Q3 2024
Earnings Presentation

Talen Energy Corporation | November 14, 2024

TALEN ENERGY

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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 which 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

Key Highlights

- Solid Q3 performance, with $230mm Adjusted EBITDA and $97mm Adjusted Free Cash Flow
- Raising and narrowing 2024 guidance; reaffirming 2025 guidance
- Strategic acquisition increasing Nautilus ownership to 100% creates optionality for the data center campus
- Added to five equity indices, with significant passive fund demand

Key Regulatory Updates

Moving Forward from the FERC ISA Decision

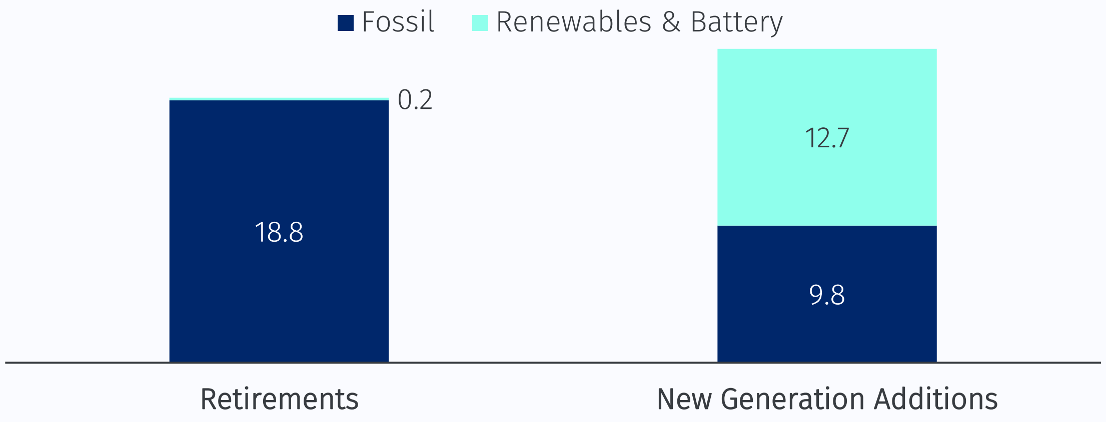
- On November 1, FERC rejected the Susquehanna ISA amendment to 480 MW
  - AWS campus development continues under the existing approved 300 MW ISA
  - Pursuing multiple paths forward with a focus on commercial solutions while preserving our regulatory options
  - Direct-connect is just one of several data center power arrangements that Talen is evaluating

PJM Capacity Auction

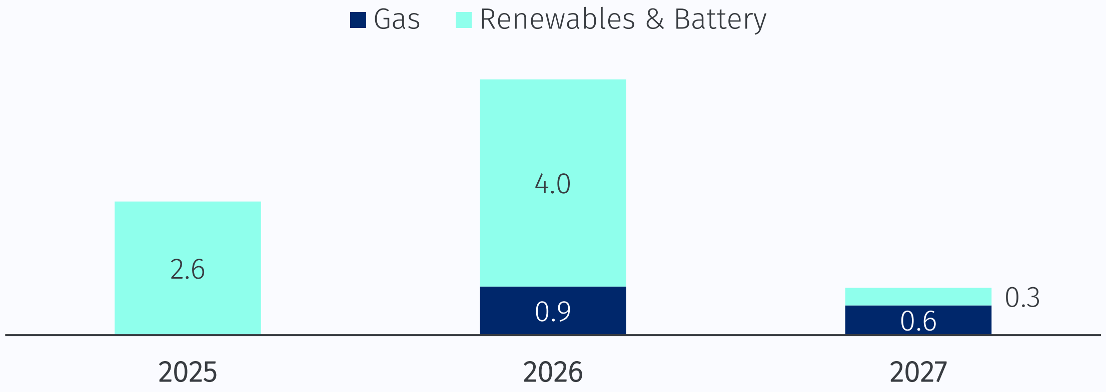
- PJM has received a 6-month delay of its upcoming Base Residual Auction ("BRA") that has also pushed subsequent auctions through 2028/2029 by ~6 months
- PJM is focused on addressing the reference technology and treatment of Reliability-Must-Run ("RMR") units
- While we are supportive of re-evaluating some parameters, constantly changing market rules will likely result in investment uncertainty
- If RMR units are required to bid into the BRA as a price taker or be included in supply in other ways, their participation would likely distort price signals

