Q2 2024
Earnings Presentation

Talen Energy Corporation | August 13, 2024

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We include in this presentation Adjusted EBITDA and Adjusted Free Cash Flow, which we use as measures of our performance and liquidity, and are not financial measures prepared under U.S. Generally Accepted Accounting Principles ("GAAP"). Non-GAAP financial measures, such as Adjusted EBITDA and Adjusted Free Cash Flow, 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 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. Please see the "Reconciliation of Non-GAAP Financial Measures" section of the Appendix for more detail.

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Agenda

1 Business Review

2 Financial Review

3 Q&A

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Key Highlights

- Strong operational performance in Q2
- Raising guidance for 2024
- Favorable capacity auction results for the 2025/2026 planning year
- $300mm data campus escrow expected to be released in Q3
- Uplisted to NASDAQ in July and announcing Investor Day in September

Strong Year-to-Date Financial and Operational Performance

Key Financial Metrics[1]

$376mm
Adjusted EBITDA

$165mm
Adjusted Free Cash Flow

~$1.1bn
Liquidity[2]

~2.4x
Net Debt / 2024E Adjusted EBITDA[3]

Key Operational Metrics[1]

0.3
OSHA Recordables[4]

2.0%
EFOF[5]

16.3 TWh
Total Generation[6]

53%
Carbon-Free Generation[7]

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow.

1. Includes Cumulus and January – April contribution from the ERCOT generation fleet.
2. Calculated as $408mm unrestricted cash plus $700mm RCF availability at 8/9/2024.
3. Calculated as $2,192mm total debt less $408mm unrestricted cash as of 8/9/2024, divided by 2024E Adjusted EBITDA guidance midpoint of $750mm. Total debt excludes $470mm Term Loan C, given that the cash proceeds associated with this facility are held in restricted accounts to secure LCs.
4. OSHA Total Recordable Incident Rate: The number of recordable incidents x 200,000 / total number of manhours worked. Only includes Talen-operated generation facilities (i.e., excludes Conemaugh and Keystone).
5. Equivalent Forced Outage Factor: The percentage of a given period in which a generating unit is not available due to forced outages and forced deratings. Represents all generation facilities, including our portion of partially-owned facilities.
6. Generated MWhs sold after consumption for station use, where applicable.
7. Talen's 90% share of total generation from the Susquehanna nuclear facility.

Favorable 2025/2026 PJM Capacity Auction Results

PJM's 2025/2026 Base Residual Auction ("BRA") cleared at significantly higher prices than prior auctions

