. As applicable, the Final Order: (i) authorizing the Debtors to obtain postpetition financing; (ii) authorizing the Debtors to use cash collateral; (iii) granting liens and providing claims with superpriority administrative expense status; (iv) granting adequate protection to the prepetition first lien secured parties; (v) modifying the automatic stay; and (vi) granting related relief (Docket No. 588) or the interim order: (i) authorizing the Debtors to obtain postpetition financing; (ii) authorizing the Debtors to use cash collateral; (iii) granting liens and providing claims with superpriority administrative expense status; (iv) granting adequate protection to the prepetition first lien secured parties; (v) modifying the automatic stay; and (vi) granting related relief (Docket No. 127), authorizing the Debtors to enter into the Talen DIP Credit Agreements, as may be amended, supplemented or modified from time to time.

Disclosure Statement. *Disclosure Statement for Joint Chapter 11 Plan of Talen Energy Supply, LLC and Its Affiliated Debtors* (Docket No. 1207), as may be amended from time to time, and any exhibits or schedules thereto.

Effective Date. May 17, 2023, The date that the Plan of Reorganization became effective.

EPS. Earnings per Share.

ERCOT. The Electric Reliability Council of Texas, operator of the electricity transmission network and electricity energy market in most of Texas, is responsible for, among other things, scheduling electric deliveries and performing financial settlements for the competitive wholesale bulk-power market.

ESG. Environmental, social and corporate governance.

Existing Equity Interests. Interests in Talen Energy Supply.

FERC. U.S. Federal Energy Regulatory Commission. FERC regulates interstate transmission of electricity, natural gas, and oil, and also regulates hydropower projects and natural gas terminals.

GAAP. Generally Accepted Accounting Principles in the United States.

General Unsecured Claim(s). Any Unsecured Claim, other than (i) Administrative Claims; (ii) DIP Claims; (iii) Professional Fee Claims; (iv) Priority Tax Claims; (v) Other Priority Claims; (vi) Section 510(b) Claims; (vii) Intercompany Claims; (viii) Postpetition Other Hedge Claims; (ix) Postpetition Hedge Claims; (x) Unsecured Notes Claims; (xi) General Unsecured Convenience Claim; (xii) Cumulus Intercompany Claims, (xiii) Uri Claims; or (xiv) Talen Energy Corporation Creditor Claims (each as defined in the Plan of Reorganization).

General Unsecured Convenience Claim. A Claim that would otherwise be an Allowed General Unsecured Claim that is Allowed in the amount of \$2,000 or less; provided, however, that any General Unsecured Claim that was originally allowed in excess of \$2,000 may not be subdivided into multiple General Unsecured Claims of \$2,000 or less for purposes of receiving treatment as a General Unsecured Convenience Claim.

Global Plan Settlement. The settlement of all Claims, Interests, and controversies among the Debtors, the Consenting Parties, the CAF Consenting Parties, the First Lien Non-CAF Consenting Parties, the Talen Energy Corporation Consenting Parties, the DIP Agent and the DIP Lenders, and the Creditors' Committee and the consideration given or received, as applicable, by each as set forth in the Plan of Reorganization.

Inflation Reduction Act. The Inflation Reduction Act of 2022 was signed into law in August 2022. Among the Act's provisions are: (i) amendments to the IRC to create a nuclear production tax credit program; (ii) the creation, extension and modification of tax credit programs for certain clean energy projects, such as solar, wind and battery storage; and (iii) adjustments to corporate tax rates.

Intercompany Claim. Any claim against a Debtor held by another Debtor or a non-Debtor affiliate, other than Cumulus Intercompany Claims.

Intercompany Interest. An Interest in a Debtor held by another Debtor or a non-Debtor affiliate, except for Existing Equity Interests.

ISO. Independent System Operator.

Kilowatt. One thousand watts of electric power.

LC. Letter of credit.

LIBOR. London Interbank Offered Rate.

LMBE-MC Credit and Guaranty Agreement. The Credit and Guaranty Agreement, dated as of December 3, 2018, among LMBE-MC, as borrower, the guarantors named therein, MUFG Union Bank, N.A., as initial issuing bank and MUFG Bank, LTD, as administrative agent, as amended, amended and restated or otherwise modified from time to time.

Maximum Emergency Action. The purpose of the Maximum Generation Emergency Action is to increase the PJM RTO generation above the maximum economic level. It is implemented whenever generation is needed over what can be economically procured. Following issuance of a Maximum Generation Emergency Action, PJM may purchase available generation from any PJM member (as emergency) that is available up to the amount required or until generation is depleted.

MDEQ. Montana Department of Environmental Quality. MDEQ is responsible for regulating air, water, and ground resources to administer Montana's environmental and mine reclamation laws.

MW. Megawatt, one thousand kilowatts of electric power.

MWh. Megawatts of electric power per hour.

Nautilus CSA. Corporate Services Agreement dated May 13, 2021 between Talen Energy Supply and Nautilus whereby Talen Energy Supply is to provide corporate and administrative services. In September 2021, Talen Energy Supply assigned this agreement to Cumulus Digital to provide these services.

Nautilus Ground Lease Agreement. Agreement pursuant to which Nautilus leases land from Cumulus Data on which the Nautilus facility is located, which also provides for submetering of electricity by Cumulus Data to Nautilus.

Nautilus FOA. Facilities Operation Agreement between Nautilus and Talen Energy Supply whereby Talen Energy Supply agreed to provide, or arrange for Nautilus, certain infrastructure, construction, operations and maintenance and administrative services necessary to build out and operate the Nautilus facility and support Nautilus' ongoing business at the Nautilus facility. Talen Energy Supply is entitled to reimbursement of its costs (including direct personnel costs) incurred in performing the services on a monthly basis, but is not otherwise entitled to a management fee. The FOA expires in December 2025.

NDT. Nuclear facility decommissioning trust for Susquehanna Nuclear.

New Parent. The entity to be the ultimate direct and indirect parent of the Talen Filing Parties. Under the terms of the Plan of Reorganization, New Parent will be Talen Energy Corporation.

New Warrants. Warrants to purchase up to 5.00% of TEC Equity, after giving effect to the Rights Offering and the Backstop Put Premium, with: (i) a tenor of five years; (ii) a strike price set at the Effective Date based on a \$3.5 billion equity value, assuming pro forma net debt as of the Effective Date of the Plan of Reorganization as set forth in Schedule II to the Backstop Commitment Letter plus any Permitted Indebtedness Upsize (as defined in the Restructuring Term Sheet); and (iii) Black-Scholes protection (determined using the standard Black-Scholes pricing model, assuming 27.5% volatility for the remaining tenor).

Non-CAF Settlement. The settlement of all claims, interests, and controversies among the Talen Energy Supply Filing Parties, the Consenting Noteholders, and the Consenting Non-CAF Parties, the terms of which are set out in the fourth amendment to the Talen RSA.

NRC. U.S. Nuclear Regulatory Commission. NRC was created as an independent agency by Congress in 1974 to ensure the safe use of radioactive materials for beneficial civilian purposes while protecting people and the environment. The NRC regulates commercial nuclear power plants and other uses of nuclear materials, such as in nuclear medicine, through licensing, inspection and enforcement of its requirements.

OCI. Other comprehensive income or loss.

Orion. Orion Energy Partners, whose affiliates are third-party lenders involved in the Cumulus Digital Credit 2027 TLF.

Other Secured Claim. Any secured claim against any Debtor, including any secured tax claim, other than a (i) Prepetition First Lien Secured Claim and (ii) DIP Claim.

Pattern. Pattern Renewables 2 LP, an unaffiliated party.

PEDFA. Pennsylvania Economic Development Financing Authority. PEDFA finances business projects by issuing both tax-free and taxable bonds, selling them to investors and lending the proceeds to eligible businesses.

Petition Date. With respect to a Debtor, the date on which such Debtor commenced its Chapter 11 Case, either May 9, 2022 or May 10, 2022.

PIK. Paid-in-kind.

PJM. PJM Interconnection, L.L.C., operator of the electricity transmission network and electricity market in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

PJM Capacity Year. PJM capacity revenues delivery years cover the period from June 1 to May 31.

Plan of Reorganization. The Joint Chapter 11 Plan of Reorganization of Talen Energy Supply, LLC and Its Affiliated Debtors (Docket No. 1206), as may be amended from time to time, and any exhibits or schedules thereto.