Resource Adequacy in PJM

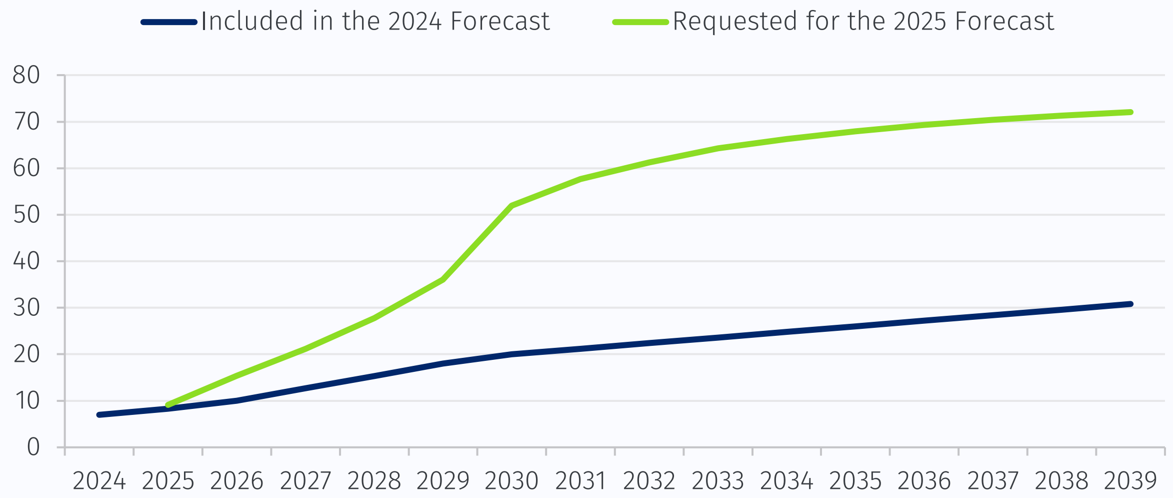
Generation Retirements vs. Additions in PJM since Jan 2020 (GW)



New Generation Coming Online in PJM (GW)



PJM Large Load Adjustment Requests (Summer Peak GW)



The combination of retirements and demand growth creates the need for more non-interruptible generation

Source: Capital IQ, PJM.

Solid Year-to-Date Financial and Operational Performance

Key Financial Metrics[1]

$606mm
Adjusted EBITDA

$262mm
Adjusted Free Cash Flow

~$1.3bn
Liquidity[2]

~2.1x
Net Debt / 2024E Adjusted EBITDA[3]

Key Operational Metrics[1]

0.3
OSHA TRIR[4]

2.4%
Fleet EFOF[5]

