Q1 2023 Earnings Presentation

Talen Energy Supply | May 16, 2023

Disclaimers

The information contained herein, as well as any information that has been supplied orally in connection herewith, speaks only as of the date of this presentation. Talen Energy Supply ("Talen," "TES," the "Company," "we," "our," or "us") and our affiliates and representatives expressly disclaim any obligation to update any information contained herein, whether as a result of new information or developments, future events or otherwise. For additional information, see the Company's unaudited interim financial statements for the period ending March 31, 2023 released today and available on our website (www.talenenergy.com).

Non-GAAP Financial Measures

We include in this presentation Adjusted EBITDA, Adjusted Free Cash Flow, and Realized Energy Margin, which are not financial measures prepared under U. S. Generally Accepted Accounting Principles ("GAAP"). Non-GAAP measures, such as Adjusted EBITDA, Adjusted Free Cash Flow, and Realized Energy Margin, do not have definitions under GAAP and may be defined differently by, and not be comparable to, similarly titled measures used by other companies or used in our credit facilities, the indentures governing our notes or any of our other debt agreements. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Management cautions investors not to place undue reliance on such non-GAAP measures, but to consider them along with their most directly comparable GAAP measures. Adjusted EBITDA, Adjusted Free Cash Flow, and Realized Energy Margin have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP. Nothing contained herein should be construed as legal, business, tax or accounting advice. You should consult your own attorney, business advisor, tax advisor and accounting advisor as to legal, business, tax, accounting and related matters. The materials should not be relied upon for the maintenance of your books and records for any tax, accounting, legal or other procedures.

Market and Industry Data

This presentation includes market data and other information from independent industry publications as well as surveys and our own research and knowledge of the industry. Some data is also based on management's estimates, which are derived from our review of internal sources, as well as the independent sources described above. Although we believe these sources are reliable, no information contained in this presentation has been independently investigated, verified or audited and therefore, we cannot guaranty the accuracy or completeness of such information. As a result, you should be aware that market share, ranking and other similar data set forth in this presentation, and estimates and beliefs based on such data, may not be reliable.

Forward Looking Statements

Statements contained in this presentation concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not statements of historical fact are "forward-looking statements." These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "target," "project," "forecast," "seek," "will," "may," "should," "could," "would" or similar expressions. Talen undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in "Significant Business Risks" in the TES financial statements, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements: Talen's or its subsidiaries' levels of indebtedness; the terms and conditions of debt instruments that may restrict Talen's ability to operate its business; operational, price and credit risks in the wholesale and retail electricity markets (including as a result of increases in the supply of electricity generally due to new power or intermittent renewable power generation); the risks associated with cryptocurrency mining projects due to the volatility of such currencies and oversight from federal and state agencies; the effectiveness of Talen's risk management techniques, including hedging, with respect to electricity and fuel prices, interest rates and counterparty and joint venture partner credit and non-performance risks; methods of accounting and developments in or interpretations of accounting requirements that may impact reported results, including with respect to, but not limited to, hedging activity; Talen's ability to forecast the actual load needed to perform full-requirements sales contracts; the effects of transmission congestion due to line maintenance outages and the performance of transmission facilities and any changes in the structure and operation of, or the pricing limitations imposed by, the Regional Transmission Organizations and Independent System Operators that operate those facilities; blackouts due to disruptions in neighboring interconnected systems; federal and state legislation and regulation, including federal and state tax laws and regulations, and costs of complying with governmental permits and approvals; costs of complying with environmental, social and related worker health and safety laws and regulations; the impacts of climate change, including changes in regulation or their enforcement; the availability and cost of emission allowances; the performance of Talen's subsidiaries and affiliates, on which our ability to meet our debt obligations largely depend; the risks inherent with variable rate indebtedness; disruption in or adverse developments of financial markets; acquisition or divestiture activities, including Talen's ability to realize expected synergies and other benefits from such business transactions; Talen's ability to achieve anticipated cost savings; the execution and development of proposed future enterprises, including the ability to permit, develop and construct the proposed renewable energy, energy storage, data center and digital currency facilities, realization of assumptions underlying the statements regarding future enterprises, and the realization of estimates of valuations of future enterprises; Talen's ability to optimize its competitive power generation operations and the costs associated with any capital expenditures; significant increases in operation and maintenance expenses, such as health care, and pension costs, including as a result of changes in interest rates; the loss of key personnel (for health or other reasons) and the ability to hire and retain qualified employees; possibility of strikes or work stoppages by unionized employees; war (including supply chain disruptions as a result of war, and including the effects of the Ukraine and Russia conflict and attendant sanctions imposed on Russia and the related disruptions in oil and natural gas production and the supply of nuclear fuel), armed conflicts or terrorist attacks, including cyber-based attacks; and pandemics, including for COVID-19. Furthermore, on May 9, 2022, Talen and the majority of its direct and indirect wholly owned subsidiaries filed voluntary petitions under chapter 11 of the Bankruptcy Code in the Southern District of Texas (the "Talen Bankruptcy"). The ongoing Talen Bankruptcy and any unpredictable or adverse decision or outcome in such proceedings, or any transactions, financings or settlements of liabilities entered into in connection with such proceedings, could have a material adverse effect on Talen's financial condition, liquidity, results of operations, and (or) the statements and assumptions set forth herein.

Speaker and Agenda

Speaker

John Chesser
Chief Financial Officer

Agenda

1. **Key Highlights**
2. **Operational & Financial Update**
3. **Exit Financing & Emergence Update**

Investor Contacts

Rajat Prakash

Vice President – Treasurer

Rajat.Prakash@TalenEnergy.com

Gateway Investor Relations

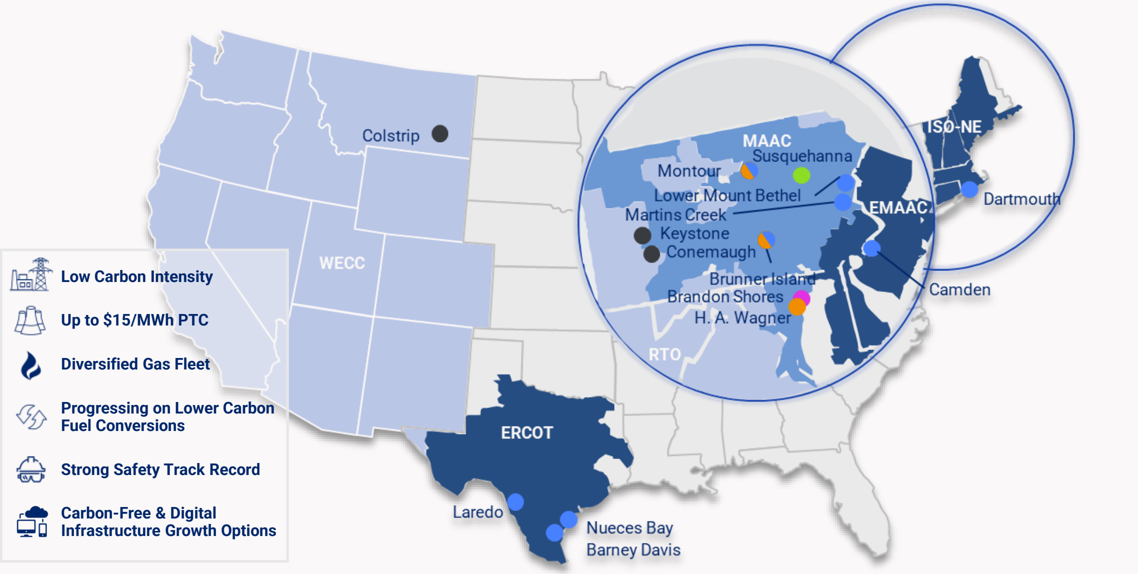
InvestorRelations@TalenEnergy.com

(949) 574-3860

1. Key Highlights

Q1 2023 Business Highlights – Strong Start to the Year

12.4 GW Generation portfolio	**15** Generation facilities[1]
4 Markets served	**2,100+** employees



Nuclear · Natural Gas · Planned Conversion · Minority-Owned Coal · Planned Retirement of Coal[6]