PPL. PPL Corporation, the former indirect parent holding company of Talen Energy Supply and Talen Energy Corporation until the Talen Formation Transactions in 2015.

Prepetition CAF Claims. All claims against any Debtor arising from or based upon the Talen Commodity Accordion RCF or any of the other related agreements and documents executed by any of the Debtors in connection with the Talen Commodity Accordion RCF, including accrued but unpaid interest, costs, fees, premiums, and indemnities.

Prepetition First Lien Non-CAF Claims. The prepetition first lien secured claims, other than the Prepetition CAF Claims.

Prepetition First Lien Non-CAF Claim Amount. An amount equal to \$2,048.00 million, comprising (i) \$470 million of Prepetition 6.625% Senior Secured Notes Debt (as defined in the DIP Order), (ii) \$750 million of Prepetition 7.250% Senior Secured Notes Debt (as defined in the DIP Order), (iii) \$400 million of Prepetition 7.625% Senior Secured Notes Debt (as defined in the DIP Order), and (iv) \$428 million of Prepetition Term Loan Debt (as defined in the DIP Order).

Priority Tax Claim. Any claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

Professional Fee Claims. All claims for fees and expenses (including transaction and success fees) incurred by a professional on or after the Petition Date and before or on the Effective Date to the extent such fees and expenses have not been paid pursuant to an order of the Bankruptcy Court other than restructuring expenses.

PUCT. Public Utility Commission of Texas.

RCF. Revolving Credit Facility.

RGGI. The Regional Greenhouse Gas Initiative. A mandatory market-based program among certain states, including Maryland and Massachusetts, to cap and reduce carbon dioxide emissions from the power sector. RGGI requires certain electric power generators to hold allowances equal to their carbon dioxide emissions over a three-year control period. RGGI allowances, as issued by each participating state, represents an authorization for a power generation facility to emit one short ton of carbon dioxide. Allowances may be acquired by auction or through secondary markets. Pennsylvania has proposed joining this market-based program.

Rights Offering. The equity rights offering conducted in accordance with the Talen RSA in April and May 2023, resulting in subscriptions to purchase \$1.4 billion of common equity in Talen Energy Corporation pursuant to the Plan of Reorganization.

RSA. Restructuring Support Agreement.

RTO. Regional transmission organization.

Section 510(b) Claims. Any claim against any Debtor that is subject to subordination in accordance with sections 510(b) of the Bankruptcy Code or otherwise.

Settled CAF Claim Amount. An amount equal to the sum of (i) the Settled CAF Prepetition Claim Amount, (ii) postpetition interest pursuant to section 506(b) of the Bankruptcy Code on the full amount of the Settled CAF Prepetition Claim Amount at a rate based on the 1-month LIBOR rate as set forth in the Talen Commodity Accordion RCF, plus fixed 8.00% interest, plus 2.00% (constituting default interest), from the Petition Date through the Effective Date, and (iii) postpetition interest on a monthly basis on any accrued and unpaid amounts set forth in (ii) above at a rate based on the 1-month LIBOR rate as set forth in the Talen Commodity Accordion RCF, plus fixed 8.00% interest, plus 2.00% (constituting default interest).

Settled CAF Prepetition Claim Amount. \$986 million, which is the sum of: (i) \$848 million principal; (ii) \$133 million on account of any and all premiums asserted or assertable under the Talen Commodity Accordion RCF as of the Petition Date (including, for the avoidance of doubt, any amounts attributable to the MOIC Amount and (or) the Make Whole Amount, each as defined in the Talen Commodity Accordion RCF); and (iii) accrued and unpaid prepetition interest in the amount of \$5 million.

Settled First Lien Non-CAF Claim Amount. An amount equal to the sum of (i) the Prepetition First Lien Non-CAF Claim Amount, plus (ii) accrued and unpaid prepetition interest and postpetition interest at the applicable contract rate (each as increased due to the Debtors' default), plus (iii) the lesser of (x) \$20 million in the aggregate and (y) an amount equal to forty percent (40%) of the "Applicable Premium" or redemption price premium in excess of principal amounts, as applicable, that would be due and owing under the respective Secured Notes Indentures, as if such notes were optionally redeemed pursuant to section 3.07 of such indenture on the Effective Date.

Subsidiary Guarantors. Certain wholly owned subsidiaries of Talen Energy Supply that guarantee obligations under the Talen RCF, Talen Commodity Accordion RCF, Talen Senior Secured Term Loans, Talen Senior Secured Notes, Talen Senior Unsecured Notes, Talen PEDFA Bonds, Talen Unsecured LCFs, and Talen ISDAs. In January 2022, in connection with the execution of the Talen Commodity Accordion RCF and the Talen RCF Amendments and Waivers, all of the subsidiaries of Talen Energy Supply that were not already Subsidiary Guarantors became Subsidiary Guarantors with respect to obligations under the Talen RCF, Talen Commodity Accordion RCF, Talen Senior Secured Term Loans, Talen Senior Secured Notes and Talen ISDAs, with the exception of LMBE-MC and its subsidiaries, Talen Receivables Funding, Talen Growth, and the Cumulus Affiliates.

Talen 2026 TLB. Talen Energy Supply's senior secured Term Loan B issued in July 2019.

Talen Bankruptcy. The voluntary cases commenced by the Talen Filing Parties under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

Talen Commodity Accordion RCF. The Credit Agreement, dated as of December 14, 2021, among Talen Energy Supply, as parent, Talen Energy Marketing and Susquehanna, as borrowers, the lenders party thereto and Alter Domus (US) LLC, as administrative agent. Obligations

under the Talen Commodity Accordion RCF are guaranteed by the Subsidiary Guarantors and secured by a lien and security interest in substantially all of the assets of Talen Energy Supply and the Subsidiary Guarantors. See Note 15 in Notes to the Condensed Consolidated Financial Statements for additional information.

Talen Deferred Capacity Obligations. Obligations arising under an auction specific MW transaction confirmation executed in March 2021 between Talen and an unaffiliated third party, which was fully performed in June 2022.

Talen DIP Continuing LC Agreement. That certain superpriority secured debtor-in-possession letter of credit facility agreement, dated as of May 11, 2022 that provides for LCs that existed under the Talen RCF as of the Petition Date, to remain outstanding, as such agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time. These existing LCs that were issued under the Talen RCF do not receive superpriority status as the other Talen DIP Credit Agreement facilities until the LC is up for renewal.

Talen DIP Credit Agreements. Collectively, the Talen DIP New Money Agreement and Talen DIP LC Agreement.

Talen DIP LC Agreement. That certain superpriority secured DIP letter of credit facility agreement dated as of May 11, 2022.

Talen DIP New Money Agreement. That certain superpriority secured debtor-in-possession credit agreement, dated as of May 11, 2022, which consists of the Talen DIP Revolver and Talen DIP Term Loan, as such agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

Talen DIP Revolver. A new money revolving credit facility with aggregate commitments of \$300 million, including a letter of credit sub-facility in an aggregate amount of up to \$75 million to issue new letters of credit.

Talen DIP Term Loan or Talen 2023 DIP TLB. A new money term loan facility that provides an aggregate principal amount of \$1 billion under the Talen DIP New Money Agreement.

Talen Energy Supply Deconsolidation. The May 2022 deconsolidation of, Talen Energy Supply and its subsidiaries from Talen Energy Corporation for financial reporting purposes, which was required by GAAP rules due to Talen Energy Supply's bankruptcy filing on May 9, 2022.

Talen Filing Parties. Includes Talen Energy Supply and all of its direct and indirect subsidiaries, other than: (i) LMBE-MC HC and its subsidiaries; (ii) TRF; and (iii) the Cumulus Affiliates. As of December 12, 2022, also includes Talen Energy Corporation. See Note 3 in Notes to the Condensed Consolidated Financial Statements for additional information.

Talen Formation Transactions. In 2015, the spinoff of Talen Energy Corporation from PPL and, simultaneously, the contribution of certain entities by the Sponsor Entities creating, at that time, an independent, publicly traded company.

Talen ISDAs. Certain bilateral secured International Swaps and Derivatives Association (ISDA) agreements and Base Contracts for Sale and Purchase of Natural Gas as published by the North American Energy Standards Board (NAESB) of Talen Energy Marketing, the obligations under which are secured by a lien and security interest in substantially all of the assets of Talen Energy Supply and the Subsidiary Guarantors.