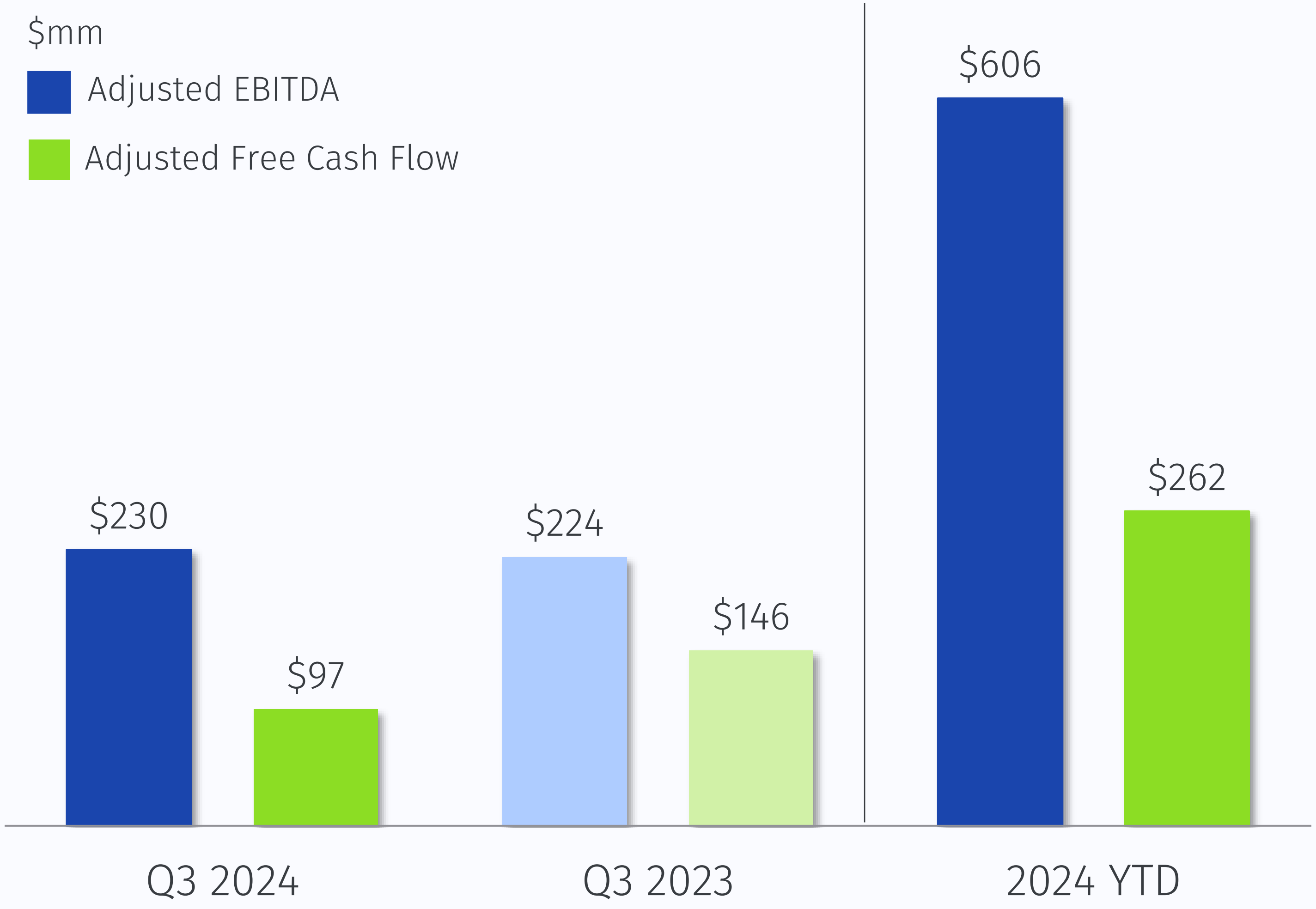
27 TWh
Total Generation[6]

49%
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 January – April contribution from the ERCOT generation fleet.
2. Calculated as $557mm Unrestricted Cash plus $700mm RCF availability as of 11/8/2024.
3. Calculated as $2,190mm Total Debt less $557mm Unrestricted Cash as of 11/8/2024, divided by 2024E Adjusted EBITDA guidance midpoint of $765mm. Total Debt excludes $470mm Term Loan C, given that the associated cash proceeds are held in interest-bearing restricted accounts to secure LCs. Also excludes $75mm bilateral secured LC facility.
4. OSHA Total Recordable Incident Rate (“OSHA TRIR”): 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. Fleet Equivalent Forced Outage Factor (“Fleet EFOF”): The percentage of a given period in which a generating unit is not available due to forced outages and forced derates. Represents all generation facilities, including our portion of partially-owned facilities.
6. Aggregate generation is net of station use consumption, where applicable, and includes volumes produced by Susquehanna in support of Nautilus operations.
7. Talen’s 90% share of total generation from the Susquehanna nuclear facility.

Q3 2024 and YTD 2024 Financial Results



- Solid Adjusted EBITDA and Adjusted Free Cash Flow performance
- Expanded spark spreads and higher power demand drove increased generation margin[1] for PJM gas fleet vs. Q3 2023
- Higher pension contribution vs. Q3 2023

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. 2024 includes January – April contribution from the ERCOT generation fleet.

1. Margin from electric generation.

2024 and 2025 Guidance

	2024E	2025E
Adjusted EBITDA	$750 – $780 million	$925 – $1,175 million
Adjusted Free Cash Flow	$265 – $285 million	$395 – $595 million

Raising and narrowing 2024; reaffirming 2025

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. 2024E includes January – April 2024 contribution from the ERCOT generation fleet.