Delivered Strong Results in Q1

- Produced **6,637 GWh** Total Generation
- Generation Mix **63%** Carbon-Free
- Generated at **25%** Capacity Factor[2]
- Achieved **1.5%** Equivalent Forced Outage Factor[3]
- Captured **$749mm** Realized Energy Margin[4]
- Strong **$660mm** Adjusted EBITDA[4]
- Invested **$65mm** Capex[5]
- Robust **$497mm** Adjusted Free Cash Flow[4]

Key Q1 Operational Updates

- **Susquehanna Refueling Complete**
- **Secured $875mm+ Liquidity in Exit Financing**
- **Montour Gas Conversion Near Complete**
- **First 48MW Data Shell Near Complete at 1GW Susquehanna Data Campus**

1. *Excludes 46 MW of peaking units in PJM*
2. *Capacity Factor = Generation output in MWh / Net Dependable Capacity in MWh*
3. *Equivalent Forced Outage Factor ("EFOF") = (forced outage hours + equivalent forced derated hours) / period hours (all hours)*
4. *Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Realized Energy Margin, Adjusted EBITDA and Adjusted Free Cash Flow*
5. *Excludes: (i) an aggregate $33 million conversion capex for Montour and H.A. Wagner fuel conversions, and (ii) an aggregate $32 million of Cumulus capex funded by cash-on-hand at Cumulus Digital and / or its subsidiaries. See Adjusted Free Cash Flow definition in the Appendix for additional information.*
6. *Represents Brandon Shores, for which a deactivation notice has been filed with PJM*

Successful Exit Financing Delivered $875mm Liquidity with No Near-Term Recourse Maturities

Reorganization Plan Confirmed	• Plan of Reorganization confirmed by U.S. Bankruptcy Court for the Southern District of Texas on December 15, 2022, supported by nearly all creditors[1] and new equity ownership
FERC & NRC Approval	• Talen received FERC and NRC approvals in March 2023 • Hart-Scott-Rodino Act waiting period expired on May 15th
Secured Financial Commitments	• Closed offering of $1.2bn secured notes on May 12th and secured commitments for $580mm Term Loan B • $1.4bn equity rights offering fully funded on May 16th
Strong Operating & Liquidity Runway	• Post-emergence, Talen will be well capitalized, with strong operating and liquidity runway • $700mm new revolving credit facility, $75mm bilateral and $470mm cash-funded Term Loan C facilities for letters of credit, and $175mm of unrestricted cash on balance sheet

Emergence

Expected on **May 17th**

Equity Rights Offering

$1.4bn Fully Funded on May 16th

Long-Dated Maturities

7-year Term Loan B and Notes **Due in 2030**

Liquidity[2]

$700mm Undrawn Revolver
$175mm Unrestricted Cash

1. *100% of secured creditors and 99% of unsecured noteholders voted in favor of the Plan of Reorganization.*
2. *Excluding LC facilities*

Multiple Drivers of Value Creation

2.2 GW Interest in Zero-Carbon Susquehanna Facility[1]

~18mm MWh of annual generation[1] eligible for up to $15/MWh PTC beginning in 2024

- Susquehanna delivered all-in cost of $22/MWh in 2022, top quartile of all U.S. nuclear facilities
- Generation starting Jan 1, 2024 is eligible for up to $15/MWh nuclear PTC, with potential incremental cash flow of up to $270mm[2]
- Unit licenses run to 2042 and 2044, with 20-year extensions available

>8 GW Gas and Peaking Fleet[3]

Reliable assets positioned to capture upside from power price dynamics in PJM and ERCOT

- Material annual capacity revenue generation from our PJM assets
- Seasoned operating team
- Regulatory tailwinds in ERCOT (e.g., Proposed Operating Reserve Demand Curve reform)
- Monetize seasonal and secular commodity volatility

Digital Infrastructure Powered by Zero-Carbon

Data center campus infrastructure and first 48 MW data center shell largely complete

- Up to 1 GW hyperscale data center campus adjacent to Susquehanna facility with campus infrastructure and first 48 MW data center shell largely complete
- Actively marketing to creditworthy customers
- Targeting attractive returns on invested capital, including power prices that could exceed market prices plus PTC

Advanced Progress on Carbon Deleveraging

3.2 GW of near-complete conversions of Talen's fully-owned coal facilities

- 1.4 GW Brunner Island conversion already completed
- 1.5 GW Montour conversion to be completed in mid-2023
- 0.3 GW Wagner unit 3[4] conversion to be completed by YE 2023 for only $11mm total
- Significant cash flow generation from increasingly lower-carbon portfolio

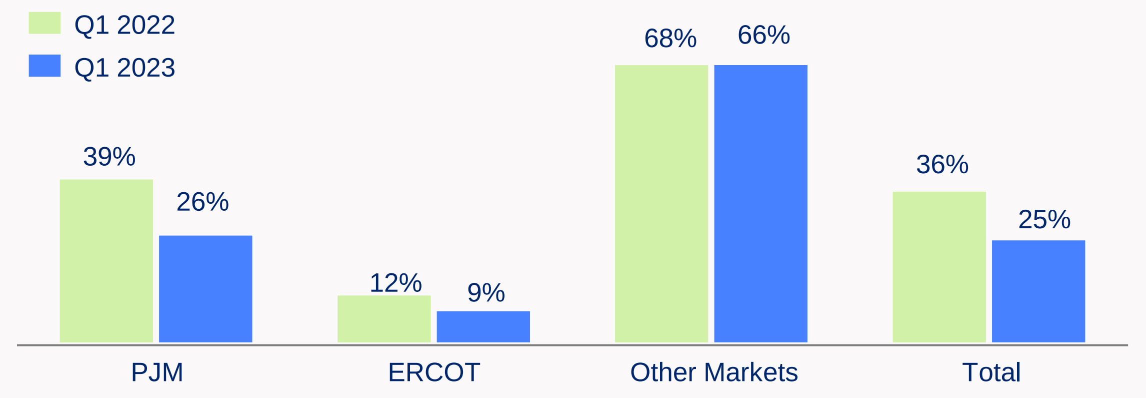
1. *Represents Talen's 90% undivided interest in Susquehanna, which has a total capacity of 2.5 GW*
2. *~18mm MWh x $15/MWh nuclear PTC, assuming no inflation adjustment*
3. *Includes 3.2 GW from Brunner Island, Montour and Wagner unit 3 after conversion from coal*
4. *Wagner has 3 operational units for a total capacity of 827 MW; the other 2 active units are not fueled by coal*

2. Operational & Financial Update

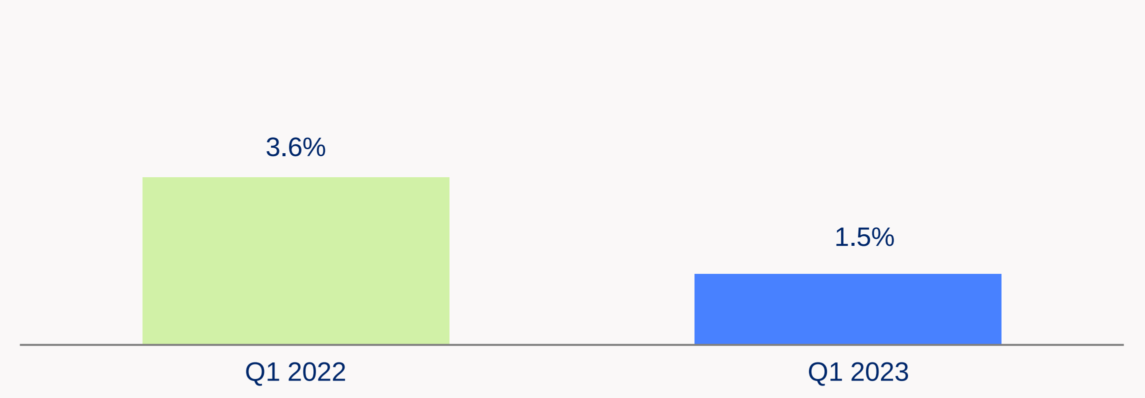
Hedges Delivered Value With Strong Fleet Reliability