Talen PEDFA Bonds. PEDFA Exempt Facilities Revenue Refunding Bonds, Series 2009A due December 2038 (Talen 2038 PEDFA Series 2009A), Series 2009B due December 2038 (Talen 2038 PEDFA Series 2009B) and Series 2009C due December 2037 (Talen 2037 PEDFA Series 2009C). Obligations under the Talen PEDFA Bonds are guaranteed by most of the Subsidiary Guarantors. The Talen 2038 PEDFA Series 2009B and Talen 2037 PEDFA Series 2009C were remarketed in February 2021.

Talen RCF. The Credit Agreement dated as of June 1, 2015 (as amended), among Talen Energy Supply, as borrower, the guarantors party thereto, the lenders party thereto and Citibank, N.A., as administrative agent. Obligations under the Talen RCF are guaranteed by the Subsidiary Guarantors and secured by a lien and security interest in substantially all of the assets of Talen Energy Supply and the Subsidiary Guarantors. In connection with the Talen Bankruptcy, LCs issued under the Talen RCF are allowed to continue until maturity under the Talen DIP Continuing LC Facility.

Talen RSA. The Restructuring Support Agreement (and all exhibits and schedules thereto) dated as of May 9, 2022, by and between the Company and the Consenting Noteholders, as amended, amended and restated, or supplemented from time-to-time.

Talen RSA Term Sheet. Restructuring term sheet attached as an exhibit to the Talen RSA, as may be amended, supplemented, or otherwise modified from time to time.

Talen Senior Secured Notes. Secured notes issued by Talen Energy Supply which are guaranteed by the Subsidiary Guarantors and secured by a lien and security interest in substantially all of the assets of Talen Energy Supply and the Subsidiary Guarantors, comprised of the: (i) 7.25% Senior Secured Notes due 2027 (Talen 2027 Secured Notes); (ii) 6.625% Senior Secured Notes due 2028 (Talen 6.625% 2028 Secured Notes); and (iii) 7.625% Senior Secured Notes due 2028 (Talen 7.625% 2028 Secured Notes).

Talen Senior Secured Term Loans. Secured term loans issued by Talen Energy Supply which are guaranteed by the Subsidiary Guarantors and secured by a lien and security interest in substantially all of the assets of Talen Energy Supply and the Subsidiary Guarantors, comprised of the Talen 2026 TLB.

Talen Senior Unsecured Notes. Senior unsecured notes issued by Talen Energy Supply which are guaranteed by the Subsidiary Guarantors, comprised of the: (i) 4.6% Senior Notes due December 2021 (Talen 2021 Notes); (ii) 9.5% Senior Notes due July 2022 (Talen 2022 Notes); (iii) 6.5% Senior Notes due September 2024 (Talen 2024 Notes); (iv) 6.5% Senior Notes due June 2025 (Talen 2025 Notes); (v) 10.5% Senior Notes due January 2026 (Talen 2026 Notes); (vi) 7.0% Senior Notes due October 2027 (Talen Unsecured 2027 Notes); and (vii) 6.0% Senior Notes due December 2036 (Talen 2036 Notes).

Talen Unsecured LCF-1. Talen Energy Supply's unsecured LC agreement executed in April 2019 that expires in June 2023. Obligations under the Talen Unsecured LCF-1 Facility are guaranteed by the Subsidiary Guarantors.

Talen Unsecured LCF-2. Talen Energy Supply's unsecured LC agreement executed in August 2019 that expires in December 2023. Obligations under the Talen Unsecured LCF-2 Facility are guaranteed by the Subsidiary Guarantors.

Talen Unsecured LCFs. Collectively, the Talen Unsecured LCF-1 and the Talen Unsecured LCF-2.

TEC Equity. New common equity of TEC to be authorized, issued, and outstanding on and after the date the Plan of Reorganization is declared effective.

TEC Global Settlement. The settlement of all claims, interests, and controversies among the Talen Energy Supply Filing Parties, the Consenting Noteholders, and the Consenting TEC Parties, the terms of which are set out in the fifth amendment to the Talen RSA and the TEC Term Sheet attached thereto.

TEC Term Sheet. The term sheet for the TEC Global Settlement attached as Exhibit A to the fifth amendment to the Talen RSA.

TeraWulf. TeraWulf (Thales) LLC, a Beowulf Energy LLC subsidiary, an unaffiliated third party.

TERP. The Talen Energy Retirement Plan, which is Talen's principal defined-benefit pension plan.

UCC Settlement. Agreement reached in November 2022 between the Debtors and the unsecured creditor's committee.

Unsecured Notes Claims. All claims against any Debtor arising from or based upon the Talen Senior Unsecured Notes or any related agreements and documents executed by any of the Debtors in connection with the Talen Senior Unsecured Notes, including accrued but unpaid interest, costs, fees, and indemnities.

Uri Claim. A timely asserted claim that asserts a claim for damage caused directly or indirectly by Winter Storm Uri.

VIE. Variable interest entity.

Winter Storm Elliott. An extra tropical cyclone that created a storm of snow, rain and wind across the country occurring in December 2022 which had widespread impacts across the United States, which included PJM declaring a Maximum Emergency Action.

Winter Storm Uri. A major winter and ice storm occurring in February 2021 that had widespread that had widespread impacts across the United States, including systemic energy market disruptions and price volatility throughout ERCOT.

TALEN ™
ENERGY

[THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]



Talen Energy Corporation
Pro Forma Financial Information (Unaudited)
For the Periods Ended March 31, 2023 and December 31, 2022

[THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]

TALEN ENERGY CORPORATION AND SUBSIDIARIES
TABLE OF CONTENTS

	Page
Introduction.....	1
PRO FORMA FINANCIAL INFORMATION (Unaudited)	
Pro Forma Condensed Consolidated Balance Sheet at March 31, 2023	3
Pro Forma Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2023	4
Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2022	5
NOTES TO PRO FORMA FINANCIAL INFORMATION (Unaudited)	
Note 1. Basis of Presentation	6
Note 2. Deconsolidation of TES	6
Note 3. Plan of Reorganization	7
Note 4. TES Reconsolidation	8
Glossary.....	11

TALEN ENERGY CORPORATION AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Capitalized terms and abbreviations appearing in the unaudited pro forma condensed consolidated financial information and explanatory notes (collectively the "Unaudited Pro Forma Financial Information") are defined in the glossary. Dollars are in millions, unless otherwise noted. The terms "Talen," "Talen Energy Corporation," "TEC," "the Company," "we," "us" and "our" refer to Talen Energy Corporation and its consolidated subsidiaries, unless the context clearly indicates otherwise. The term "TES" refers to Talen Energy Supply, LLC and its consolidated subsidiaries, unless the context clearly indicates otherwise. This presentation has been applied where identification of subsidiaries is non-material to the matter being disclosed, and to conform narrative disclosures to the presentation of financial information on a consolidated basis. When identification of a subsidiary is considered important to understanding the matter being disclosed, the specific entity's name is used. Each disclosure referring to a subsidiary also applies to Talen Energy Corporation insofar as such subsidiary's financial information is included in Talen Energy Corporation's consolidated financial information. Talen Energy Corporation and each of its subsidiaries and affiliates are separate legal entities and, except by operation of law, are not liable for the debts or obligations of one another absent an express contractual undertaking to the contrary.

Introduction

On May 9, 2022, the Talen Filing Parties filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. At that time TEC deconsolidated TES for financial reporting purposes because it was determined that TEC no longer controlled TES. While TEC's management continued to operate the Talen Filing Parties as a debtor-in-possession during the bankruptcy process, the activities that most significantly impacted the Talen Filing Parties' economic performance during this time required approval of the Bankruptcy Court. Accordingly, it was determined that: (i) TES was a variable interest entity of TEC as of the filing date and, (ii) that TEC ceded effective control of the Talen Filing Parties to the Bankruptcy Court for the duration of the Talen Bankruptcy. As such, TEC Deconsolidated TES for financial reporting purposes effective as of the filing date and the investment in the net assets of TES was recognized as a cost-method investment.

On December 12, 2022, Talen Energy Corporation filed a petition to become a Debtor in the Talen Bankruptcy in order to facilitate the implementation of certain restructuring transactions under the Plan of Reorganization and the Bankruptcy Court approved the joint administration of Talen Energy Corporation's bankruptcy case with the other Debtors. On December 20, 2022, the Bankruptcy Court confirmed the Plan of Reorganization. The Plan of Reorganization became effective and we emerged from bankruptcy on May 17, 2023 (the Effective Date). As TEC legally owns 100% of the voting interest in TES, and due to the bankruptcy court no longer retains control of the Talen Filing Parties, the TES Reconsolidation occurred for financial reporting purposes.