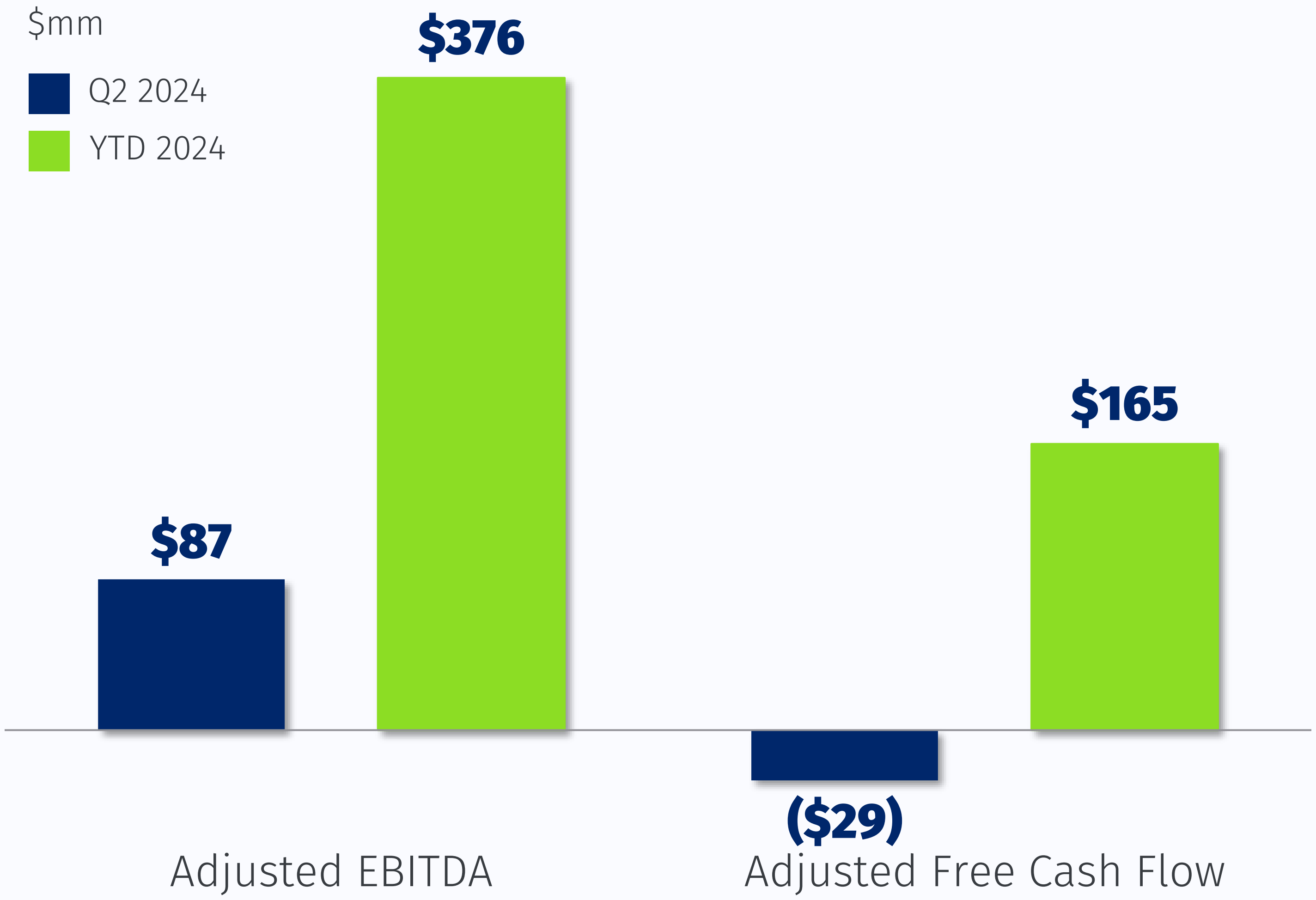
Talen cleared 6,820 MW at $269.92/MW-day across its PJM assets; Brandon Shores and Wagner RMR process ongoing

~$670mm expected capacity revenues for the 2025/2026 planning year, ~$470mm higher than the 2024/2025 planning year

2026/2027 BRA in December 2024; 2027/2028 BRA in June 2025

PJM BRA Results ($/MW-day)	**PJM Capacity Year**			
	2025/2026	**2024/2025**	**2023/2024**	**2022/2023**
MAAC	**$269.92**	$49.49	$49.49	$95.79

Q2 2024 and YTD 2024 Financial Results



- Our fleet ran reliably and profitably during unseasonably high temperatures in Q2
- PJM had its highest Q2 average power demand of the last 5 years
- Strong generation margin from our PJM gas fleet, which produced 1.5 TWh more power than Q2 2023
- Q2 cash flows impacted by shoulder season outages and semi-annual debt service payments

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow. Includes Cumulus and January – April contribution from the ERCOT generation fleet.