Warm winters in PJM and ERCOT lowered our fleet's generation and capacity factors, but our hedge program locked in higher 2022 pricing to deliver hedge gains of $586mm and realized energy margin of $749mm in Q1 2023

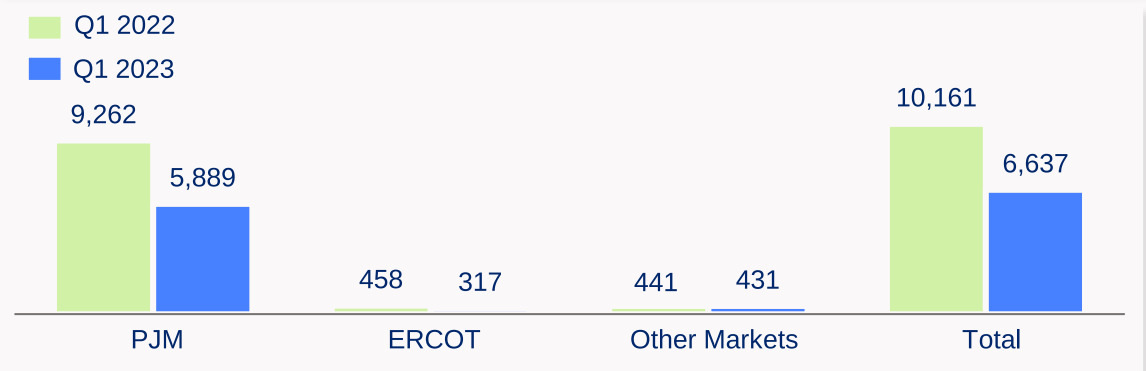
Capacity Factors[1]



Fleet Equivalent Forced Outage Factor[2]



Generation Output (GWh)



Commentary

- Above-average temperatures during January and February 2023 resulted in lower demand for heating needs in PJM and ERCOT, contributing to reduced power load
- PJM West Hub and ERCOT South Hub Day Ahead Peak average pricing for the quarter settled at $36.35/MWh and $27.46/MWh, a 37% and 30% decline from Q1 2022, respectively
- Talen's generation facilities performed consistently when called upon; total fleet EFOF for the quarter was 1.5%
- Though the decline in realized market prices led to lower generation during Q1 2023, Talen's commercial hedge strategy capitalized on high 2H 2022 forward prices to protect cash flow

1. *Capacity Factor = Generation output in MWh / Net Dependable Capacity in MWh*
2. *Equivalent Forced Outage Factor = (forced outage hours + equivalent forced derated hours) / period hours (all hours)*

Q1 Delivered $660mm of Adjusted EBITDA & $497mm of Adjusted Free Cash Flow

Adjusted EBITDA[1] of $660mm for Q1 2023

($ in millions)		FY 2022		Q1 2023
Operating & Financial Summary				
GWh Generated		36,259		6,637
Capacity Revenues	$	377	$	66
Realized Energy Margin		1,097		749
Total	$	1,474	$	815
Adjusted EBITDA[1]	**$**	**1,012**	**$**	**660**
Capital Expenditures, Net[2]		(163)		(65)
Interest and Finance Charge Payments		(277)		(98)
Adjusted Free Cash Flow	**$**	**572**	**$**	**497**
Unrestricted Cash	$	724	$	1,361
Restricted Cash and Cash Equivalents		264		225

Realized Energy Margin: $749mm

- Realized Energy Margin was robust in Q1 2023 despite warm weather that drove lower settled day ahead prices in PJM and ERCOT
- Talen used its commercial hedging strategy to successfully deliver performance in the quarter, utilizing financial hedges set during the run-up in power price in prior periods

Adjusted EBITDA[1]: $660mm and Adjusted Free Cash Flow: $497mm

- Talen achieved one of its best quarterly financial performances in the last 5 years due to elevated Realized Energy Margin
- Adjusted Free Cash Flow for the period still reflects pre-emergence capital structure interest payments, which are expected to decrease significantly under Talen's go-forward capitalization (reducing from $98mm in Q1 2023 to ~$50mm pro forma estimated quarterly interest expense)[3]

Unrestricted Cash: $1,361mm

- Strong operational and financial performance in Q1 2023 and calendar year 2022 have led to ample cash on the balance sheet
- This allows Talen to deploy the cash towards paying down pre-emergence debt and meaningfully deleveraging as it emerges from restructuring, with an attractive 1.6x recourse net leverage[4]
- The Company expects to emerge with approximately $175mm of unrestricted cash on the balance sheet

1. *Adjusted EBITDA excludes the effects of certain nonrecurring commercial activities that are unadjusted for in Realized Energy Margin. See Appendix for additional information on Non-GAAP measures*
2. *Excludes: (i) an aggregate $33 million conversion capex for Montour and H.A. Wagner fuel conversions, and (ii) an aggregate $32 million of Cumulus capex funded by cash-on-hand at Cumulus Digital and / or its subsidiaries. See Adjusted Free Cash Flow definition in the Appendix for additional information.*
3. *Pro forma estimated quarterly interest expense is illustrative and net of interest income on restricted cash collateral of term loan C facility assuming 1/27/23 SOFR curves; excludes interest expense on the Cumulus Digital Term Loan Facility*
4. *See slide 13 for more information of recourse net leverage calculation*

3. Exit Financing & Emergence Update

Efficient & Successful Restructuring Results in a Low LTV

Clear Pathway to Emergence

Plan of Reorganization confirmed on December 15th, with broad support[1]

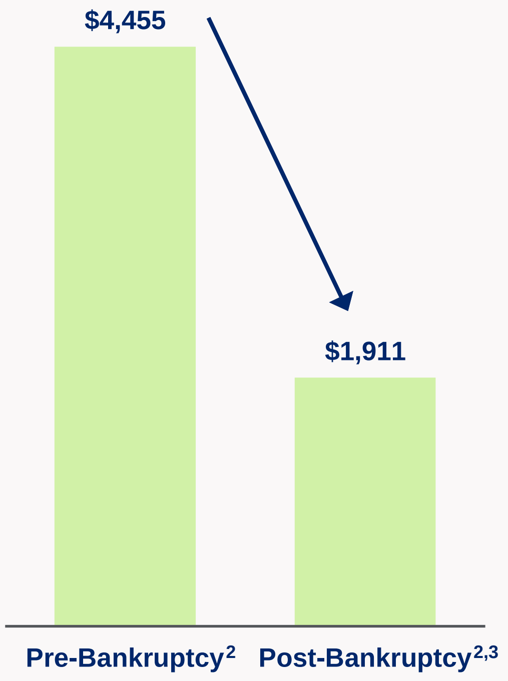
Talen expected to emerge on May 17th

Reorganization Timeline

- **5/9** *Initial Filing Date*
- **8/29** *Equity Backstop Commitment Letter Approved*
- **10/26** *Successful Disclosure Statement Hearing*
- **12/15** *Successful Confirmation Hearing; Plan Approved*
- **5/17** *Anticipated Emergence*

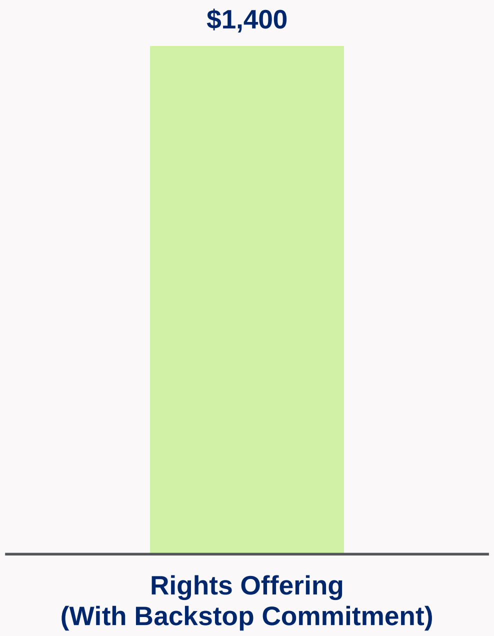
Reduction in Recourse Debt[2] ($mm)