The following Pro Forma Financial Information (unaudited) for TEC is provided to give pro forma effect to (i) various transactions effective pursuant to the Plan of Reorganization, and (ii) the TES Reconsolidation. The Pro Forma Financial Information (unaudited) is presented for illustrative purposes only and is not necessarily indicative of the financial results that would have occurred if the Plan of Reorganization and the TES Reconsolidation had been consummated on the dates indicated; nor is it necessarily indicative of our financial positions or results of operations in the future.

The unaudited pro forma condensed consolidated statements of operations are presented for the year ended December 31, 2022, and for the three months ended March 31, 2023 as if the Plan of Reorganization had become effective and the TES Reconsolidation occurred on January 1, 2022. The unaudited pro forma condensed consolidated balance sheet is presented as of March 31, 2023 as if the Plan of Reorganization had become effective and the TES Reconsolidation had occurred on March 31, 2023. The Unaudited Pro Forma Financial Information (including capitalized terms used but not otherwise defined herein) is derived from and should be read in conjunction with: (i) Talen Energy Corporation's Condensed Consolidated Financial Statements (unaudited) as of and for the three months ended March 31, 2023; (ii) Talen Energy Corporation's Consolidated Financial Statements (audited) as of and for the year ended December 31, 2022; (iii) Talen Energy Supply's Condensed Consolidated Financial Statements (unaudited) as of and for the three months ended March 31, 2023; and (iv) Talen Energy Supply's Consolidated Financial Statements (audited) as of and for the year ended December 31, 2022.

Plan of Reorganization

The Plan of Reorganization was confirmed by the Bankruptcy Court in December 2022 and became effective on the Effective Date. The Plan of Reorganization and Confirmation Order provide for, among other things, the following resolution of claims and interests against the Debtors, which in each case became effective upon the Effective Date:

- Holders of Other Secured Claims received payment in full in cash of the unpaid portion of such holder's Allowed Other Secured Claim or such other treatment rendering such holder's Allowed Other Secured Claim unimpaired.
- Holders of Prepetition First Lien Non-CAF Claims received payment in full in cash of such holder's pro rata share of the Settled First Lien Non-CAF Claim Amount.
- Holders of Prepetition CAF Claims received payment in full in cash of such holder's pro rata share of the Settled CAF Claim Amount.
- Holders of Unsecured Notes Claims and participants in the Rights Offering received approximately 99% of the TEC Equity.
- Each holder of a General Unsecured Claim received its pro rata share of interests in the \$26.05 million pool of cash set aside for general unsecured creditors. To the extent any proceeds are recovered by the Debtors in the future pursuant to the PPL / Talen Montana Litigation, 10% of the net proceeds recovered will be contributed to the pool of cash, subject to a cap of \$11 million.
- Prepetition Intercompany Claims were cancelled, released, discharged, and extinguished.

- Intercompany Interests were reinstated so as to maintain the organizational structure of the Debtors as such structure exists on the Effective Date.
- The Riverstone Entities received approximately 1.00% of TEC Equity and the New Warrants.
- All claims against TEC were repaid or reinstated and all prepetition equity interests in TEC were extinguished.

TES Reconsolidation

As a result of the Talen Debtors' emergence from bankruptcy, TEC reconsolidated TES for financial reporting purposes as of the Effective Date using the acquisition method of accounting for business combinations under GAAP, in accordance with ASC 805, Business Combinations. Under the acquisition method of accounting, the preliminary fair value of the equity issued by TEC is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the Effective Date, with any excess fair value of equity issued allocated to goodwill. TEC has made a preliminary allocation of the fair value of equity issued as of the pro forma effective date of March 31, 2023 based on TEC's preliminary valuation of the tangible and intangible assets acquired and liabilities assumed using information currently available. The final valuation of the assets acquired and liabilities assumed may be materially different than the estimated values assumed in the Pro Forma Financial Information (unaudited).

TALEN ENERGY CORPORATION AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) AT MARCH 31, 2023

(Millions of Dollars)

	Historical TEC	Historical TES	TEC Reorganization Adjustments	See Note 3	TES Reconsolidation & Plan of Reorganization Adjustments	See Note 4	Pro Forma
Assets							
Cash and cash equivalents	\$ 1	\$ 1,361	\$ —		\$ (1,193)	(d)	\$ 169
Restricted cash and cash equivalents	—	225	—		307	(d)	532
Accounts receivable	1	203	—		—		204
Inventory, net	—	463	—		—		463
Derivative instruments	—	911	—		—		911
Other current assets	—	123	—		—		123
Total current assets	2	3,286	—		(886)		2,402
Property, plant and equipment, net	—	4,372	—		(128)	(e)	4,244
Nuclear decommissioning trust funds	—	1,461	—		—		1,461
Derivative instruments	—	61	—		—		61
Investment in subsidiary	—	—	2,312	(a)	(2,312)	(f)	—
Other noncurrent assets	—	131	—		27	(g)	158
Total Assets	\$ 2	\$ 9,311	\$ 2,312		\$ (3,299)		\$ 8,326
Liabilities and Equity							
Revolving credit facilities	\$ —	\$ 848	\$ —		\$ (848)	(h)	\$ —
Long-term debt, due within one year	—	1,005	—		(1,005)	(h)	—
Accrued interest	—	292	—		—		292
Accounts payable and other accrued liabilities	—	353	—		—		353
Derivative instruments	—	711	—		—		711
Other current liabilities	—	383	—		—		383
Total current liabilities	—	3,592	—		(1,853)		1,739
Long-term debt	—	2,500	—		344	(h)	2,844
Liabilities subject to compromise	3	2,791	(3)	(b)	(2,791)	(i)	—
Derivative instruments	—	147	—		(60)	(j)	87
Postretirement benefit obligations	—	—	—		305	(k)	305
Asset retirement obligations and accrued environmental costs	—	574	—		219	(l)	793
Deferred income taxes	—	87	—		—		87
Other noncurrent liabilities	—	11	—		—		11
Total Liabilities	3	9,702	(3)		(3,836)		5,866
Commitments and Contingencies							
Stockholders'/Member's Equity							
Common stock - \$0.001 par value (1)	—	—	—		—		—
Additional paid-in capital	2,970	—	2,314	(a)	43	(m)	5,327
	—	—	(2,970)	(c)	—		(2,970)
Retained earnings (deficit)	(2,971)	—	2,971	(c)	—		—
Member's Equity	—	(516)	—		516	(n)	—
Stockholders' / Member's Equity	(1)	(516)	2,315		559		2,357
Noncontrolling interests	—	125	—		(22)	(o)	103
Total Equity	(1)	(391)	2,315		537		2,460
Total Liabilities and Equity	\$ 2	\$ 9,311	\$ 2,312		\$ (3,299)		\$ 8,326

(1) "Historical TEC" 1,000,000 shares authorized; 449,747 shares issued and outstanding, while in "Pro Forma" 350,000,000 shares authorized; 59,028,843 shares issued and outstanding.