Modest Leverage and Ample Liquidity

Capitalization Summary *($mm unless otherwise noted)*	**November 8, 2024**
Unrestricted Cash	$557
Secured Debt	$2,059
Total Debt	**$2,190**
***Net Debt*[1]**	***$1,633***
Credit Metrics	
2024E Adjusted EBITDA Guidance Midpoint[2]	$765
Net Debt / 2024E Adjusted EBITDA[3]	~2.1x
Total Liquidity[4]	$1,257

Corporate Credit Ratings Upgrades

- September: S&P upgraded to BB-
- October: Moody's upgraded to Ba3

Shareholder Update

- Since the start of 2024, Talen has repurchased ~8.3mm shares for ~$952mm (~$114/share), with ~$1.2B capacity remaining through YE 2026
- Repurchased 2.6mm shares during the quarter

Net Leverage Significantly Less Than 3.5x and Targeting Return of 70% of Adjusted Free Cash Flow to Shareholders

Note: Excludes $470mm Term Loan C, given that the associated cash proceeds are held in interest-bearing restricted accounts to secure LCs. Also excludes $75mm bilateral secured LC facility. Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA.
1. Calculated as Total Debt less Unrestricted Cash as of 11/8/2024.
2. Includes January – April contribution from the ERCOT generation fleet.
3. Calculated using Net Debt as of 11/8/2024.
4. Calculated as $557mm Unrestricted Cash plus $700mm RCF availability as of 11/8/2024.

Talen is Now Included in Multiple Indices

Talen has been added to 5 stock indices and is eligible for several more, which could drive substantial institutional / passive fund demand:

Inclusion Date	September 2024	September 2024	November 2024	June 2025	September 2025 or later
Index	▪ S&P TMI ▪ S&P Completion	▪ CRSP TMI ▪ CRSP Small Cap	▪ MSCI USA Small Cap[1]	▪ Russell 1000[2]	▪ S&P 400[2]

Index inclusion led to passive funds acquiring >6 million shares in September

Talen may qualify for additional value, growth and/or sector-related indices, leading to further demand

1. Announced on November 6 and effective on November 25, 2024. The MSCI USA Small Cap Index is part of the Global Investable Market Indices and rolls up into other indices in that family. There are also other MSCI index families that Talen may have qualified for in November. We have focused on the index that appears to have significant investment capital following it.
2. Inclusion is to be determined by the governing body of each index. Table is illustrative based on the current index methodologies, which are subject to change at any time. There can be no assurance that Talen's common stock will be included in any particular index at a specific time or at all.

Talen is Powering the Future

Susquehanna Nuclear Facility

Powering Data Centers

Premium PJM Gas Assets

Dynamic Commercial Hedging Strategy

Reliability Assets

Disciplined Cost and Capital Management

Appendix

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Generation Portfolio Summary as of September 30, 2024

Asset	Location	Fuel Type	Plant Type	Plant Configuration	Ownership	Owned Capacity (MW)[1]	Commercial Operations Date	Region
Susquehanna Nuclear Facility								
Susquehanna[2]	PA	Nuclear	Baseload	Dual-Unit	90%	2,228	1983 – 1985	PJM-PPL/MAAC
Premium PJM Gas Assets								
Brunner Island[3, 4]	PA	Natural Gas / Coal	Intermediate	Three-Unit	100%	1,429	1961 – 1969	PJM-PPL
Camden	NJ	Natural Gas	Peaker	Dual-Unit	100%	145	1993	PJM-PSEG
Lower Mt. Bethel	PA	Natural Gas	Baseload	Dual-Unit	100%	608	2004	PJM-PPL
Martins Creek	PA	Natural Gas	Peaker	Dual-Unit	100%	1,705	1975 – 1977	PJM-PPL
Montour	PA	Natural Gas	Peaker	Dual-Unit	100%	1,528	1972 – 1973	PJM-PPL
Reliability Assets								
Brandon Shores[5]	MD	Coal	Peaker	Dual-Unit	100%	1,289	1984 – 1991	PJM-BGE
H.A. Wagner[5]	MD	Oil	Peaker	Four-Unit[6]	100%	843	1956 – 1972	PJM-BGE
Colstrip Unit 3[2]	MT	Coal	Baseload	Single-Unit	30%	222	1984 – 1986	WECC
Other								
Conemaugh[2, 4]	PA	Coal	Intermediate	Dual-Unit	22%	386	1970 – 1971	PJM-MAAC
Keystone[2, 4]	PA	Coal	Intermediate	Dual-Unit	12%	213	1967 – 1968	PJM-MAAC
Dartmouth	MA	Natural Gas	Peaker	Three-Unit	100%	80	1992 – 2009	ISO-NE
Total						10,676		