~$2.5bn Reduction in Recourse Debt[2]



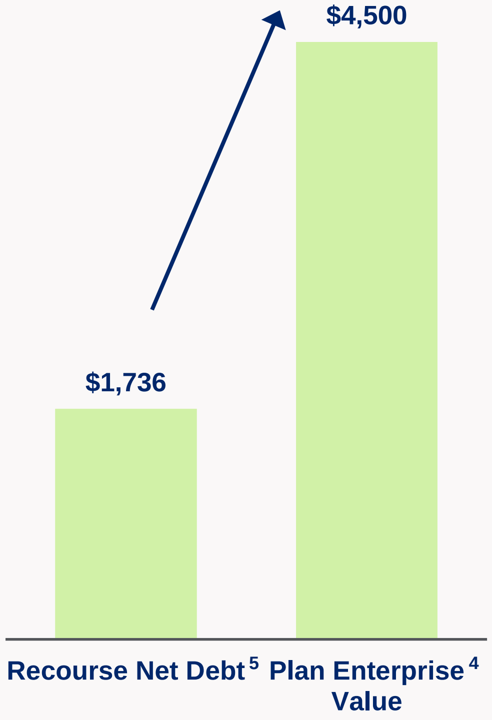
Equity Rights Offering ($mm)

$1.4bn Fully Funded on May 16th



Net Loan-to-Plan Value[4] ($mm)

Attractive Net LTV of ~40% Based on Recourse Net Debt[5] vs. Plan Enterprise Value[4]

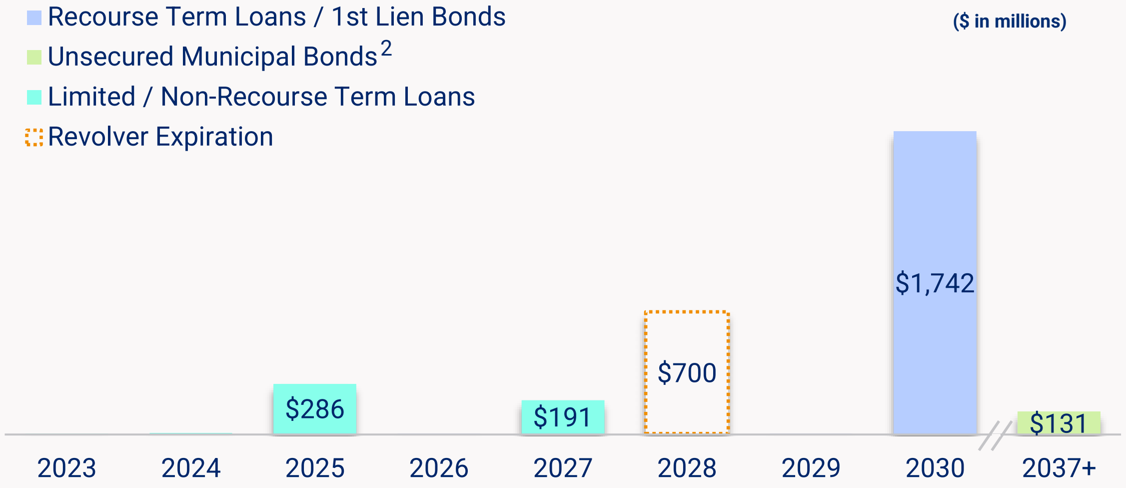


1. 100% of secured creditors and 99% of unsecured noteholders voted in favor of the Plan of Reorganization
2. Excludes non-recourse LMBE-MC debt and limited-recourse Cumulus debt
3. Excludes unfunded revolver, cash-funded term loan C and bilateral LC facility
4. Plan Enterprise Value as defined in the Company's Disclosure Statement filed with the Bankruptcy Court in October 2022; represents amount utilized to negotiate terms of equity rights offering and expected creditor recoveries
5. Recourse net debt of $1,736mm calculated as $1,911mm of recourse debt less $175mm unrestricted cash; excludes unfunded revolver, cash-funded term loan C, bilateral LC facility, non-recourse LMBE-MC debt and limited-recourse Cumulus debt

TALEN ENERGY

Exit Financing Delivered Long-Dated Debt Maturities and $875mm+ of Liquidity

No Significant Recourse Funded Debt Maturities until 2030[1]



Recourse Liquidity Position at Emergence (Estimated)[3]

($ in millions)	May 17, 2023 (Estimated)
Unrestricted Cash	$175
(+) Talen RCF Capacity	700
(-) Talen RCF Direct Bank Borrowings	-
(-) Talen RCF LCs Issued	-
Total Liquidity Excl. Net LC Facilities	**$875**
(+) Cash-Funded LC Facility (Term Loan C)[5]	470
(+) Standalone Secured LC Facility	75
(-) Talen Secured LCs (Issued)[4]	(494)
Total Liquidity Incl. Net LC Facilities	**$926**

Exit Financing Overview

In late April 2023, Talen priced several exit financing offerings, which, together with cash on balance sheet and proceeds of its $1.4bn equity rights offering, will provide funding for the payment of claims in its Plan, along with liquidity and working capital post emergence; final structure includes:

- ***$700mm*** secured revolving credit facility;
- ***$75mm*** bilateral secured LC facility and ***$470mm*** secured cash-funded term loan C facility, the proceeds of which will be used to cash-collateralize LCs;
- ***$580mm*** secured term loan B facility; and
- ***$1.2bn*** senior secured notes

Talen is preparing to exit bankruptcy on May 17, 2023

- Post-emergence, Talen will be led by incoming CEO Mac McFarland with other key management team members remaining unchanged
- Talen will be governed by a new board of directors comprised of Mac McFarland and six independent directors

1. *Maturity balances shown are net of ~$46mm mandatory amortizations over 7 years that are shown but not individually labeled on the graph. Excludes $75mm bilateral secured LC facility, $470mm secured cash-funded term loan C facility and $25mm LMBE-MC revolving credit facility*
2. *Talen is the obligor of the Series B and Series C Pennsylvania Economic Development Financing Authority ("PEDFA") bonds; $131mm prepetition principal to remain outstanding*
3. *Reflects recourse liquidity only; excludes LMBE-MC and Cumulus cash and revolver facilities*
4. *Reflects LCs issued as of 3/31 and assumes no additional LCs issued through emergence*
5. *Assumes 100% collateralization of LCs by the facility*

New Funded Exit Debt Summary and Estimated Capitalization at Emergence

New Funded Exit Debt Summary

On April 28, 2023, Talen priced $580mm term loan B and $1.2bn of secured notes to finance its emergence

Summary of Terms: Term Loan B[1]

Borrower	**Talen Energy Supply, LLC**
Facility	$580mm Senior Secured Term Loan B
Issuance Ratings (Moody's / S&P / Fitch)	Ba3 / BB / BB+
Tenor	7 years
Pricing	S + 450 bps / 50 bps Floor / 97.00 OID
Call Protection	101 soft call repricing protection for 6 months (subject to customary carve-outs); otherwise freely prepayable at par

Summary of Terms: Senior Secured Notes

Issuer	**Talen Energy Supply, LLC**
Issue	$1,200mm Senior Secured Notes
Issuance Ratings (Moody's / S&P / Fitch)	Ba3 / BB / BB+
Tenor	7 years
Coupon	8.625%
Call Protection	NC-3
Change of Control	Investor put at 101% upon change of control and ratings decline from two or more agencies

1. *$470mm Cash-Funded LC Facility (Term Loan C) priced at the same terms*
2. *Reflects projected LMBE-MC cash balances as of emergence and excludes Cumulus entities*
3. *Consolidated Net Leverage = Total Net Debt of $2,017mm / 2023E Adjusted EBITDA of $1,130mm; Recourse Net Leverage = Recourse Net Debt of $1,736mm / 2023E Recourse Adjusted EBITDA of $1,072mm*

Pro Forma Capitalization[2] ($ in millions)

