TALEN ENERGY CORPORATION

A Delaware corporation

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The Woodlands, Texas 77380

Telephone: (888) 211-6011
Corporate Website: www.talenenergy.com
Company Email: InvestorRelations@TalenEnergy.com

SIC Code: 4911

Quarterly Report and Initial Disclosure Statement

For the period ending: March 31, 2023
(the "Reporting Period")

The number of shares outstanding of our common stock, par value $0.001 per share ("Common Stock"), was 59,028,843 as of May 17, 2023.

Prior to May 17, 2023, as a result of our recapitalization in connection with our emergence from bankruptcy, the number of shares of our Common Stock outstanding as of December 31, 2022 is not applicable.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period[1]:

Yes: ☐ No: ☒

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1 As of March 31, 2023, the date listed on this Quarterly Report and Initial Disclosure Statement, no Change of Control of the Company had occurred. On May 17, 2023, the date on which the Company emerged from bankruptcy, the Company experienced a Change of Control.

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Explanatory Note

Talen Energy Corporation, a Delaware corporation ("TEC" or the "Company"), is a holding company and the direct parent of its wholly owned subsidiary, Talen Energy Supply, LLC, a Delaware limited liability company ("TES"). Substantially all of TEC's assets consist of its 100% equity ownership interest in TES. As used in this Quarterly Report and Initial Disclosure Statement (this "Initial Disclosure Statement"), unless the context requires otherwise, the terms "Talen," "we," "us" or "our" refer collectively to the Company, TES and the Company's other subsidiaries.

On May 9, 2022, TES and 71 affiliated debtors each filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (Houston Division) (the "Bankruptcy Court"). On December 12, 2022, the Company subsequently filed a voluntary petition for relief under the Bankruptcy Code (together with the voluntary petitions of TES and its affiliated debtors, the "Chapter 11 Cases"). In December 2022, the Bankruptcy Court confirmed the Company's Plan of Reorganization in the Chapter 11 Cases (as described herein, the "Plan").

The Plan became effective on May 17, 2023, following our consummation of the Exit Financings, which included a backstopped equity rights offering (the "Rights Offering") to raise $1.4 billion of additional equity capital of the Company. Upon our emergence from bankruptcy ("Emergence"), we achieved a significant reduction in principal amounts of debt outstanding and interest obligations owed, repaid in full TES's pre-petition first lien funded debt obligations, and obtained a consensual equitization of all of TES's existing Senior Unsecured Notes outstanding at the commencement of the Chapter 11 Cases. For additional detail on the restructuring transactions that occurred in connection with our Emergence, please see "Part D. Management Structure and Financial Information—Item 15. Management's Discussion and Analysis or Plan of Operation—D. Recent Developments."

The information presented herein discusses the business and operations of TEC and TES. TEC is a holding company whose only material businesses and properties are held through TES. During pendency of the Chapter 11 Cases, TEC and TES were deconsolidated for accounting purposes as required by GAAP. As a result, the financial statements of TES provide, in certain respects, a more complete understanding of TEC and TES's business, and consequently, where we reference information in the audited and unaudited financial statements throughout this Initial Disclosure Statement, such references are to the financial statements of TES unless otherwise noted.

For definitions of certain key terms used throughout this Initial Disclosure Statement, please see the "Glossary" included herein.

Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this Initial Disclosure Statement concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not statements of historical fact constitute "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. 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.

Such risks and uncertainties include, but are not limited to:

- any continued effects of the Chapter 11 Cases on our liquidity, results of operations or business prospects or the interests of various constituents;
- our ability to comply with the covenants under the agreements governing our post-Emergence indebtedness;
- the limitations our level of indebtedness may place on our financial flexibility;