The accompanying Notes to the Pro Forma Financial Information are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Millions of Dollars, except share data)

	Historical TEC	Historical TES	TES Reconsolidation & Plan of Reorganization Adjustments	See Note 4	Pro Forma
Capacity revenues	\$ —	\$ 66	\$ —		\$ 66
Energy and other revenues	—	862	—		862
Unrealized gain (loss) on derivative instruments	—	145	—		145
Operating Revenues	—	1,073	—		1,073
Energy Expenses					
Fuel and energy purchases	—	(107)	—		(107)
Nuclear fuel amortization	—	(24)	—		(24)
Unrealized gain (loss) on derivative instruments	—	(114)	—		(114)
Total Energy Expenses	—	(245)	—		(245)
Operating Expenses					
Operation, maintenance and development	—	(176)	—		(176)
General and administrative	—	(29)	—		(29)
Postretirement benefits service cost	—	(1)	—		(1)
Depreciation, amortization and accretion	—	(132)	(15)	(p)	(147)
Impairments	—	(365)	—		(365)
Other operating income (expense), net	—	(9)	—		(9)
Operating Income (Loss)	—	116	(15)		101
Interest expense and other finance charges	—	(104)	39	(q)	(65)
Nuclear decommissioning trust funds gain (loss), net	—	46	—		46
Postretirement benefits gain (loss), net	—	3	—		3
Reorganization income (expense), net	—	(39)	—		(39)
Subsidiary gain (loss), net	—	—	—		—
Other non-operating income (expense), net	—	38	—		38
Income (Loss) Before Income Taxes	—	60	24		84
Income tax benefit (expense)	—	(14)	(6)	(r)	(20)
Net Income (Loss)	\$ —	\$ 46	\$ 19		\$ 65
Less: Net income (loss) attributable to noncontrolling interest	—	(2)	—		(2)
Net Income (Loss) Attributable to Stockholders	\$ —	\$ 48	\$ 19		\$ 67
Earnings Per Common Share					
Net Income (Loss) Attributable to Stockholders - Basic	\$ —				\$ 1.14
Net Income (Loss) Attributable to Stockholders - Diluted	—				1.14
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	450				59,029
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	450				59,029

The accompanying Notes to the Pro Forma Financial Information are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

(Millions of Dollars, except share data)

	Historical TEC	2022 TES (after Deconsolidation) - See Note 2	TES Reconsolidation & Plan of Reorganization Adjustments	See Note 4	Pro Forma
Capacity revenues	\$ 189	\$ 221	\$ —		\$ 410
Energy and other revenues	346	1,689	—		2,035
Unrealized gain (loss) on derivative instruments	(297)	974	—		677
Operating Revenues	238	2,884	—		3,122
Energy Expenses					
Fuel and energy purchases	(300)	(638)	—		(938)
Nuclear fuel amortization	(34)	(60)	—		(94)
Unrealized gain (loss) on derivative instruments	164	(216)	—		(52)
Total Energy Expenses	(170)	(914)	—		(1,084)
Operating Expenses					
Operation, maintenance and development	(250)	(354)	—		(604)
General and administrative	(47)	(68)	—		(115)
Postretirement benefits service cost	(2)	(3)	—		(5)
Depreciation, amortization and accretion	(197)	(323)	(74)	(p)	(594)
Impairments	—	(488)	—		(488)
Other operating income (expense), net	(3)	(11)	—		(14)
Operating Income (Loss)	(431)	723	(74)		218
Interest expense and other finance charges	(128)	(231)	146	(q)	(213)
Nuclear decommissioning trust funds gain (loss), net	(128)	(56)	—		(184)
Postretirement benefits gain (loss), net	(3)	(4)	—		(7)
Debt restructuring gain (loss), net	(6)	—	—		(6)
Reorganization income (expense), net	—	(813)	—		(813)
Subsidiary gain (loss), net	(191)	(170)	—		(361)
Other non-operating income (expense), net	(48)	16	—		(32)
Income (Loss) Before Income Taxes	(935)	(535)	72		(1,398)
Income tax benefit (expense)	15	54	(17)	(r)	52
Net Income (Loss)	(920)	(481)	55		(1,346)
Less: Net income (loss) attributable to noncontrolling interest	(54)	50	—		(4)
Net Income (Loss) Attributable to Stockholders/Member	\$ (866)	\$ (531)	\$ 55		\$ (1,342)
Earnings Per Common Share					
Net Income (Loss) Attributable to Stockholders - Basic	\$ (1,924.44)				\$ (22.73)
Net Income (Loss) Attributable to Stockholders - Diluted	(1,924.44)				(22.73)
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	450				59,029
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	450				59,029

The accompanying Notes to the Pro Forma Financial Information are an integral part of the financial statements.

TALEN ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

Note 1. Basis of Presentation

The unaudited Pro Forma Financial Information has been prepared in accordance with Article 11 of Regulation S-X and is provided to give effect to: (i) various transactions effected pursuant to the Plan of Reorganization, including the incurrence by TES of exit financing indebtedness and the issuance of new TEC equity; and (ii) the TES Reconsolidation. The Pro Forma Financial Information (unaudited) is presented for illustrative purposes only and is not necessarily indicative of the financial results that would have occurred if the Plan of Reorganization and the TES Reconsolidation had been consummated on the dates indicated nor is it necessarily indicative of our financial positions or results of operations in the future.

The Plan of Reorganization is accounted for under GAAP, in accordance with the provisions of ASC 852, Reorganizations. The TES Reconsolidation is accounted for in accordance with the provisions of ASC 805, which requires assets acquired and liabilities assumed to be recorded at their acquisition date fair value. ASC 820, Fair Value Measurements, defines the term "fair value" as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value measurements can be highly subjective, and it is possible the application of reasonable judgement could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances.

Note 2. Deconsolidation of TES

In May 2022, when the Talen Filing Parties filed for bankruptcy, TEC deconsolidated TES for financial reporting purposes because it was determined that TEC no longer controlled TES as of such date. While TEC's management continued to operate the Talen Filing Parties as a debtor-in-possession during the bankruptcy process, the activities that most significantly impacted the Talen Filing Parties' performance during this time required approval of the Bankruptcy Court. Accordingly, it was determined that: (i) TES was a variable interest entity of TEC as of the filing date; and (ii) TEC ceded effective control of the Talen Filing Parties to the Bankruptcy Court for the duration of the Talen Bankruptcy. As such, TEC deconsolidated TES for financial reporting purposes as of the bankruptcy filing date and recognized a cost-method investment for its investment in the net assets of TES with no value assigned to it.

Subsequent to the TES Deconsolidation, TEC had only immaterial operational activity. In order to effectively show the TEC pro forma condensed consolidated statement of operations for the year ended December 31, 2022, we have removed the operating activity prior to TES Deconsolidation in order to present only the TES statement of operations subsequent to TES Deconsolidation.

Although TEC joined the Talen Bankruptcy as a Talen Filing Party in December 2022, under GAAP TEC was not permitted to reconsolidate TES until the Effective Date. See Note 4 for additional information on the TES Reconsolidation.

	2022 TES	Less: 2022 TEC	Adjustments	2022 TES (after Deconsolidation)
Capacity revenues	\$ 410	\$ 189	\$ —	\$ 221
Energy and other revenues	2,035	346	—	1,689
Unrealized gain (loss) on derivative instruments	677	(297)	—	974
Operating Revenues	3,122	238	—	2,884
Energy Expenses				
Fuel and energy purchases	(938)	(300)	—	(638)
Nuclear fuel amortization	(94)	(34)	—	(60)
Unrealized gain (loss) on derivative instruments	(52)	164	—	(216)
Total Energy Expenses	(1,084)	(170)	—	(914)
Operating Expenses				
Operation, maintenance and development	(604)	(250)	—	(354)
General and administrative	(115)	(47)	—	(68)
Postretirement benefits service cost	(5)	(2)	—	(3)
Depreciation, amortization and accretion	(520)	(197)	—	(323)
Impairments	(488)	—	—	(488)
Other operating income (expense), net	(14)	(3)	—	(11)
Operating Income (Loss)	292	(431)	—	723
Interest expense and other finance charges	(359)	(128)	—	(231)
Nuclear decommissioning trust funds gain (loss), net	(184)	(128)	—	(56)
Postretirement benefits gain (loss), net	(7)	(3)	—	(4)
Debt restructuring gain (loss), net	(6)	(6)	—	—
Reorganization income (expense), net	(813)	—	—	(813)
Subsidiary gain (loss), net	(170)	(191)	(191) (a)	(170)
Other non-operating income (expense), net	(32)	(48)	—	16
Income (Loss) Before Income Taxes	(1,279)	(935)	(191)	(535)
Income tax benefit (expense)	24	15	45 (a)	54
Net Income (Loss)	\$ (1,255)	\$ (920)	\$ (146)	\$ (481)
Less: Net income (loss) attributable to noncontrolling interest	(4)	(54)	—	50
Net Income (Loss) Attributable to Stockholders	\$ (1,251)	\$ (866)	\$ (146)	\$ (531)

(a) Removal of the \$191 million loss on TES Deconsolidation and the associated tax impact, to show the operational activity subsequent to the TES Deconsolidation.

Note 3. Plan of Reorganization

As discussed in Note 2, TEC accounted for its investment in TES as a cost method investment prior to the Effective Date. When TES emerged from Bankruptcy on the Effective Date, in accordance with ASC 852, Reorganizations, TEC's investment in TES was remeasured to fair value. The estimated enterprise value of TES is \$4.5 billion as of the Effective Date. The estimated net investment in TES upon emergence from bankruptcy is approximately \$2.3 billion, as shown below. The estimated net investment in TES upon emergence from bankruptcy is approximately \$2.3 billion, as shown below. This preliminary determination of the estimated net investment in TES upon emergence is subject to further assessment and adjustments, including working capital and (or) other adjustments, which may result in a material change the value of the net investment in TES upon emergence.