Cash at Emergence	$175
New Cash-Funded LC Facility (Term Loan C) Cash Collateral	470
New Cash-Funded LC Facility (Term Loan C)	470
New Bilateral LC Facility ($75mm Capacity)	--
New RCF ($700mm Capacity)	--
New Funded Exit Debt	1,780
New Term Loan B	580
New Secured Notes	1,200
LMBE-MC RCF ($25mm Capacity)	--
LMBE-MC Term Loan (Net of Cash)	281
Total Secured Debt	**$2,061**
Total Net Secured Debt	**$1,886**
PEDFA Bonds Series B & C	131
Total Debt	**$2,192**
Total Net Debt	**2,017**
Recourse Debt	**$1,911**
Recourse Net Debt	**1,736**
FY 2023E Consolidated Net Leverage[3]	1.8x
FY 2023E Recourse Net Leverage[3]	1.6x
Plan Enterprise Value	**$4,500**

Denotes newly raised financing tranches

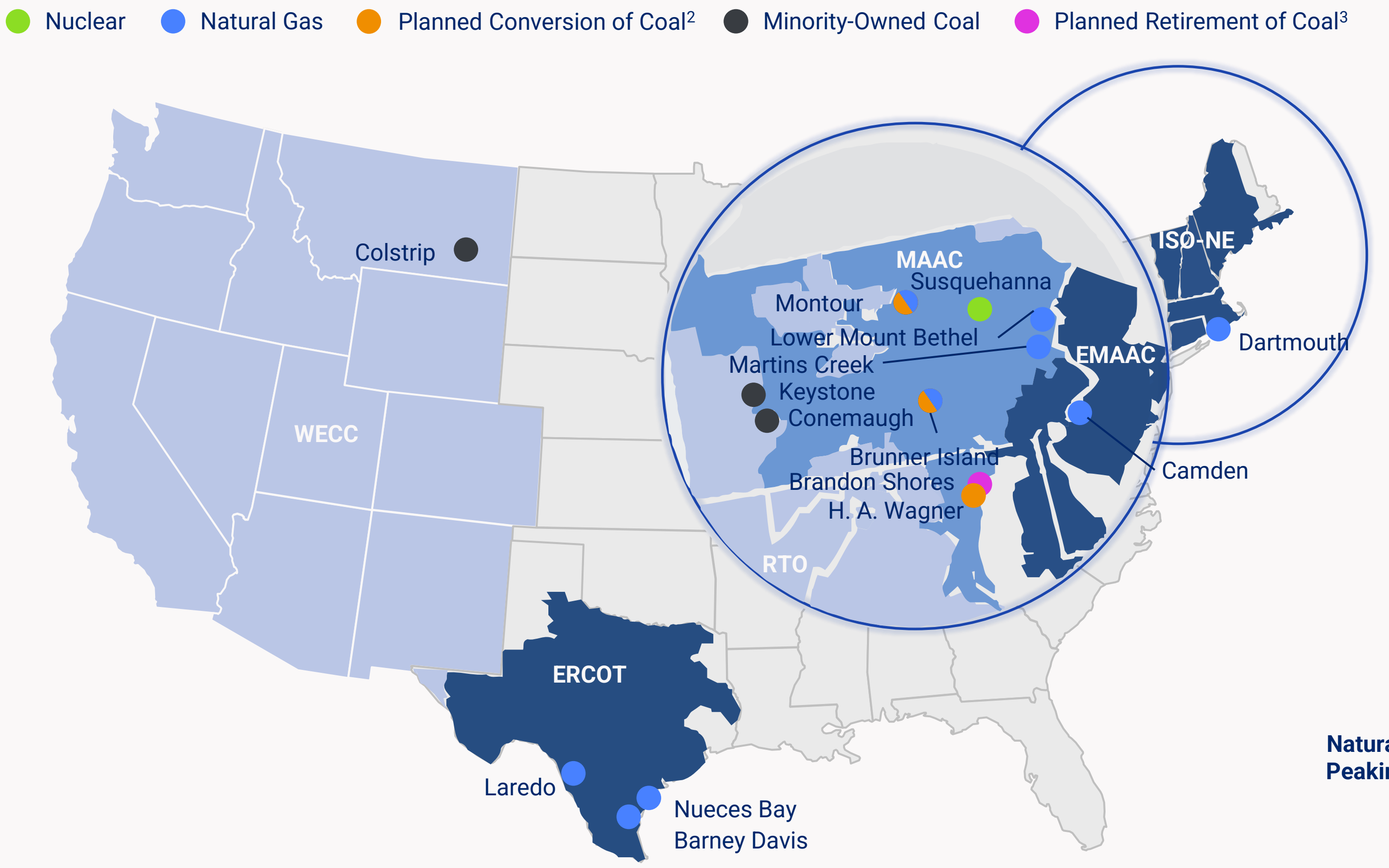
Note: Adjusted EBITDA is a non-GAAP measure; refer to Appendix for a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure. 2023E projections per the 1/27 forecast refresh cleansing materials filed with the Bankruptcy Court in April 2023; projections represent consolidated TES excluding Cumulus and recourse TES excluding LMBE-MC and Cumulus

5. Appendix

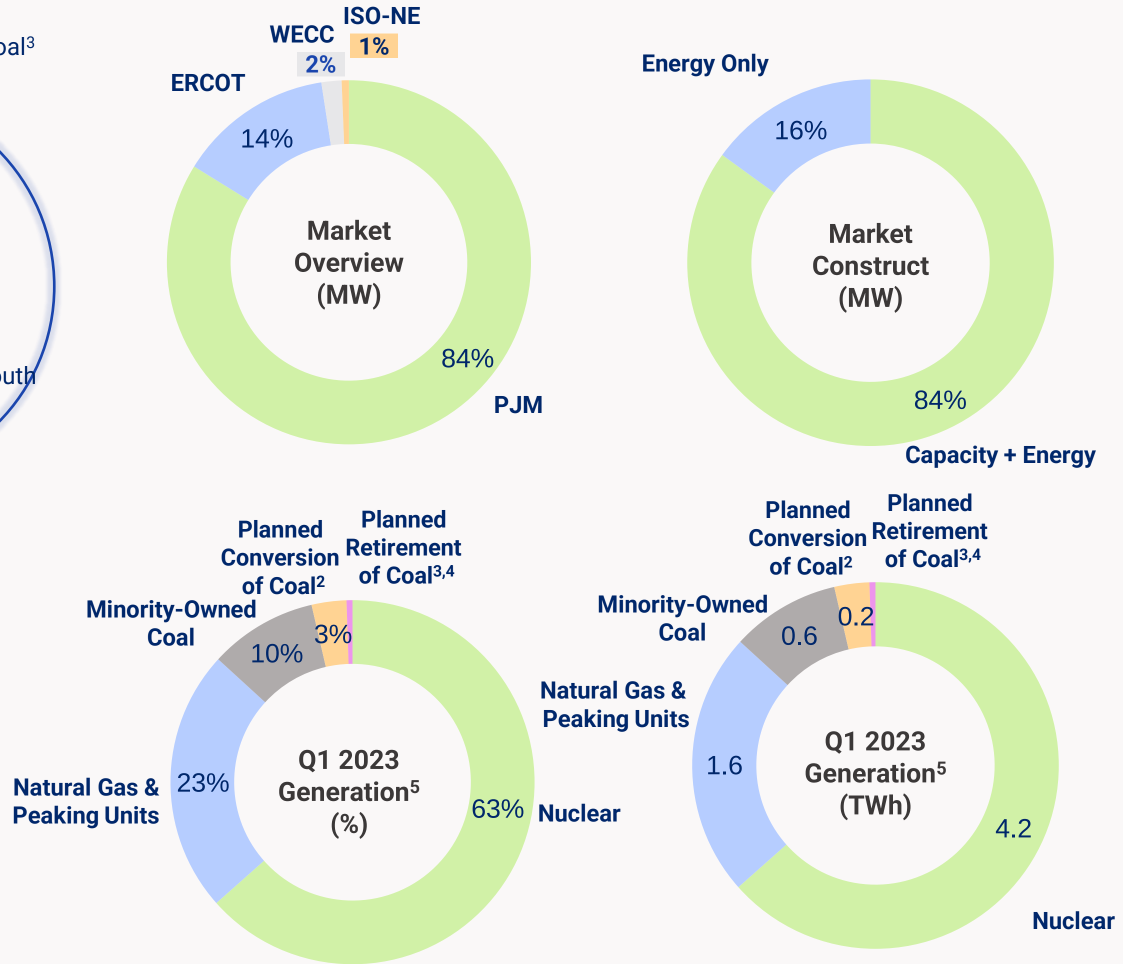
Generation Assets Overview

One of the Nation's Largest Independent Power Producers, with ~12.4 GW of Net Portfolio Capacity

Asset Overview



Portfolio Breakdown[1]



Note: Fleet as of 3/31/2023.