- our inability to access the capital markets on favorable terms or at all;
- the availability of cash flows from operations and other funds to finance reserve replacement costs or satisfy our debt obligations;
- risks related to future changes in the market price of electricity, natural gas and other commodities;
- risks related to weather and the demand for electricity;
- declines in wholesale electricity prices or decreases in demand for electricity due to macroeconomic factors;
- risks related to competition in the competitive power generation market;
- adverse developments or losses from pending or future litigation and regulatory proceedings;
- risks related to regulation and compliance with government permits and approvals;
- risks relating to environmental regulation of our fossil fuel-fired power generation business and uncertainty surrounding the associated environmental liabilities and asset retirement obligations;
- risks related to potential changes to environmental regulatory requirements related to coal-combustion byproducts, the operation and remediation of coal ash ponds, and other regulatory oversight to our operations;
- risks related to armed conflicts, war, terrorist attacks or threats, and other significant events, including cyber-based attacks;
- risk related to our reliance on the operations and financial results of the Susquehanna nuclear facility (the "Susquehanna Facility") to fund our other operations and satisfy our liquidity and other financial requirements;
- risks related to the impact of our operations on the environment, including the risk of exposure to hazardous substances;
- risks associated with the Susquehanna Facility, including risks relating to: (i) the operation of, and unscheduled outages at, the facility; (ii) the availability and cost of nuclear fuel and fuel-related components; (iii) increased nuclear industry security, safety and regulatory requirements; and (iv) the substantial uncertainty regarding the storage and disposal of spent nuclear fuel;
- risks related to the continuation of capacity auctions in the PJM ISO, or changes to the capacity auction rules and procedures;
- credit risk and potential concentrations of credit risk resulting from market counterparties, financial institutions, customers and other parties;
- risks related to pandemics, epidemics, outbreaks or other public health events that are outside of our control, and could significantly disrupt our operations and adversely affect our financial condition;
- risks related to potential disruptions in the supply of fuel and other products necessary for the operation of our generation facilities;

- unplanned outages or periods of reduced output at our generation facilities;
- effects of transmission congestion, including due to line maintenance outages, on the realized margins of our generation fleet;
- risks associated with the collection of shared expenses from co-owners of jointly owned facilities;
- the expiration or termination of hedging contracts;
- risks related to our ability to retain and attract a qualified workforce;
- operational, price and credit risks associated with selling and marketing products in the wholesale power markets, including uncertainty around unknown future changes in market constructs, market responses (such as penalties) to extraordinary events, and potential negative financial impacts (such as short payments) stemming from shortfalls of other market participants;
- market and liquidity risks arising from our purchase and sale of power, capacity and related products, fuel, transmission services and emission allowances;
- risks related to our generation facilities being part of interconnected regional grids, including the risk of a blackout due to a disruption on a neighboring interconnected system;
- cyber-based security and related integrity risks;
- the impacts of climate change, including related changes in legislation, regulation, market rules or enforcement;
- risks related to any change in the structure and operation of, or the various pricing limitations imposed by, the RTOs and ISOs in regions where our generation is located;
- the availability and cost of emission allowances;
- risks related to our ability to fund and otherwise successfully execute on the Talen Transition Plan (as defined below), including our renewable energy, battery storage, and digital infrastructure growth projects, and our efforts to repower facilities to run on alternate fuel sources, and the risk that the Talen Transition Plan may not achieve its desired results;
- construction and development risks relating to projects undertaken as part of the Talen Transition Plan, including risks relating to our ability to acquire the necessary permits, the performance of third-party contractors, and fluctuating construction costs;
- operational risks relating to the data center and coin campus, including the risk of interruptions to the provision of power, as well as cyber or other breaches of its infrastructure;
- risks relating to our ability to attract and retain customers, including data center tenants or power purchasers for our renewable energy projects, on reasonable business terms or at all;
- risks relating to cryptocurrency mining, including price volatility of digital assets, increasing scrutiny from investors, lenders and other stakeholders, and the likelihood of increased regulation of digital assets; and
- other risks identified in this Initial Disclosure Statement.

Any such forward-looking statements should be considered in light of such important factors. Additional factors that could cause actual results, including financial performance, to differ materially from those described in forward-looking statements included in this Initial Disclosure Statement emerge from time to time. You should consider these important factors in evaluating any statement made in this Initial Disclosure Statement. It is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. For the foregoing reasons, you are cautioned against relying on any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update the information contained in such statement to reflect subsequent developments or information.

Part A. General Company Information

Item 1. The exact name of the issuer and its predecessor (if any)

The name of the issuer is Talen Energy Corporation.

Item 2. The address of the issuer's principal executive offices and address(es) of the issuer's principal place of business

The address of the Company's principal executive office is located at 1780 Hughes Landing Blvd., Suite 800, The Woodlands, Texas 77380 and its telephone number is (888) 211-6011. The Company's web address is www.talenenergy.com. The Company's Investor Relations department can be reached at the address and telephone number above and by email at InvestorRelations@talenenergy.com.

Check box if principal executive office and principal place of business are the same address: ☒

Item 3. The jurisdiction(s) and date of the issuer's incorporation or organization

The Company was incorporated under the laws of the State of Delaware on June 6, 2014 and remains in active, good standing as of the date of filing of this Initial Disclosure Statement.