	Upon Emergence
Estimated Enterprise Value	\$ 4,500
Estimated exit financing	(2,219)
Estimated reinstated debt fair value	(625)
Cash	169
Restricted cash	532
Estimated issued warrants	(43)
Fair value of issued shares	2,314
Less: TEC net assets	(2)
Net Investment in TES	\$ 2,312

Reorganization adjustments (Balance Sheet only)

The following letter references outline adjustments that are presented on the Pro Forma Condensed Consolidated Balance Sheet (Unaudited):

- (a) Represents the issuance of TEC's equity upon the Effective Date, and TEC's remeasurement of its net investment in TES to fair value.
- (b) Represents the settlement of liabilities subject to compromise at TEC in exchange for equity.
- (c) Represents the elimination of the historical carrying value of TEC equity.

Note 4. TES Reconsolidation

As a result of the Plan of Reorganization becoming effective and TEC and TES emerging from bankruptcy on the Effective Date, TEC was required to reconsolidate TES as of such date using the acquisition method of accounting for business combinations in accordance with ASC 805, *Business Combinations*. Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of TES are recognized and measured at fair value. The allocation is dependent upon certain valuation and other studies that have not yet been completed. Accordingly, the pro forma allocation of equity issued is subject to further adjustments as additional information becomes available and detailed analyses and final valuation are completed, and the adjustments could be material.

The table below represents a preliminary allocation of the estimated consideration to TES's identified tangible and intangible assets to be consolidated and liabilities to be assumed based on preliminary estimated fair values as of March 31.

	2023
Cash and cash equivalents	\$ 168
Restricted cash and cash equivalents	532
Current assets (excluding cash)	1,700
Property, plant and equipment, net	4,244
Nuclear decommissioning trust funds	1,461
Derivative instruments	(26)
Other noncurrent assets	158
Current liabilities	(1,739)
Long-term debt	(2,844)
Postretirement benefit obligations	(305)
Asset retirement obligations and accrued environmental costs	(793)
Deferred income taxes	(87)
Other noncurrent liabilities	(11)
Warrants	(43)
Noncontrolling interest	(103)
Preliminary fair value of equity issued	\$ 2,312

No goodwill is currently expected related to the reconsolidation of TES.

Reconsolidation and Plan of Reorganization Adjustments

The following letter references outline adjustments that are presented on the Pro Forma Financial Information (Unaudited). Adjustments (d), (h), (i), and (m) each represent adjustments pursuant to the Plan of Reorganization recognized at TES and the other letter references represent TES Reconsolidation adjustments at fair value:

(d) Presents the sources and uses of cash on the Effective Date pursuant to the terms of the Plan of Reorganization.

Sources:	
Equity rights offering	\$ 1,400
Release of restricted cash upon emergence	90
Talen 2023 Secured Notes	1,200
Talen 2030 TLB	563
Talen 2030 TLC	456
Total sources of cash	\$ 3,709
Uses:	
Repay DIP loan	(1,012)
Repayment of secured first lien claims	(2,178)
Payment of Talen Commodity Accordion CAF, related make-whole premium and accrued interest	(1,029)
Restricted cash deposits to support Talen 2030 TLC	(470)
Legal, professional fees and other	(134)
Financing costs for Talen 2030 TLC	(6)
Financing costs for Talen 2030 TLB	(6)
Financing costs for Talen 2030 Secured Notes	(15)
Funding of the professional fee escrow account	(52)
Total uses of cash	(4,902)
Uses of cash, net	\$ (1,193)

Our pro forma restricted cash balance of \$532 million at March 31, 2023 included designated funds due to plan effects and the professional fee escrow account.

(e) Represents a fair value adjustment to "Property, plant and equipment, net," including the elimination of accumulated depreciation and amortization. The fair value of PP&E, net consists of the following:

	March 31, 2023		
	Carrying Value	Fair Value	Adjustment
Intangible assets	\$ 66	\$ 13	\$ (53)
Electric generation	3,773	4,122	349
Other property and equipment	65	16	(49)
Capitalized software	7	5	(2)
Construction work in progress	461	88	(373)
Property, plant and equipment, net	\$ 4,372	\$ 4,244	\$ (128)

(f) Represents the elimination of the net investment in TES upon reconsolidation.

(g) Represents a fair value adjustment related to "Other noncurrent liabilities."

(h) Represents the pro forma effect of the settlement of prepetition debt and accrued interest and exit financing upon emergence:

	Upon Emergence
Talen 2030 TLB	\$ 580
Talen 2030 TLC	470
Talen 2030 Secured Notes	1,200
Total principal	2,250
Unamortized debt issuance costs	(32)
Net proceeds at emergence	\$ 2,218
Reinstated LMBE-MC 2025 TLB	290
Reinstated 2038 PEDFA Series 2009B	50
Reinstated 2038 PEDFA Series 2009C	81
Reinstated Cumulus Digital 2027 TLF	205
Pro forma new and reinstated long-term debt	\$ 2,844

- (i) Represents the settlement of liabilities subject to compromise at TES in exchange for common stock, warrants and cash prior to reconsolidation.
- (j) Represents a fair value adjustment related to net derivative liabilities to reflect the estimated fair value on the Effective Date.
- (k) Represents the fair value of the Company's post-retirement plan previously presented in Liabilities subject to compromise.
- (l) Represents the fair value adjustment to the Company's asset retirement obligations, including the reclassification of the Company's non-nuclear ARO previously presented in Liabilities subject to compromise.
- (m) Represents the issuance of the New Warrants through the Rights Offering pursuant to the Plan of Reorganization.
- (n) Represents the elimination of the historical carrying value of TES equity.
- (o) Represents the change in fair value of noncontrolling interest at TES.
- (p) Represents the difference in depreciation, amortization, and depletion to account for the fair value adjustment to property, plant and equipment. Below is the Depreciation, amortization, and depletion expense for the twelve months ended December 31, 2022 and for the three months ended March 31, 2023 related to the TES Reconsolidation:

	December 31, 2022	March 31, 2023
Depreciation expense	\$ 505	\$ 126
Amortization expense	18	3
Accretion expense	71	18
Pro forma depreciation, amortization and accretion expense	\$ 594	\$ 147
Historical depreciation, amortization and accretion expense	520	132
Net increase / (decrease) in depreciation, amortization and accretion expense	\$ 74	\$ 15

- (q) Reflects the adjustment to interest expense to eliminate interest expense, associated fees, and financing costs related to prepetition debt and the Talen Commodity Accordion RCF. The pro forma interest expense reflects interest, bank fees, and letter of credit fees and amortization of deferred financing costs related to exit financing. A one-eighth percent change in the interest rates on the outstanding variable rate borrowings would result in an approximate change of less than \$1 million and \$2 million in interest expense for the three months ended March 31, 2023 and the year ended December 31, 2022, respectively.
- (r) Represents the adjustments to income tax benefit (expense) related to the Income (loss) before Income Taxes resulting from the pro forma other adjustments, which were tax effected using an estimated statutory blended rate of 23.5%.

GLOSSARY OF TERMS AND ABBREVIATIONS (Unaudited)

Legal Entities

Cumulus Affiliates. Collectively includes Cumulus Battery Storage Holdings LLC, Cumulus Compute Holdings LLC, Cumulus Digital Holdings, Cumulus PT Energy Transition Holdings LLC, Cumulus Real Estate Holdings LLC and Cumulus Renewables Holdings LLC and their respective subsidiaries.

Cumulus Coin. Cumulus Coin LLC, a direct subsidiary of Cumulus Coin Holdings that owns a 75% equity interest in Nautilus as of December 31, 2022.

Cumulus Coin Holdings. Cumulus Coin Holdings LLC, a direct subsidiary of Cumulus Digital that, through its direct subsidiary, Cumulus Coin, owns an equity interest in Nautilus. The Company and Talen Growth previously held voting convertible preferred equity interests in this entity. In September 2022, in connection with the Cumulus Digital Equity Conversion, the preferred equity interests were converted to common equity interests in Cumulus Digital Holdings.