1. *Portfolio represents consolidated TES*
2. *Brunner Island conversion completed in 2016; Montour conversion is expected to be completed in mid-2023; Wagner unit 3 conversion expected to be completed by year-end 2023*
3. *Represents Brandon Shores, for which a deactivation notice has been filed with PJM*
4. *Planned Retirement of Coal (Brandon Shores) accounted for <1% of Q1 2023 generation*
5. *See p. 16 for categorization of generation facilities in these charts*

Generation Portfolio Summary

Asset	Location	Primary Fuel Type	Plant Type	Ownership	Owned Capacity (MW)[1]	COD	Region
Zero-Carbon Nuclear							
Susquehanna[2]	PA	Nuclear	Baseload	90%	2,245	1983 - 1985	PJM-PPL/MAAC
Natural Gas & Peaking Units							
Barney Davis	TX	Natural Gas	Intermediate	100%	897	1974 - 2010	ERCOT-South
Nueces Bay	TX	Natural Gas	Intermediate	100%	635	2010	ERCOT-South
Laredo	TX	Natural Gas	Peaker	100%	178	2008	ERCOT-South
Lower Mt. Bethel	PA	Natural Gas	Baseload	100%	610	2004	PJM-PPL
Martins Creek	PA	Natural Gas / Oil	Peaker	100%	1,719	1975 - 1977	PJM-PPL
Peaking units[3]	PA	Natural Gas / Oil	Peaker	100%	46	1967 - 1973	PJM-PPL
Camden	NJ	Natural Gas	Peaker	100%	145	1993	PJM-PSEG
Dartmouth	MA	Natural Gas	Peaker	100%	80	1996	ISO-NE SEMA
Planned Conversion							
Montour[4]	PA	Coal (Convert to Nat. Gas)	Intermediate	100%	1,508	1972 - 1973	PJM-PPL
Brunner Island[5]	PA	Gas / Coal (Dual Fuel)	Intermediate	100%	1,424	1961 - 1969	PJM-PPL
H.A. Wagner[6]	MD	Coal (Convert to Alternative Fuel)	Peaker	100%	827	1956 - 1972	PJM-BGE
Minority-Owned Coal							
Conemaugh[2]	PA	Coal	Intermediate	22%	390	1970 - 1971	PJM-MAAC
Keystone[2]	PA	Coal	Intermediate	12%	214	1967 - 1968	PJM-MAAC
Colstrip Unit 3[2]	MT	Coal	Baseload	30%	222	1984 -1986	WECC
Planned Retirement of Coal							
Brandon Shores[7]	MD	Coal	Intermediate	100%	1,295	1984 - 1991	PJM-BGE
Total					**12,435**		

Note: Fleet as of 3/31/2023

1. *Electric generation capacity (summer rating) is based on factors, among others, such as operating experience and physical conditions which may be subject to revision*
2. *See Note 14 in Talen's 2022 Consolidated Financial Statements for additional information regarding jointly owned facilities*
3. *LMBE-MC owns 33 MW of peaking unit capacity. LMBE-MC expects to deactivate these peaking units in June 2023*
4. *Montour is transitioning its fuel type from coal to natural gas. The conversion is expected to be completed in mid-2023*
5. *Coal-based generation will cease by December 31, 2028. Coal-fired electric generation is restricted during the EPA ozone season, which is May 1 to September 30 of each year*
6. *H.A Wagner is transitioning its coal-fired unit to fuel oil, which is expected to support electric grid stability as a capacity resource. The conversion is expected to be completed in 2023*
7. *A notice was provided to PJM that requested deactivation of this asset on June 1, 2025. See Note 10 in Notes to the Q1 2023 Condensed Consolidated Financial Statements for additional information*

Talen Long-Term Funded Debt Maturities at Emergence

Talen will emerge with no material recourse funded debt maturities until 2030

		Credit Ratings												
Recourse Debt	**Interest Rate**	**Moody's**	**S&P**	**Fitch**	**Total**	**Post-Emergence 2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031 & Beyond**
Secured Debt:														
Talen 2030 Term Loan B	S+4.50%	Ba3	BB	BB+	$580	$3	$6	$6	$6	$6	$6	$6	$542	-
Talen 2030 Secured Notes	8.625%	Ba3	BB	BB+	1,200	-	-	-	-	-	-	-	1,200	-
Total Secured Debt					**$1,780**	**$3**	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**	**$1,742**	**-**
PEDFA Municipal Bonds:														
Talen 2038 PEDFA Series 2009B[1]	5.00%	A1	A	--	$50	-	-	-	-	-	-	-	-	$50
Talen 2037 PEDFA Series 2009C[1]	5.00%	A1	A	--	81	-	-	-	-	-	-	-	-	81
Total Municipal Bonds					**$131**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**$131**
Total Recourse Maturities					**$1,911**	**$3**	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**	**$1,742**	**$131**

		Credit Ratings												
Limited / Non-Recourse Debt	**Interest Rate**	**Moody's**	**S&P**	**Fitch**	**Total**	**Post Emergence 2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031 & Beyond**
LMBE-MC 2025 Term Loan B[2]	S+4.15%	B1	BB-	--	$294	$3	$5	$286	-	-	-	-	-	-
Cumulus Digital 2027 Term Loan[3]	12.50%	--	--	--	191	-	-	-	-	191	-	-	-	-
Total Limited / Non-Recourse Maturities					**$485**	**$3**	**$5**	**$286**	**-**	**$191**	**-**	**-**	**-**	**-**

Note: Maturities assuming emergence as of 5/17/2023. Excludes $700mm secured revolving credit facility, $75mm bilateral secured LC facility, $470mm secured cash-funded term loan C facility and $25mm LMBE-MC revolving credit facility

1. *The interest rates on the PEDFA B/C are floating rates and reset weekly. Rates shown are as of 3/31/2023*
2. *Future period maturities represent the required quarterly amortization of $1.125mm and do not include any excess cash flow sweeps, which are measured quarterly per the credit agreement*
3. *Total value of Cumulus Digital 2027 Term Loan Facility represents balance as of 3/31/2023 and excludes Q2 2023 borrower option of PIK interest or any excess cash flow sweeps, which are measured quarterly per the credit agreement*

A. Summary Financial Results

Condensed Consolidated Statements of Operations (Unaudited)

(Millions of Dollars)	Three Months Ended March 31, 2023	2022
Capacity revenues	**$ 66**	$ 132
Energy and other revenues	**862**	325
Unrealized gain (loss) on derivative instruments	**145**	(60)
Operating Revenues	**1,073**	397
Energy Expenses		
Fuel and energy purchases	**(107)**	(258)
Nuclear fuel amortization	**(24)**	(27)
Unrealized gain (loss) on derivative instruments	**(114)**	89
Total Energy Expenses	**(245)**	(196)
Operating Expenses		
Operation, maintenance and development	**(176)**	(142)
General and administrative	**(29)**	(30)
Postretirement benefits service cost	**(1)**	(1)
Depreciation, amortization and accretion	**(132)**	(138)
Impairments	**(365)**	—
Other operating income (expense), net	**(9)**	—
Operating Income (Loss)	**116**	(110)
Interest expense and other finance charges	**(104)**	(81)
Nuclear decommissioning trust funds gain (loss), net	**46**	(56)
Postretirement benefits gain (loss), net	**3**	(2)
Debt restructuring gain (loss), net	**—**	(4)
Reorganization income (expense), net	**(39)**	—
Other non-operating income (expense), net	**38**	(15)
Income (Loss) Before Income Taxes	**60**	(268)
Income tax benefit (expense)	**(14)**	(11)
Net Income (Loss)	**46**	(279)
Less: Net income (loss) attributable to noncontrolling interest	**(2)**	—
Net Income (Loss) Attributable to Members	**$ 48**	$ (279)