Part B. Share Structure

Item 4. The exact title and class of securities outstanding

As of the date of filing of this Initial Disclosure Statement, the Company had 59,028,843 shares of its Common Stock outstanding. Of the 59,028,843 shares of Common Stock outstanding, 15,135,955 shares of Common Stock are currently included on an unrestricted CUSIP, CUSIP 87422Q109, and will be the shares listed and traded on the OTCQX U.S. Market under the ticker symbol TLNE. The remaining 43,892,888 shares of Common Stock outstanding currently trade on the OTC "Gray Market" and are included on a restricted CUSIP, CUSIP 87422Q208; because those shares are restricted, they are not eligible to be traded on the OTCQX at this time.

Item 5. Par or stated value and description of the security

Our Third Amended and Restated Certificate of Incorporation (the "Charter") authorizes us to issue up to 400,000,000 shares of capital stock, consisting of 350,000,000 shares of Common Stock, par value $0.001 per share, and 50,000,000 shares of preferred stock, par value $0.01 per share (the "Preferred Stock"). No shares of Preferred Stock are outstanding.

Voting Rights. Each share of Common Stock entitles the record holder thereof to one vote on all matters on which stockholders generally are entitled to vote. Except as otherwise required by law or the Charter, at any annual or special meeting of the stockholders, the holders of Common Stock shall have the exclusive right to vote for the election of directors and on all other matters properly submitted to a vote of the stockholders.

Dividends. Subject to the rights of the holders of Preferred Stock, if any, the holders of shares of Common Stock are entitled to receive such dividends and other distributions (payable in cash, property or capital stock of the Company) when, as and if declared thereon by the board of directors of the Company (the "Board") from time to time out of any assets or funds of the Company legally available for the payment of dividends and shall share equally on a per share basis in such dividends and distributions.

Anti-Takeover Effects of Provisions of the Charter and of the Company's Bylaws. The Charter authorizes the Board to issue Preferred Stock without stockholder approval. If the Board elects to issue Preferred Stock, it could make it more difficult for a third party to acquire the Company. In addition, some provisions of the Charter and the bylaws of the Company could make it more difficult for a third party to acquire control of the Company, even if the change of control would be beneficial to the Company's stockholders. Such provisions include (i) advance notice provisions for stockholder proposals and director nominations to be acted upon at stockholder meetings and (ii) limitations allowing only holders of record of at least 15% of the voting power of then outstanding shares of Common Stock, in the aggregate, to call a special meeting of stockholders. Further, the Company is not subject to the provisions of Section 203 of the DGCL, which regulate corporate takeovers.

The Company is also subject to certain energy regulatory rules and regulations, some of which, such as FERC and the NRC, limit percentage ownership and/or foreign ownership of the Company's equity without the prior consent of the applicable regulator. Accordingly, the Charter prohibits certain transfers of Common Stock that would otherwise require prior regulatory approval, unless otherwise consented to by the Board.

Material Rights of Stockholders. At Emergence, the Company entered into a stockholders agreement (the "Stockholders Agreement") with all of the holders of Common Stock at Emergence, which also applies to their respective transferees (including those who acquire shares of Common Stock on the OTCQX) (the "Holders"). Pursuant to the Stockholders Agreement, the Holders have certain limited information rights, drag-along rights and tag-along rights. The Stockholders Agreement also provides that certain Holders will have rights to require the Company to pursue an initial public offering and consent to certain key elements of the initial public offering structure.

Additionally, at Emergence, the Company also entered into a registration rights agreement (the "Registration Rights Agreement") with certain designated holders of Common Stock and warrants to purchase Common Stock ("Warrants") and the other holders from time to time party thereto (each, a "Reg Rights Holder") that, among other things, granted customary registration rights to the Reg Rights Holders and certain of their permitted transferees, including customary shelf registration rights and piggyback rights, which may be exercised after the consummation of an initial public offering. Shares of Common Stock acquired on the OTCQX are generally freely tradeable and will not be entitled to registration rights.

For additional information about the Stockholders Agreement and Registration Rights Agreement, please see "Part D. Management Structure and Financial Information—Item 11. Company Insiders (Officers, Directors, and Control Persons)—E. Disclosure of Related Party Transactions—Registration Rights Agreement and Stockholders Agreement."

Item 6. The number of shares or total amount of the securities outstanding for each class of securities authorized

All of our currently outstanding shares of Common Stock were issued on May 17, 2023, upon our Emergence, and we have no shares of Preferred Stock outstanding. Our outstanding capitalization as of May 17, 2023, is included in the tabular information below. Please see "Part B. Share Structure—Item 4. The exact title and class of securities outstanding" for more information on the tradeability of our Common Stock.