1. Electric generation capacity (summer rating) is based on factors such as operating experience and physical conditions, among others, which may be subject to revision.
2. See Note 10 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. Coal-fired electric generation is required to cease at Brunner Island, Keystone, and Conemaugh by December 2028.
5. See Note 8 to the Q3 2024 Financial Statements for additional information on the Brandon Shores and H.A. Wagner deactivations and RMR Cost of Service Filings.
6. Includes ~13 MW oil-fired peaking units.

Hedging Program Supports Cash Flow Stability and Maintains Upside Optionality

Pricing Summary	Balance of 2024[1]	2025	2026
PJM West Hub ATC as of 6/28/2024 ($/MWh)	$43.64	$46.75	$49.85
PJM West Hub ATC as of 9/30/2024 ($/MWh)	$42.67	$46.59	$49.01
TETCO M3 as of 6/28/2024 ($/MMBtu)	$2.14	$3.16	$3.50
TETCO M3 as of 9/30/2024 ($/MMBtu)	$2.47	$3.13	$3.39
PJM West Hub ATC Spark Spreads[2] as of 6/28/2024 ($/MWh)	$28.64	$24.65	$25.33
PJM West Hub ATC Spark Spreads[2] as of 9/30/2024 ($/MWh)	$25.34	$24.65	$25.27

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 9/30/2024		~100%	64%	18%
Margin[5] Impact from Change in Power Price as of 9/30/2024	+$10/MWh	Negligible	+$160mm	+$300mm
	+$5/MWh		+$80mm	+$150mm
	-$5/MWh		-$30mm	-$140mm
	-$10/MWh		-$25mm	-$255mm

1. "Balance of 2024" is October – December 2024 for 9/30/2024 pricing case and July – December 2024 for 6/28/2024 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.
5. Margin is comprised of hedged energy margin, capacity revenues and Nuclear PTC.

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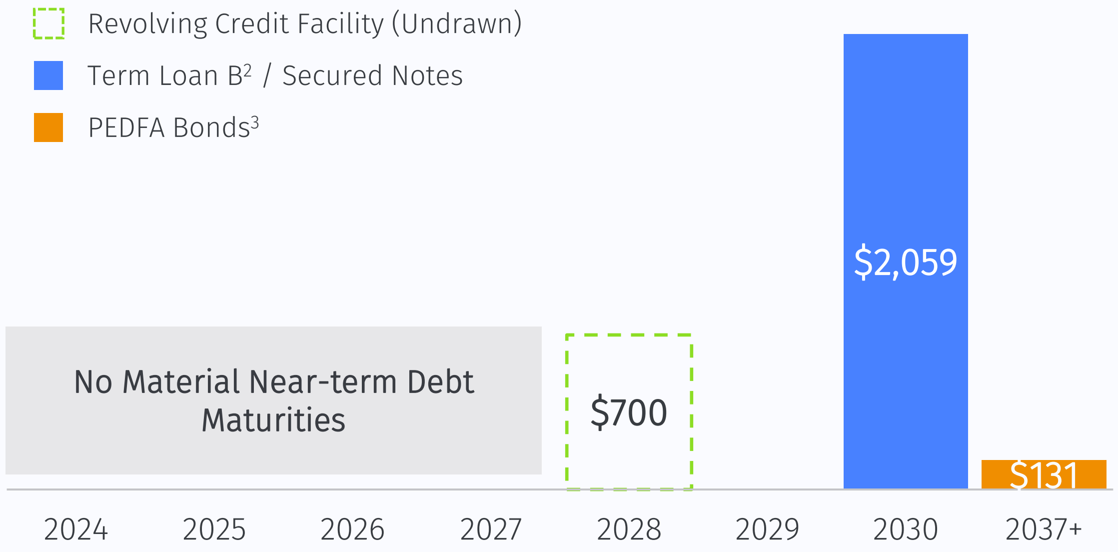
Long-Dated Debt Maturities and Solid Credit Ratings