Cumulus Data Holdings. Cumulus Data Holdings LLC, a direct subsidiary of Cumulus Digital. The Company and Talen Growth previously held voting convertible preferred equity interests in this entity. In September 2022, in connection with the Cumulus Digital Equity Conversion, the preferred equity interests were converted to common equity interests in Cumulus Digital Holdings.

Cumulus Digital. Cumulus Digital LLC, a direct subsidiary of Cumulus Digital Holdings that owns Cumulus Data Holdings and Cumulus Coin Holdings.

Cumulus Digital Holdings. Cumulus Digital Holdings, LLC, a subsidiary of Talen Energy Supply and the parent of Cumulus Digital. Prior to September 2022, Cumulus Digital Holdings was a subsidiary of Cumulus Growth. As a result of the Cumulus Digital Equity Conversion, Cumulus Digital Holdings became majority-owned by Talen Energy Supply, with the minority interests held by affiliates of Riverstone and Orion Energy Partners Investment Agent, LLC.

Cumulus Growth. Cumulus Growth Holdings LLC, a direct subsidiary of Talen Energy Corporation that, prior to September 2022, owned common equity interests in Cumulus Digital Holdings and that, as of December 31, 2022, owns 100% of the issued and outstanding common equity interests in Cumulus Renewables Holdings, Cumulus Battery Storage Holdings, Cumulus Compute Holdings, Cumulus Real Estate Holdings and Cumulus PT Energy Transitions Holdings. While Cumulus Growth owns the issued and outstanding common equity in these entities, the Company holds voting convertible preferred equity interests in these entities that, on an as-converted basis, entitle the Company to majority control.

LMBE-MC HC. LMBE-MC HoldCo I LLC, a direct subsidiary of Talen Generation and the parent of LMBE-MC that, through its subsidiaries, owns generation facility operations in Pennsylvania.

Nautilus. Nautilus Cryptomine LLC, a joint venture owned, as of December 31, 2022, 75% by Cumulus Coin and 25% by TeraWulf (Thales) LLC, a Beowulf Energy LLC subsidiary, an unaffiliated third party and a subsidiary of TeraWulf Inc. (Nasdaq: WULF).

Riverstone Entities. Riverstone V Coin Holdings, L.P., Raven Power Holdings LLC, C/R Energy Jade, LLC, and Sapphire Power Holdings, LLC.

Talen Montana. Talen Montana, LLC, a direct subsidiary of Talen Montana Holdings, LLC that operates, and owns an undivided interest in, the generation facility comprised of four coal-fired generation units located in Colstrip, Montana.

TES or Talen Energy Supply. Talen Energy Supply, LLC, a direct subsidiary of Talen Energy Corporation and the parent company of Talen Generation LLC, Susquehanna Nuclear LLC, Talen Montana Holdings, LLC, Talen Energy Marketing LLC, Talen Texas LLC, Talen NE LLC, and Talen II Growth Holdings LLC.

TEC or Talen Energy Corporation. Talen Energy Corporation, the parent company of Talen Energy Supply and Cumulus Growth and their consolidated subsidiaries.

TRF. Talen Receivables Funding, LLC, a direct subsidiary of Talen Energy Marketing that, prior to the Talen Bankruptcy, purchased certain receivables from Talen Energy Marketing and sold them to an unaffiliated financial institution. The agreement was terminated during the second quarter 2022 as a result of the Talen Bankruptcy. See Note 7 in Notes to the Condensed Consolidated Financial Statements for additional information on TRF activities.

Other Terms and Abbreviations

ASC. Accounting Standards Codifications.

Allowed. With respect to any claim of a creditor in the Talen Bankruptcy, that there is no objection to the claim or that the claim has been allowed by a Bankruptcy Court final order.

Backstop Put Premium. Collectively, the Backstop Premium and Backstop Periodic Premium.

Bankruptcy Court. The United States Bankruptcy Court for the Southern District of Texas, Houston Division.

Chapter 11. Title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended.

Chapter 11 Cases. The voluntary petitions of the Debtors filed under the Bankruptcy Code in the Bankruptcy Court.

Confirmation Order. The order by the Bankruptcy Court confirming the Plan of Reorganization entered on December 15, 2022.

Consenting Noteholders. The holders of Talen Energy Supply's unsecured notes that are party to the Talen RSA.

Consenting TEC Parties. Talen Energy Corporation and the Riverstone Entities, as parties to the fifth amendment to the Talen RSA.

Cumulus Digital Equity Conversion. The conversion of Talen's and Riverstone V Coin Holdings L.P.'s preferred equity in Cumulus Coin Holdings and Cumulus Data Holdings, and the conversion of class B units of Cumulus Digital Holdings held by Orion affiliates, in each case into common equity of Cumulus Digital Holdings as contemplated by that certain Cumulus Term Sheet, dated as of August 29, 2022, by and among TES, TEC, Cumulus Digital, Orion, the Riverstone Entities, and certain of their respective affiliates.

Debtors. Prior to December 12, 2022, the Talen Filing Parties, and thereafter, the Talen Filing Parties together with TEC.

DIP Claims. All claims held by the lenders or the agent under the Talen DIP Credit Agreements on account of, arising under, or relating to the Talen DIP Credit Agreements, the facilities thereunder, or the DIP Order, including claims for all principal amounts outstanding, and any and all fees, interest, expenses, indemnification obligations, reimbursement obligations, and other amounts due under the DIP Documents (as defined in the DIP Order), which, for the avoidance of doubt, shall include all "DIP Obligations" as such term is defined in the DIP Order.

DIP Order. As applicable, the Final Order: (i) authorizing the Debtors to obtain postpetition financing; (ii) authorizing the Debtors to use cash collateral; (iii) granting liens and providing claims with superpriority administrative expense status; (iv) granting adequate protection to the prepetition first lien secured parties; (v) modifying the automatic stay; and (vi) granting related relief (Docket No. 588) or the interim order: (1) authorizing the Debtors to obtain postpetition financing; (2) authorizing the Debtors to use cash collateral; (3) granting liens and providing claims with superpriority administrative expense status; (4) granting adequate protection to the prepetition first lien secured parties; (5) modifying the automatic stay; and (6) granting related relief (Docket No. 127), authorizing the Debtors to enter into the Talen DIP Credit Agreements, as may be amended, supplemented or modified from time to time.

Disclosure Statement. Disclosure Statement for Joint Chapter 11 Plan of Talen Energy Supply, LLC and Its Affiliated Debtors (Docket No. 1207), as may be amended from time to time, and any exhibits or schedules thereto.

Effective Date. May 17, 2023, the date that the Plan of Reorganization became effective.

GAAP. Generally Accepted Accounting Principles in the United States.

General Unsecured Claim(s). Any Unsecured Claim, other than (i) Administrative Claims; (ii) DIP Claims; (iii) Professional Fee Claims; (iv) Priority Tax Claims; (v) Other Priority Claims; (vi) Section 510(b) Claims; (vii) Intercompany Claims; (viii) Postpetition Other Hedge Claims; (ix) Postpetition Hedge Claims; (x) Unsecured Notes Claims; (xi) General Unsecured Convenience Claim; (xii) Cumulus Intercompany Claims, (xiii) Uri Claims; or (xiv) Talen Energy Corporation Creditor Claims (each as defined in the Plan of Reorganization).

Intercompany Claim(s). Any claim against a Debtor held by another Debtor or a non-Debtor affiliate, other than Cumulus Intercompany Claims.

Intercompany Interest. An Interest in a Debtor held by another Debtor or a non-Debtor affiliate, except for existing equity interests.

New Warrants. Warrants to purchase up to 5.00% of the TEC Equity, after giving effect to the Rights Offering and the Backstop Put Premium, with: (i) a tenor of five years; (ii) a strike price set at the Effective Date based on a \$3.5 billion equity value, assuming pro forma net debt as of the Effective Date of the Plan of Reorganization as set forth in Schedule II to the Backstop Commitment Letter, dated as of May 31, 2022, by and among the Debtors and those certain Consenting Noteholders party thereto, plus any Permitted Indebtedness Upsize (as defined in the Restructuring term sheet attached as an exhibit to the Talen RSA); and (iii) Black-Scholes protection (determined using the standard Black-Scholes pricing model, assuming 27.5% volatility for the remaining tenor).

Other Secured Claim. Any secured claim against any Debtor, including any secured tax claim, other than a (i) prepetition first lien secured claim and (ii) DIP Claim.

Petition Date. With respect to a Debtor, the date on which such Debtor commenced its Chapter 11 Case, either May 9, 2022 or May 10, 2022.