Raising 2024 Guidance

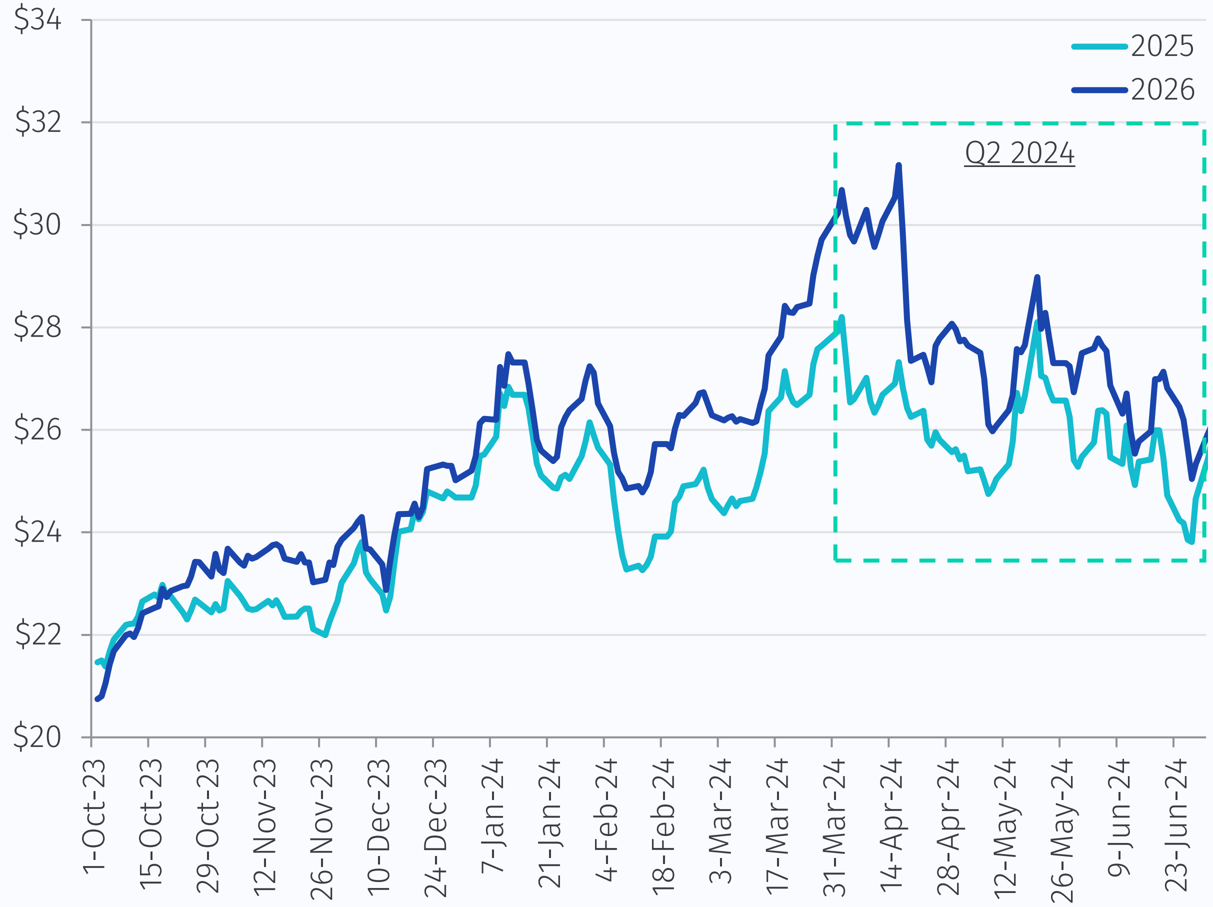
	Updated	Previous
Adjusted EBITDA	$720 – $780 million	$600 – $800 million
Adjusted Free Cash Flow	$245 – $285 million	$160 – $310 million

Increasing Adjusted EBITDA midpoint by 7% and Adjusted Free Cash Flow midpoint by 13%

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow. Includes Cumulus and January – April contribution from the ERCOT generation fleet.

Commercial Strategy in Action

2025 and 2026 PJM West Hub ATC Spark Spreads[1] ($/MWh)



As of Date	Avg. ATC Spark Spread[1] ($/MWh)		% Hedged[2] of Expected Generation Across Fleet	
	2025	2026	2025	2026
3/28/2024	$27.64	$29.72	38%	17%
6/28/2024	$24.65	$25.33	67%	34%

Talen added 2025 and 2026 hedges during periods of strong forward spark spreads in Q2 to protect margin

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1. Spark spreads are computed based on day-ahead West Hub ATC prices, TETCO M3 gas prices, and a heat rate of 7 MMBtu/MWh.
2. Includes the impact of the Nuclear PTC. Does not include the impact of the 2025/2026 BRA.

Maintaining Modest Leverage and Ample Liquidity

Capitalization Summary *($mm unless otherwise noted)*	**August 9, 2024**
Unrestricted Cash	$408
Secured Debt[1]	$2,061
Total Debt[1]	**$2,192**
Net Debt	***$1,784***
Credit Metrics	
2024E Adjusted EBITDA Guidance Midpoint	$750
Net Debt / 2024E Adjusted EBITDA	~2.4x
Total Liquidity[2]	$1,108

Continuing Liquidity Optimization

- Terminated $133mm LCs that backstopped the municipal bonds, increasing capacity under the TL C in June 2024
- Terminated over $90 mm of other LCs since April 1, 2024, increasing capacity under the credit facilities

Net Leverage Significantly Less Than 3.5x and Prioritizing Shareholder Returns

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA. Includes Cumulus and January – April contribution from the ERCOT generation fleet.