	Common Stock	**Preferred Stock**
Number of shares authorized	350,000,000	50,000,000
Number of shares outstanding	59,028,843	0
Freely tradable shares (public float)	15,135,955	0
Number of beneficial shareholders owning at least 100 shares	*	0
Total number of shareholders of record	*	0

* The number of beneficial shareholders owning at least 100 shares exceeds 100. All of our shares are held through The Depository Trust Company ("DTC"), and as a result only Cede & Co. is reflected as a shareholder of record on the books and records of our transfer agent. However, as of May 17, 2023 the date of our Emergence, we issued shares of our Common Stock directly through DTC to 212 shareholders, 181 of which owned 100 or more shares and 196 of which owned 50 or more shares. There were additional noteholders that received shares of our Common Stock through the equitization of their Unsecured Notes Claims; however, this issuance happened through DTC's mandatory exchange platform and the names of such shareholders were not known at that time nor obtainable.

Item 7. The name and address of the transfer agent

American Stock Transfer & Trust Company LLC
Attn: Shareholder Services

6201 15th Avenue
Brooklyn, NY 11219
Phone: 800-937-5449

The Company's transfer agent is registered under the Securities Exchange Act of 1934, as amended, and is an authorized transfer agent subject to regulation by the U.S. Securities and Exchange Commission.

Part C. Business Information

The Company is a holding company, and substantially all of its assets consist of its 100% equity ownership interest in its direct, wholly owned subsidiary, TES. Unless the context requires otherwise, the terms "Talen," "we," "us" or "our" refer collectively to the Company, TES and the Company's other subsidiaries. The following discussion highlights certain key information about our business and operations. For additional detail, please refer to the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement.

Talen owns and operate high-quality power infrastructure in North America. We produce and sell electricity, capacity and ancillary services into wholesale power markets in the United States, primarily in PJM Interconnection, L.L.C., the Regional Transmission Organization ("RTO") that operates the electricity transmission network and wholesale power market in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia ("PJM"), the Electric Reliability Council of Texas ("ERCOT") and the Pacific Northwest, with our generation fleet principally located in the Mid-Atlantic, Texas and Montana.

As part of our Talen Transition Plan, discussed in more detail below, we are helping advance the transition of the electric power industry to a more sustainable future by reducing our carbon footprint, developing a pipeline of renewable energy and battery storage projects, and developing a hyperscale data center that will utilize carbon-free, low-cost energy provided directly from the Susquehanna Facility. We believe our existing footprint, which includes significant land holdings, access to the power grid and zero-carbon sources of power, provides us with a competitive advantage.

Generation

As of March 31, 2023, our generation capacity was 12,435 MW (summer capacity rating), producing 6,637 GWh of power generation in the first quarter of 2023 and 36,259 GWh of power generation in 2022. Our generation fleet includes zero-carbon generation facilities and has significant fuel diversity, with certain facilities capable of utilizing multiple fuel sources. In addition to our 2,245 MW of zero-carbon nuclear generation, we own 4,265 MW of gas-fired generation that underpins grid stability and a portfolio of 5,926 MW of additional generation facilities, the majority of which we plan to convert to natural gas or fuel oil, as described below. Our 90% interest in the Susquehanna Facility, a nuclear-powered generation facility located near Berwick, Pennsylvania, generated 4,213 GWh of zero-carbon power in the first quarter of 2023 and 18,008 GWh of zero-carbon power in 2022.

Our integrated generation, wholesale marketing and commercial capabilities enable us to produce significant recurring cash flow, and our commercial and risk management hedging strategies provide cash flow stability while balancing operational, price, and liquidity risk through physical and financial commodity transactions. We generally expect to hedge 60% to 80% of our deterministic generation for the prompt 12 months and 40% to 60% for the subsequent 12 months, as further discussed herein. In addition, 84% of our generation capacity (measured on a capacity basis) is located in the PJM region, which also benefits from a capacity market (as opposed to an energy-only market) that further enhances our current and future cash flow.

The Susquehanna Facility comprises nearly 50% of our projected annual generation. We believe the Susquehanna Facility is poised to benefit substantially from the nuclear production tax credit (the "Nuclear PTC") enacted under the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"), which provides for an up to $15 per MWh tax credit (indexed to inflation) related to energy produced at nuclear facilities from 2024 to 2032. The Nuclear PTC provides meaningful downside protection when revenues fall below $43.75/MWh (indexed to inflation) while maintaining upside optionality on Susquehanna generation.