PEDFA. Pennsylvania Economic Development Financing Authority. PEDFA finances business projects by issuing both tax-free and taxable bonds, selling them to investors and lending the proceeds to eligible businesses.

Plan of Reorganization. The Joint Chapter 11 Plan of Reorganization of Talen Energy Supply, LLC and Its Affiliated Debtors (Docket No. 1206), as may be amended from time to time, and any exhibits or schedules thereto.

PPE. Property, plant and equipment.

PPL/Talen Montana Litigation. Litigation that began in October 2018, whereby the Talen Montana Retirement Plan filed a class action suit in Montana state court against PPL, its affiliates, and certain officers and directors relating to a distribution by Talen Montana to PPL of \$733 million of net proceeds from the sale of Talen Montana's hydroelectric facilities in November 2014, which was during PPL's tenure as owner of Talen Montana. In November 2018, PPL filed a lawsuit in Delaware Court of Chancery (Delaware Court) against Talen Energy Corporation and certain affiliates seeking, among other things, indemnity from Talen for the claims asserted in the Montana state lawsuit and a declaratory judgment that such claims asserted in the Montana state lawsuit are without merit and that Talen entities do not have standing to bring such claims. In October 2019, the Delaware Court granted Talen defendants' motion to dismiss one of PPL's claims but denied Talen defendants' other requests for dismissal.

Prepetition CAF Claims. All claims against any Debtor arising from or based upon the Talen Commodity Accordion RCF or any of the other related agreements and documents executed by any of the Debtors in connection with the Talen Commodity Accordion RCF, including accrued but unpaid interest, costs, fees, premiums, and indemnities.

Prepetition First Lien Non-CAF Claims. The prepetition first lien secured claims, other than the Prepetition CAF Claims.

Prepetition First Lien Non-CAF Claim Amount. An amount equal to \$2,048.00 million, comprising (i) \$470 million of Prepetition 6.625% Senior Secured Notes Debt (as defined in the DIP Order), (ii) \$750 million of Prepetition 7.250% Senior Secured Notes Debt (as defined in the DIP Order), (iii) \$400 million of Prepetition 7.625% Senior Secured Notes Debt (as defined in the DIP Order), and (iv) \$428 million of Prepetition Term Loan Debt (as defined in the DIP Order).

Rights Offering. The equity rights offering conducted in accordance with the Talen RSA in April and May 2023, resulting in subscriptions to purchase \$1.4 billion of common equity in TEC pursuant to the Plan of Reorganization.

Settled CAF Claim Amount. An amount equal to the sum of (i) the Settled CAF Prepetition Claim Amount; (ii) postpetition interest pursuant to section 506(b) of the Bankruptcy Code on the full amount of the Settled CAF Prepetition Claim Amount at a rate based on the 1-month LIBOR rate as set forth in the Talen Commodity Accordion RCF, plus fixed 8.00% interest, plus 2.00% (constituting default interest), from the Petition Date through the Effective Date; and (iii) postpetition interest on a monthly basis on any accrued and unpaid amounts set forth in (ii) above at a rate based on the 1-month LIBOR rate as set forth in the Talen Commodity Accordion RCF, plus fixed 8.00% interest, plus 2.00% (constituting default interest).

Settled CAF Prepetition Claim Amount. \$986 million, which is the sum of: (i) \$848 million principal; (ii) \$133 million on account of any and all premiums asserted or assertable under the Talen Commodity Accordion RCF as of the Petition Date (including, for the avoidance of doubt, any amounts attributable to the MOIC Amount and (or) the Make Whole Amount, each as defined in the Talen Commodity Accordion RCF); and (iii) accrued and unpaid prepetition interest in the amount of \$5 million.

Settled First Lien Non-CAF Claim Amount. An amount equal to the sum of (i) the Prepetition First Lien Non-CAF Claim Amount, plus (ii) accrued and unpaid prepetition interest at the applicable contract rate (each as increased due to the Debtors' default), plus (iii) the lesser of (x) \$20 million in the aggregate and (y) an amount equal to forty percent (40%) of the "applicable premium" or redemption price premium in excess of principal amounts, as applicable, that would be due and owing under the respective secured notes indentures, as if such notes were optionally redeemed pursuant to section 3.07 of such indentures on the Effective Date.

Subsidiary Guarantors. The subsidiaries of the Company that also guarantee the obligations of the Company under (i) new senior secured revolving credit facility with an expected initial committed amount of \$700 million, (100% of which remained undrawn upon emergence from bankruptcy), a portion of which will be available for the issuance (and/or support) of certain letters of credit, (ii) Talen 2030 TLB and (iii) Talen 2030 TLC.

Talen 2030 TLB. Senior secured term loan B facility issued by Talen Energy Supply upon emergence from bankruptcy due May 2030.

Talen 2030 TLC. Senior secured term loan C facility issued by Talen Energy Supply upon emergence from bankruptcy due May 2030.

Talen 2030 Secured Notes. TES's 8.625% Senior Notes due June 2030 issued in connection with its emergence from bankruptcy.

Talen Bankruptcy. The Chapter 11 Cases commenced by the Debtors under the Bankruptcy Code in the Bankruptcy Court.

Talen Commodity Accordion RCF. The Credit Agreement, dated as of December 14, 2021, among the Company, as parent, Talen Energy Marketing and Susquehanna Nuclear, as borrowers, the lenders party thereto and Alter Domus (US) LLC, as administrative agent.

Talen DIP Credit Agreements. Collectively, (i) that certain Superpriority Secured Debtor-In-Possession Letter of Credit Facility Agreement, dated as of May 11, 2022, as such agreement may be amended, restated, amended and restated supplemented or otherwise modified from time to time, and (ii) that certain Superpriority Secured Debtor-In-Possession Credit Agreement, dated as of May 11, 2022, which consists of the Talen DIP Revolver and Talen DIP Term Loan, as such agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

Talen Filing Parties. Includes Talen Energy Supply and all of its direct and indirect subsidiaries, other than: (i) LMBE-MC HC and its subsidiaries; (ii) TRF; and (iii) the Cumulus Affiliates. As of December 12, 2022, also includes Talen Energy Corporation. See Note 3 in Notes to the Condensed Consolidated Financial Statements for additional information.

Talen RSA. The Restructuring Support Agreement (and all exhibits and schedules thereto) dated as of May 9, 2022, by and between the Company and the Consenting Noteholders, as amended, amended and restated, or supplemented from time-to-time.

Talen PEDFA Bonds. Talen PEDFA Bonds. PEDFA Exempt Facilities Revenue Refunding Bonds, Series 2009B due December 2038 (Talen 2038 PEDFA Series 2009B) and Series 2009C due December 2037 (Talen 2037 PEDFA Series 2009C).

Talen Senior Unsecured Notes. The senior unsecured notes issued by TEC, which are guaranteed by the subsidiary guarantors thereunder, comprised of the: (i) 4.6% Senior Notes due December 2021; (ii) 9.5% Senior Notes due July 2022; (iii) 6.5% Senior Notes due September 2024; (iv) 6.5% Senior Notes due June 2025; (v) 10.5% Senior Notes due January 2026; (vi) 7.0% Senior Notes due October 2027; and (vii) 6.0% Senior Notes due December 2036.

TEC Equity. New common equity of TEC to be authorized, issued, and outstanding on and after the date the Plan of Reorganization is declared effective.

TEC Global Settlement. The settlement of all claims, interests, and controversies among the Talen Filing Parties, the Consenting Noteholders, and the Consenting TEC Parties, the terms of which are set out in the fifth amendment to the Talen RSA and the TEC Term Sheet attached thereto.

TEC Term Sheet. The term sheet for the TEC Global Settlement attached as Exhibit A to the fifth amendment to the Talen RSA.

TES Deconsolidation. The deconsolidation of TES by TEC for financial reporting purposes in May 2022 due to the Talen Bankruptcy. See Note 2 for more information.

TES Reconsolidation. The reconsolidation of TES by TEC for financial reporting purposes due to the Talen Filing Parties' emergence from bankruptcy on the Effective Date. See Note 4 for more information.

Unsecured Notes Claims. All claims against any Debtor arising from or based upon the Talen Senior Unsecured Notes or any related agreements and documents executed by any of the Debtors in connection with the Talen Senior Unsecured Notes, including accrued but unpaid interest, costs, fees, and indemnities.

TALEN ™
ENERGY