Condensed Consolidated Balance Sheets (Unaudited)

(Millions of Dollars)	March 31, 2023		December 31, 2022	
Assets				
Cash and cash equivalents	**$**	**1,361**	$	724
Restricted cash and cash equivalents		**225**		264
Accounts receivable, net		**203**		408
Inventory, net		**463**		457
Derivative instruments		**911**		2,165
Other current assets		**123**		247
Total current assets		**3,286**		4,265
Property, plant and equipment, net		**4,372**		4,705
Nuclear decommissioning trust funds		**1,461**		1,400
Derivative instruments		**61**		228
Other noncurrent assets		**131**		124
Total Assets	**$**	**9,311**	$	10,722
Liabilities and Equity				
Revolving credit facilities	**$**	**848**	$	848
Long-term debt, due within one year		**1,005**		1,010
Accrued interest		**292**		278
Accounts payable and other accrued liabilities		**353**		454
Derivative instruments		**711**		1,927
Other current liabilities		**383**		346
Total current liabilities		**3,592**		4,863
Long-term debt		**2,500**		2,494
Liabilities subject to compromise		**2,791**		2,825
Derivative instruments		**147**		363
Asset retirement obligations and accrued environmental costs		**574**		567
Deferred income taxes		**87**		75
Other noncurrent liabilities		**11**		17
Total Liabilities		**9,702**		11,204
Equity				
Member's Equity		**(516)**		(573)
Noncontrolling interests		**125**		91
Total Equity		**(391)**		(482)
Total Liabilities and Equity	**$**	**9,311**	$	10,722

Condensed Consolidated Statement of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2023	**2022**
Operating Activities		
Net income (loss)	**$ 46**	$ (279)
Reconciliation adjustments:		
Impairments	**365**	—
Unrealized (gains) losses on derivative instruments	**(28)**	(55)
Nuclear fuel amortization	**24**	27
Depreciation, amortization and accretion	**138**	148
Nuclear decommissioning trust funds (gain) loss, net (excluding interest and fees)	**(37)**	64
Deferred income taxes	**—**	2
Other	**(13)**	21
Change in assets and liabilities:		
Accounts receivable, net	**205**	11
Inventory, net	**(6)**	39
Other assets	**94**	(18)
Accounts payable and accrued liabilities	**(72)**	47
Accrued interest	**13**	24
Other liabilities	**15**	7
Net cash provided by (used in) operating activities	**744**	38
Investing Activities		
Property, plant and equipment expenditures, generation facilities and other	**(19)**	(19)
Nuclear fuel expenditures	**(46)**	(21)
Property, plant and equipment expenditures, generation facility fuel conversion projects	**(33)**	(3)
Property, plant and equipment expenditures, Cumulus projects	**(32)**	(1)
Proceeds from the sale of non-core asset	**29**	—
Nuclear decommissioning trust funds investment purchases	**(608)**	(603)
Nuclear decommissioning trust funds investment sale proceeds	**598**	594
Investments in equity of affiliates and equity method investments	**(7)**	(17)
Other investing activities	**—**	5
Net cash provided by (used in) investing activities	**(118)**	(65)
Financing Activities		
Talen Deferred Capacity Obligation repayments	**—**	(96)
Talen Commodity Accordion RCF proceeds	**—**	45
Talen Commodity Accordion RCF repayments	**—**	(45)
LMBE-MC long-term debt repayments	**(7)**	(6)
Derivatives with financing elements	**(20)**	—
Other	**(1)**	(12)
Net cash provided by (used in) financing activities	**(28)**	(114)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	**598**	(141)
Beginning of period cash and cash equivalents and restricted cash and cash equivalents	**988**	743
End of period cash and cash equivalents and restricted cash and cash equivalents	**$ 1,586**	$ 602

See Note 18 in Notes to the Condensed Consolidated Financial Statements for supplemental cash flow information.

B. Reconciliation of Non-GAAP Financial Measures

Definitions of Non-GAAP Financial Measures

Non-GAAP Financial Measures

The following non-GAAP financial measures of Realized Energy Margin, Adjusted EBITDA and Adjusted Free Cash Flow discussed below, which we use as measures of our performance and liquidity. Non-GAAP financial measures do not have definitions under GAAP and may be defined and calculated differently by, and not be comparable to, similarly titled measures used by other companies. These non-GAAP measures are not intended to replace the most comparable GAAP measure as an indicator of performance. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Management cautions readers of this financial information not to place undue reliance on such non-GAAP financial measures but to also consider them with their most directly comparable GAAP measures. Realized Energy Margin, Adjusted EBITDA and Adjusted Free Cash Flow have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP.

Realized Energy Margin

Realized Energy Margin, a key non-GAAP financial measure, is a useful metric utilized by our chief operating decision makers to assess the performance of our core operations against our strategic priorities and business plans. It represents a combination of sales of generated electricity, sales of purchased power and physical natural gas, fuel expense, purchased energy expense, fuel transportation expense, and realized settlements from economic hedging activities. It is calculated by adjusting operating revenues, net of total energy expenses to exclude capacity revenues, unrealized mark-to-market gains and losses on derivative instruments, nuclear fuel amortization, and any margin unassociated with power generation and marketing. This measure is not intended to replace operating revenues, net of total energy expenses, which is the most comparable measure calculated in accordance with GAAP.

"Energy revenues" and "Fuel and energy purchases" are evaluated collectively as Realized Energy Margin because the price for power is generally determined by the variable operating cost of the next marginal generator dispatched to meet demand. Our financial performance is highly correlated to how we maximize Realized Energy Margin through management of our generation portfolio and the results of our hedging and optimization activities.

Realized Energy Margin is a supplemental measure that is utilized, in conjunction with other information, by our senior management team and Talen Energy Corporation's Board of Directors to manage our operations and analyze actual results against our budget. We believe Realized Energy Margin is useful to investors and other users of our financial statements who seek to evaluate, consistent with the use by our senior management team, our operating performance because it allows them to compare the energy revenues we produce, less the related costs, on a consistent basis across periods. Realized Energy Margin, to some extent, also provides an additional tool to compare business performance across companies.

Adjusted EBITDA and Adjusted Free Cash Flow

We use Adjusted EBITDA and Adjusted Free Cash Flow as measures to: (i) assist in comparing operating performance and readily view operating trends on a consistent basis from period to period; (ii) plan and forecast overall expectations and evaluate actual results against such expectations; and (iii) communicate with our Board of Directors, creditors, analysts and investors concerning our financial performance.

Adjusted EBITDA. Adjusted EBITDA, a key non-GAAP financial measure, is a useful metric utilized by our chief operating decision makers to efficiently evaluate operating results and trends without certain items that may distort financial results, a metric for planning and forecasting overall expectations, and for evaluating actual results against such expectations. Adjusted EBITDA is computed by net income (loss) attributable to members adjusted for: nonrecurring bankruptcy, liability management, and restructuring costs; certain non-cash items and other items that management believes are not indicative of ongoing operations, including, interest expense and other finance charges; income taxes; depreciation, amortization and accretion; nuclear fuel amortization; unrealized (gain) loss on commodity derivative contracts; nuclear decommissioning trust funds (gain) loss, net; (gain) loss on non-core asset sales, dispositions, or retirements of assets; impairments; unusual market events, which primarily includes Winter Storm Elliott charges for Capacity Performance penalties, net; net periodic defined benefit cost; development expenses; fuel supply legal settlements, liquidated damages, and obsolescence; gains or losses on the repurchase, modification or extinguishment of debt; legal and other professional fees related to certain litigation; Cumulus Digital activities and associated noncontrolling interests, and other activities. Cash expenditures for nuclear fuel are presented as "Capital expenditures" in the calculation of Adjusted Free Cash Flow in the corresponding table.