1. Excludes $470mm Term Loan C, given that the cash proceeds associated with this facility are held in restricted accounts to secure LCs.
2. Calculated as $408mm unrestricted cash plus $700mm RCF availability at 8/9/2024.

Over $900mm of Capital Returned to Shareholders to Date

14% of Shares Outstanding Repurchased in 2024

- Talen is committed to returning capital to our shareholders and executing repurchases on an opportunistic basis
- Given Talen's ample liquidity and modest leverage, the Board previously authorized total share repurchase capacity of ~$1B through YE 2025
- Since the start of 2024, Talen has repurchased ~8mm shares for ~$930mm (~$114/share), with >$100mm capacity remaining
- Talen will provide an update on our capital allocation program at Investor Day on September 5th

Now Trading on the NASDAQ as TLN

Photography courtesy of Nasdaq, Inc.

- Began trading on the NASDAQ on July 10th
- Increased equity liquidity and enabled greater access for more investors
- Strong trading activity since uplisting: average daily trading volume of ~1.1mm shares[1]
- Focused on index inclusion
  - CRSP: Likely Q4 2024
  - Russell: Likely Q2 2025
  - S&P: Eligible late 2025

1. As of 8/9/2024.

Coming Up: Investor Day and NDR

Investor Day in NYC

September 5th

Agenda includes:

- 2025 guidance and 2026 outlook
- Capital allocation update
- Long-term growth drivers

Click to submit a registration request

In-person attendance will be capacity-limited, but the event will also be available via Zoom webinar and recorded

Questions? Email InvestorRelations@talenenergy.com

Non-Deal Roadshow

Early September

Hosted by Wolfe Research and Seaport Research Partners

Cities Include:

Boston, Los Angeles, New York and Philadelphia

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Appendix

Spotlight on: Susquehanna ISA Amendment

FERC Process to Date

- **From 2021 to June 1st, 2024:** PJM conducted detailed necessary study up to 960 MW with PPL and Talen. Susquehanna ISA approved up to 300 MW.
- **June 1st:** PJM submits Susquehanna ISA amendment for up to 480 MW
- **June 24th:** Intervenors file protest
- **June 25th – August 1st:** Talen, PJM, and PPL make filings in support of ISA
- **August 2nd:** 1 FERC Staff issues deficiency letter seeking clarification of ISA; 2 under separate order, FERC opens new technical conference to discuss generic issues related to co-location of large loads

Next Steps

1 **Within 30 days:** Talen helps PJM respond as quickly as possible to FERC's ISA questions

1 **Within 60 days after response:** FERC issues order on ISA

2 **Fall 2024:** Separate FERC conference about co-location; Talen will fully participate

Talen is optimistic that FERC will approve the filed amendments once PJM responds to FERC's question and the Commission has had time to fully review

Generation Portfolio Summary as of June 30, 2024

Asset	Location	Primary Fuel Type	Plant Type	Ownership	Owned Capacity (MW)[1]	COD	Region
Zero-Carbon Nuclear							
Susquehanna[2]	PA	Nuclear	Baseload	90%	2,228	1983 – 1985	PJM-PPL/MAAC
Natural Gas & Peaking Units							
Lower Mt. Bethel	PA	Natural Gas	Baseload	100%	606	2004	PJM-PPL
Martins Creek	PA	Natural Gas	Intermediate	100%	1,716	1975 – 1977	PJM-PPL
Montour	PA	Natural Gas	Intermediate	100%	1,508	1972 – 1973	PJM-PPL
Dartmouth	MA	Natural Gas	Peaker	100%	80	1992 – 2009	ISO-NE SEMA
Peaking units	MD	Oil	Peaker	100%	14	1967	PJM-BGE
Camden	NJ	Natural Gas	Peaker	100%	145	1993	PJM-PSEG
Transitioning Off Coal							
Brunner Island[3, 5]	PA	Natural Gas / Coal (Dual Fuel)	Intermediate	100%	1,429	1961 – 1969	PJM-PPL
Minority-Owned Coal							
Colstrip Unit 3[2]	MT	Coal	Baseload	30%	222	1984 – 1986	WECC
Conemaugh[2, 5]	PA	Coal	Intermediate	22%	386	1970 – 1971	PJM-MAAC
Keystone[2, 5]	PA	Coal	Intermediate	12%	214	1967 – 1968	PJM-MAAC
Planned Retirement / In RMR Discussions							
Brandon Shores[4]	MD	Coal	Intermediate	100%	1,283	1984 – 1991	PJM-BGE
H.A. Wagner[4]	MD	Oil	Peaker	100%	834	1956 – 1972	PJM-BGE
Total					**10,665**		