Debt Overview

Tranche	Maturity	Principal ($mm)	Interest Rate[1] as of 9/30
Revolving Credit Facility	May 2028	$-	8.10%
Secured Notes	June 2030	1,200	8.625%
Term Loan B[2]	May 2030	859	8.60%
Secured Debt		$2,059	
PEDFA 2009B Bonds[3]	December 2038	50	5.25%
PEDFA 2009C Bonds[3]	December 2037	81	5.25%
Unsecured Debt		$131	
Total Debt		$2,190	
Excluded: Term Loan C	May 2030	$470	8.60%

Debt Maturity Summary ($mm)



Agency	IDR / Secured Debt Rating	Outlook
S&P	BB- / BB+	Stable
Moody's	Ba3 / Ba2	Stable
Fitch	BB- / BB+	Stable

Note: Total Debt excludes $470mm Term Loan C, given that the associated cash proceeds are held in interest-bearing restricted accounts to secure LCs. Also excludes $75mm bilateral secured LC facility.

1. Revolving Credit Facility's interest rate formula is SOFR + 3.0%, and Term Loans B and C's interest rate formula is SOFR + 3.5%.
2. Subject to mandatory 1% annual amortization, not shown in graph.
3. Subject to mandatory remarketing in 2027.

Reconciliation of Non-GAAP Financial Measures

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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 them with their most directly comparable GAAP measures. 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 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 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: Q3 (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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024
Net Income (Loss)	$ 168	$ (76)	$ 945
Adjustments			
Interest expense and other finance charges	66	68	187
Income tax (benefit) expense	11	(16)	192
Depreciation, amortization and accretion	75	66	225
Nuclear fuel amortization	30	47	93
Unrealized (gain) loss on commodity derivative contracts	(102)	84	(58)
Nuclear decommissioning trust funds (gain) loss, net	(67)	24	(169)
Stock-based compensation expense	8	9	24
Long-term incentive compensation expense	3	—	19
(Gain) loss on non-core asset sales, net [(a)]	—	—	(885)
Operational and other restructuring activities	40	4	61
Non-cash impairments [(b)]	—	2	—
Development expenses	1	5	1
Non-cash inventory net realizable value, obsolescence, and other charges [(c)]	2	(2)	5
Noncontrolling interest	(3)	(14)	(21)
Other	(2)	23	(13)
Total Adjusted EBITDA	230	224	606
Capital expenditures, net	(55)	(48)	(135)
Interest and finance charge payments	(36)	(27)	(161)
Tax payments	(1)	(2)	(3)
Pension contributions	(41)	(1)	(45)
Total Adjusted Free Cash Flow	$ 97	$ 146	$ 262

Notes

a. See Note 17 in Notes to the Q3 2024 Financial Statements for additional information.
b. See Note 8 in Notes to the Q3 2024 Financial Statements for additional information.
c. See Note 6 in Notes to the Q3 2024 Financial Statements for additional information.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation: 2024E & 2025E Guidance

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

($mm)	2024E		2025E	
	Low	High	Low	High
Net Income (Loss)	$ 735	$ 765	$ 190	$ 410
Adjustments				
Interest expense and other finance charges	$ 240	$ 240	$ 215	$ 225
Income tax (benefit) expense	190	190	90	110
Depreciation, amortization and accretion	300	300	295	295
Nuclear fuel amortization	120	120	105	105
Unrealized (gain) loss on commodity derivative contracts	60	60	30	30
(Gain) loss on non-core asset sales	(885)	(885)	—	—
Other	(10)	(10)	—	—
Adjusted EBITDA	$ 750	$ 780	$ 925	$ 1,175
Capital expenditures, net	$ (185)	$ (190)	$ (195)	$ (205)
Interest and finance charge payments	(240)	(240)	(215)	(225)
Tax payments [a]	(5)	(5)	(65)	(85)
Pension contributions	(55)	(60)	(55)	(65)
Adjusted Free Cash Flow	$ 265	$ 285	$ 395	$ 595

Notes

a. Excludes income taxes paid from the NDT.

Note: All figures are rounded to the nearest $5mm. 2024E figures include January – April contribution from the ERCOT generation fleet.