In addition, we believe investors commonly adjust net income (loss) attributable to members information to eliminate the effect of nonrecurring restructuring expenses, and other non-cash charges which vary widely from company to company, from period to period, and impair comparability. We believe Adjusted EBITDA is useful to investors and other users of the financial statements to evaluate our operating performance because it provides an additional tool to compare business performance across companies and across periods. Adjusted EBITDA is widely used by investors to measure a company's operating performance without regard to such items described above. These adjustments can vary substantially from company to company depending upon accounting policies, book value of assets, capital structure and the method by which assets were acquired.

Adjusted Free Cash Flow. Adjusted Free Cash Flow, a key non-GAAP financial measure, is a useful metric utilized by our chief operating decision makers to evaluate cash flow activities. Adjusted Free Cash Flow is computed by Adjusted EBITDA reduced by cash payments for interest and finance charges and capital expenditures including nuclear fuel, net of development and (or) growth capital expenditures, and nuclear fuel not yet converted into uranium hexafluoride.

In addition, we believe investors and other users of our financial statements commonly reduce Adjusted EBITDA by the amount of cash payments for interest and finance charges and capital expenditures to determine a company's ability to meet future obligations. We believe Adjusted Free Cash Flow is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to determine a company's ability to meet future obligations and to compare business performance across companies and across periods. Adjusted Free Cash Flow is widely used by investors to measure a company's levered cash flow without regard to items such as taxes; depreciation and amortization; impairments; ARO settlements; nonrecurring development and growth expenditures; gains or losses on sales, dispositions, or retirements of assets; and unrealized gains and losses on derivative financial instruments, which can vary substantially from company to company and period to period depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

Adjusted EBITDA and Adjusted Free Cash Flow are not intended to replace “Net Income (Loss) Attributable to Members,” which is the most comparable measure calculated and presented in accordance with GAAP.

Realized Energy Margin (Unaudited)

Realized Energy Margin to "Operating Revenues, net of Total Energy Expenses" presented on the Condensed Consolidated Statements of Operations for the three months ended March 31:

	2023	2022	Change
Electricity sales and ancillary services	$ 250	$ 566	$ (316)
Realized hedging gain (loss), net (a)	608	(241)	849
Energy revenues	858	325	533
Fuel expense and energy purchases	(87)	(277)	190
Realized hedging gain (loss), net (a)	(22)	19	(41)
Realized Energy Margin	749	67	682
Add (Less):			
Capacity revenues	66	132	(66)
Other operating revenues, net	6	—	6
Unrealized gain (loss) on derivative instruments, net	31	29	2
Nuclear fuel amortization	(24)	(27)	3
Operating Revenues, net of Total Energy Expenses	$ 828	$ 201	$ 627
Electric Generation (thousands of MWh) (b)	6,637	10,161	(3,524)
Realized Energy Margin ($/MWh)	$ 112.85	$ 6.59	$ 106.26
Capacity Factor	24.71 %	36.31 %	(11.60)
Equivalent Forced Outage Factor	1.51 %	3.57 %	(2.06)

a) Includes the gain (loss) on non-derivative physical commodity transactions utilized for economic hedging purposes, where applicable.
b) Generated MWhs sold after consumption for station use where applicable.

Realized Energy Margin by region for the three months ended March 31, 2023 versus March 31, 2022:

	Realized Energy Margin				Electric Generation (MWh) (a) (in thousands)				Realized Energy Margin $/MWh Generated			
	2023	2022	change	%	2023	2022	change	%	2023	2022	change	%
PJM	$ 703	$ 40	$ 663	1,658	5,889	9,262	(3,373)	(36)	$119.38	$ 4.32	$115.06	2,663
ERCOT	19	18	1	6	317	458	(141)	(31)	59.94	39.30	20.64	53
Other Power Markets	27	9	18	200	431	441	(10)	(2)	62.65	20.41	42.24	207
Total	$ 749	$ 67	$ 682	1,018 %	6,637	10,161	(3,524)	(35)%	$112.85	$ 6.59	$106.26	1,612 %

a) Generated MWhs sold after consumption for station use where applicable.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation (Unaudited)

The reconciliation from "Net Income (Loss)" presented on the Condensed Consolidated Statements of Operations to Adjusted EBITDA and Adjusted Free Cash Flow for the three months ended March 31:

	2023	2022
Net Income (Loss) Attributable to Members	$ 48	$ (279)
Bankruptcy, Liability Management, and Restructuring Costs		
Hedge termination losses, net (a)	—	63
Reorganization (gain) loss, net (b)	39	—
Operational and other restructuring activities	8	7
Liability management costs and other professional fees	—	19
Total Bankruptcy, Liability Management, and Restructuring Costs	$ 47	$ 89
Other Adjustments		
Interest expense and other finance charges	104	85
Income tax (benefit) expense	14	11
Depreciation, amortization and accretion	132	138
Nuclear fuel amortization	24	27
Unrealized (gain) loss on commodity derivative contracts	(31)	(29)
Nuclear decommissioning trust funds (gain) loss, net	(46)	56
(Gain) loss on non-core asset sales, net (c)	(35)	(1)
Non-cash impairments	365	—
Unusual market events (d)	13	(1)
Net periodic defined benefit cost (e)	(2)	3
Development expenses	7	1
Non-cash fuel inventory net realizable value and obsolescence charges (f)	24	—
Digital activities and noncontrolling interests	(5)	—
Other	1	4
Total Adjusted EBITDA	$ 660	$ 104
Interest and finance charge payments	(98)	(74)
Capital expenditures, net	(65)	(40)
Total Adjusted Free Cash Flow	$ 497	$ (10)

a) 2022 relates to a nonrecurring charge on terminated power contracts. See Note 4 in Notes to the Condensed Consolidated Financial Statements for additional information.

b) Represents amounts incurred directly related to Talen's bankruptcy. See Note 3 in Notes to the Condensed Consolidated Financial Statements for additional information.

c) See Note 20 in Notes to the Condensed Consolidated Financial Statements for additional information.

d) 2023 relates to the true up of capacity penalty charges due to the receipt of finalization of amounts by PJM compared to estimates recognized in 2022 related to Winter Storm Elliot.

e) Consists of "Postretirement benefits service cost" and "Postretirement benefits gains (loss), net" presented on the Condensed Consolidated Statements of Operations.

f) See Notes 9 in Notes to the Condensed Consolidated Financial Statements for additional information.

Net Income to Adjusted EBITDA Reconciliation – 2023E

The reconciliation from forecasted "Net Income (loss)" to Adjusted EBITDA on a Consolidated (Excluding Cumulus Affiliates) and Recourse (Excluding LMBE-MC and Cumulus Affiliates) basis for the year ended December 31:

Consolidated (Excluding Cumulus Affiliates)		2023E
Net Income (Loss)	**$**	**(58)**
Adjustments		
Interest Expense and Other Finance Charges (1)	$	334
Income Tax (Benefit) Expense (2)		(21)
Depreciation, Amortization and Accretion		488
Nuclear Fuel Amortization		88
Unrealized (Gain) Loss on Commodity Derivative Contracts		110
Nuclear decommissioning trust funds (gain) loss, net		(44)
Restructuring costs and other (3)		233
Adjusted EBITDA	**$**	**1,130**

Recourse (Excluding LMBE-MC and Cumulus Affiliates)		2023E
Net Income	**$**	**(80)**
Adjustments		
Interest Expense and Other Finance Charges (1)	$	311
Income Tax (Benefit) Expense (2)		(28)
Depreciation, Amortization and Accretion		452
Nuclear Fuel Amortization		88
Unrealized (Gain) Loss on Commodity Derivative Contracts		139
Nuclear decommissioning trust funds (gain) loss, net		(44)
Restructuring costs and other (3)		233
Adjusted EBITDA	**$**	**1,072**

Note: 2023E Adjusted EBITDA projections per the 1/27 forecast refresh cleansing materials filed with the Bankruptcy Court in April 2023

1. *Illustrative interest costs to service indebtedness less capitalized interest, actual interest expense will be dependent on final terms.*
2. *Provision for federal and state income tax; actual cash taxes will differ*
3. *Expenses associated with Chapter 11 restructuring, development expenses and one-time retention bonus expenses, among other items.*