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 10 in Notes to the FY 2023 Financial Statements for additional information regarding jointly owned facilities.
3. Coal-fired electric generation is restricted during the EPA Ozone Season, which is May 1 to September 30 of each year.
4. See Note 8 in Notes to the Q2 2024 Financial Statements for additional information on the Brandon Shores and H.A. Wagner deactivations. Filed RMR Cost of Service filing with PJM on April 18, 2024.
5. Coal-fired electric generation is required to cease at Brunner Island, Keystone, and Conemaugh by December 2028.

Hedging Program Supports Cash Flow Stability and Maintains Upside Optionality

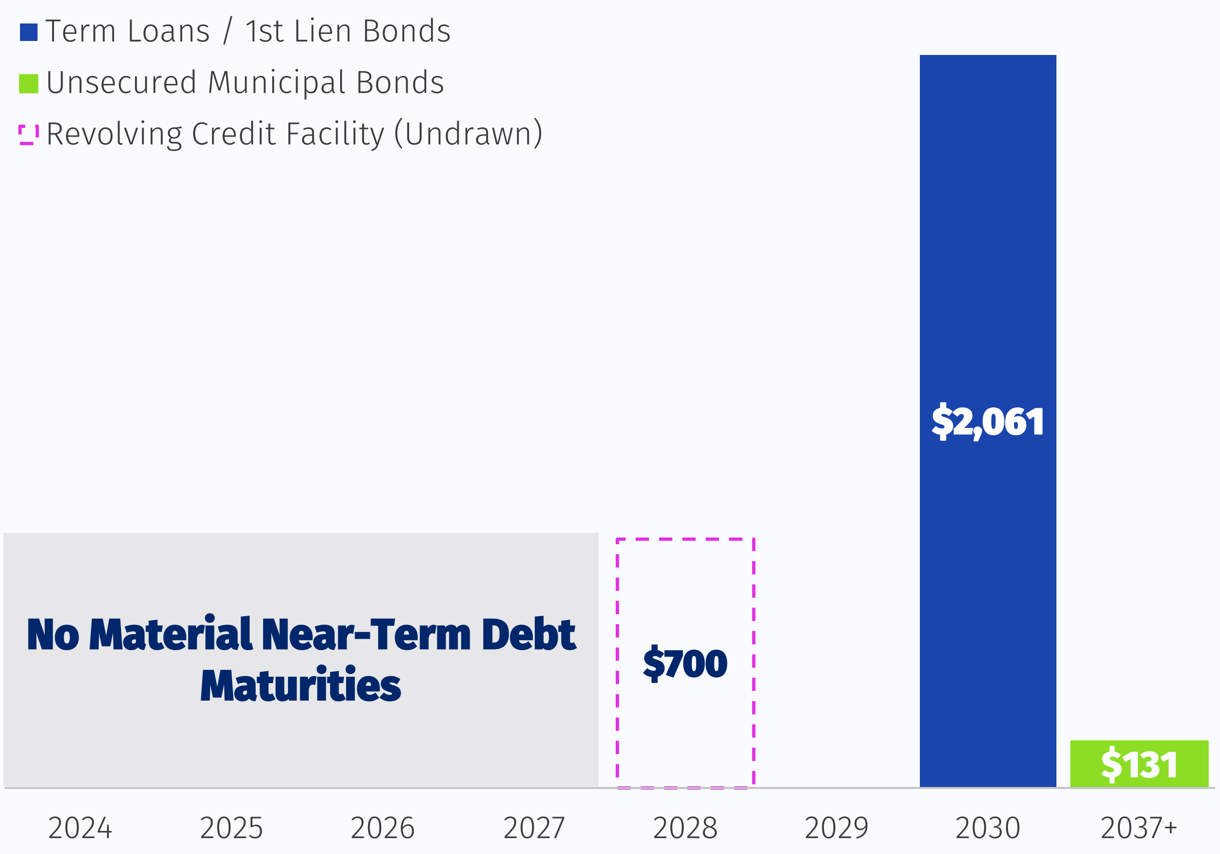
Pricing Summary	Balance of 2024[1]	2025	2026
PJM West Hub ATC as of 3/28/2024 ($/MWh)	$40.60	$50.28	$54.66
PJM West Hub ATC as of 6/28/2024 ($/MWh)	$43.64	$46.75	$49.85
TETCO M3 as of 3/28/2024 ($/MMBtu)	$1.97	$3.23	$3.56
TETCO M3 as of 6/28/2024 ($/MMBtu)	$2.14	$3.16	$3.50
PJM West Hub ATC Spark Spreads[2] as of 3/28/2024 ($/MWh)	$26.81	$27.64	$29.72
PJM West Hub ATC Spark Spreads[2] as of 6/28/2024 ($/MWh)	$28.64	$24.65	$25.33

Total Fleet Hedge Position and Rule of Thumb Power Price Sensitivities[3]		Balance of 2024[1]	2025	2026
% Hedged[4] of Expected Generation as of 6/28/2024		~100%	67%	34%
Gross Margin[5] Impact of Change in Power Price as of 6/28/2024 ($mm)	+$10/MWh	+$10mm	+$165mm	+$270mm
	+$5/MWh	+$5mm	+$60mm	+$135mm
	-$5/MWh	-$5mm	-$20mm	-$95mm
	-$10/MWh	$0mm	-$30mm	-$145mm

1. "Balance of 2024" is July – December 2024 for 6/28/2024 pricing case and April – December 2024 for 3/28/2024 pricing case.
2. Spark spreads are computed based on day-ahead West Hub ATC prices, TETCO M3 gas prices, and a heat rate of 7 MMBtu/MWh.
3. Where applicable, sensitivities adjusted monthly gas prices to maintain consistent heat rate relationships with corresponding power prices for each power market served by a particular gas supply. Figures rounded to nearest $5mm.
4. Includes the impact of the Nuclear PTC. Does not include the impact of the 2025/2026 BRA.
5. Gross Margin is comprised of the following captions presented on the Condensed Consolidated Statement of Operations: (i) Capacity revenues, (ii) Energy and other revenues, (iii) Fuel and energy purchases, and (iv) Unrealized gain (loss) on derivative instruments. Includes the effect of hedges and revenues associated with the Nuclear PTC. Does not include the impact of the 2025/2026 BRA.

No Material Debt Maturities Until 2028

Debt Summary ($mm)



Debt Security	Principal ($mm)
Revolving Credit Facility ($700mm capacity)	$-
Secured Notes	1,200
Term Loan B	861
Secured Debt	**$2,061**
PEDFA 2009B Bonds	50
PEDFA 2009C Bonds	81
Unsecured Debt	**$131**
Total Debt	**$2,192**

Note: Excludes $75mm bilateral secured LC facility. $470mm Term Loan C also not included in debt totals, given that the cash proceeds associated with this facility are held in restricted accounts to secure LCs. Maturities shown exclude mandatory 1% annual amortization on Term Loan B. PEDFAs subject to remarketing in 2027.

Reconciliation of Non-GAAP Financial Measures

Definitions of Non-GAAP Financial Measures

Non-GAAP Financial Measures

The following non-GAAP financial measures of Adjusted EBITDA and Adjusted Free Cash Flow discussed below, which we use as measures of our performance and liquidity, are not financial measures prepared under GAAP. 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. Non-GAAP measures are not intended to replace the most comparable GAAP measures as indicators 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 these non-GAAP financial measures, but to also consider it with its most directly comparable GAAP measure. Non-GAAP measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP.

Adjusted EBITDA

We use Adjusted EBITDA to: (i) assist in comparing operating performance and readily view operating trends on a consistent basis from period to period without certain items that may distort financial results; (ii) plan and forecast overall expectations and evaluate actual results against such expectations; (iii) communicate with our Board of Directors, shareholders, creditors, analysts, and the broader financial community concerning our financial performance; (iv) set performance metrics for the Company's annual short-term incentive compensation; and (v) assess compliance with our indebtedness.

Adjusted EBITDA is computed as net income (loss) adjusted, among other things, for certain: (i) nonrecurring charges; (ii) non-recurring gains; (iii) non-cash and other items; (iv) unusual market events; (v) any depreciation, amortization, or accretion; (vi) mark-to-market gains or losses; (vii) gains and losses on the nuclear facility decommissioning trust (“NDT”); (viii) gains and losses on asset sales, dispositions, and asset retirement; (ix) impairments, obsolescence, and net realizable value charges; (x) interest expense; (xi) income taxes; (xii) legal settlements, liquidated damages, and contractual terminations; (xiii) development expenses; (xiv) noncontrolling interests, except where otherwise noted; and (xv) other adjustments. Such adjustments are computed consistently with the provisions of our indebtedness to the extent that they can be derived from the financial records of the business. Pursuant to TES’s debt agreements, Cumulus Digital contributes to Adjusted EBITDA beginning in Q1 2024, following termination of the Cumulus Digital credit facility and associated cash flow sweep.

Additionally, we believe investors commonly adjust net income (loss) information to eliminate the effect of nonrecurring restructuring expenses, and other non-cash charges, which can vary widely from company to company and 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 between 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 and period to period depending upon accounting policies, book value of assets, capital structure and the method by which assets were acquired. Adjusted EBITDA is not intended to replace “Net Income (Loss),” which is the most comparable measure calculated and presented in accordance with GAAP.

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 as Adjusted EBITDA reduced by capital expenditures (including nuclear fuel but excluding development, growth and (or) conversion capital expenditures), cash payments for interest and finance charges, cash payments for taxes (excluding income taxes paid from the NDT) and pension contributions.

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 ARO settlements; nonrecurring development, growth and conversion expenditures; and cash proceeds or payments for the sale or purchase of assets, which can vary substantially from company to company and period to period depending upon accounting methods, book value of assets, capital structure and the method by which assets were acquired.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation: Q2 (Unaudited)

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

($mm)	Three Months Ended Jun 30, 2024	Six Months Ended Jun 30, 2024
Net Income (Loss)	**$ 458**	**$ 777**
Adjustments		
Interest expense and other finance charges	62	121
Income tax (benefit) expense	112	181
Depreciation, amortization and accretion	75	150
Nuclear fuel amortization	28	63
Unrealized (gain) loss on commodity derivative contracts	(91)	44
Nuclear decommissioning trust funds (gain) loss, net	(27)	(102)
Stock-based compensation expense	8	16
Long-term incentive compensation expense	6	16
(Gain) loss on asset sales, net [(a)]	(561)	(885)
Operational and other restructuring activities	19	21
Non-cash fuel inventory net realizable value and obsolescence charges [(b)]	2	3
Noncontrolling interest	(7)	(18)
Other	3	(11)
Total Adjusted EBITDA	**$ 87**	**$ 376**
Capital expenditures, net	(21)	(80)
Interest and finance charge payments	(91)	(125)
Tax payments	(2)	(2)
Pension contributions	(2)	(4)
Total Adjusted Free Cash Flow	**$ (29)**	**$ 165**

Notes

a) See Note 17 in Notes to the Interim Financial Statements for additional information.

b) See Note 6 in Notes to the Interim Financial Statements for additional information.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation: 2024 Guidance

The reconciliation from forecasted "Net Income (Loss)" to Adjusted EBITDA and Adjusted Free Cash Flow for the year ended December 31:

($mm)	2024E (Updated)		2024E (Previous)	
	Low	**High**	**Low**	**High**
Net Income (Loss)	**$730**	**$790**	**$125**	**$325**
Adjustments				
Interest expense and other finance charges	$240	$240	$270	$270
Income tax (benefit) expense	180	180	25	25
Depreciation, amortization and accretion	300	300	290	290
Nuclear fuel amortization	120	120	90	90
Unrealized (gain) loss on commodity derivative contracts	45	45	135	135
(Gain) loss	(885)	(885)	(325)	(325)
Other	(10)	(10)	(10)	(10)
Adjusted EBITDA	**$720**	**$780**	**$600**	**$800**
Capital expenditures, net [(a)]	$(175)	$(185)	$(155)	$(185)
Interest and finance charge payments	(240)	(240)	(240)	(240)
Tax payments [(b)]	(5)	(5)	(10)	(20)
Pension contributions	(55)	(65)	(35)	(45)
Adjusted Free Cash Flow	**$245**	**$285**	**$160**	**$310**

Notes

a) No material Cumulus maintenance capital expenditures anticipated.

b) Excludes income taxes paid from the NDT.

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Note: Figures include Cumulus and January – April contribution from the ERCOT generation fleet and are rounded to the nearest $5mm.