We have substantial experience optimizing assets by driving operational excellence. Employing an entrepreneurial culture, over the last six years we have optimized our legacy utility assets, resulting in industry-leading operational, safety and financial performance. Since 2016, the Susquehanna Facility has achieved top-tier safety performance, while also advancing from third quartile to top quartile cost performance among similar generation facilities, as measured by the Electric Utility Cost Group. The all-in cost per MWh produced at the Susquehanna Facility in 2022 was approximately $22 per MWh, among the lowest in the industry. We have also enhanced the operational and safety performance of our conventional generation assets throughout PJM, our primary competitive wholesale market. Our PJM assets currently have an all-in cost of approximately $31 per KW of installed capacity for 2021-22, down from $48 per KW in 2018. By harnessing our entrepreneurial culture, we expect to continue driving operational, commercial and administrative synergies across our platform.

Our Segments

We have three reportable segments, which are primarily based on the market areas in which our generation fleet operates and the manner in which our senior management team reviews our financial and operating performance and allocates resources. Our segments, PJM, ERCOT and Other Power Markets, are engaged in electricity generation, marketing activities, commodity risk and fuel management within their respective RTO or ISO markets. Descriptions of segments are:

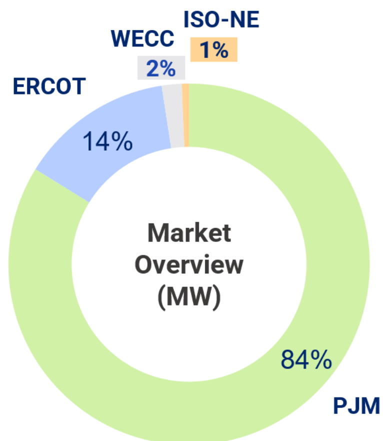
(i) PJM - a grouping that includes the operating and marketing activities within the PJM market. PJM is comprised of the Susquehanna Facility along with Talen's natural gas, oil and coal generation facilities located within the PJM market;

(ii) ERCOT - a grouping that includes the operating and marketing activities within the ERCOT market for the operations of the Talen Texas natural gas-fired power generation facilities; and

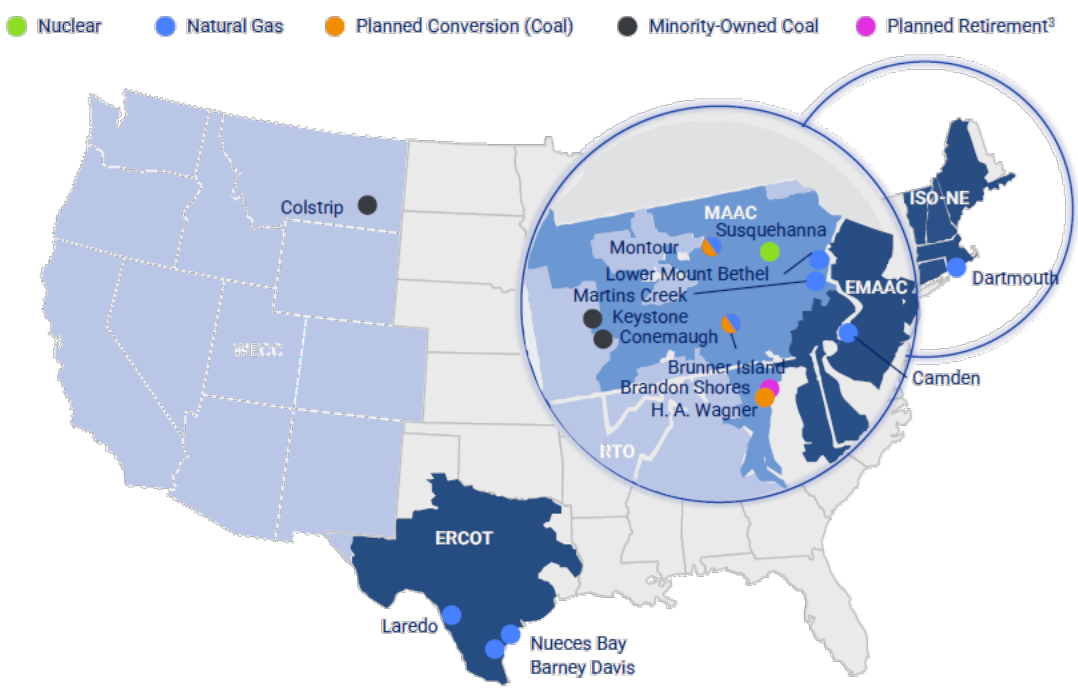
(iii) Other Power Markets - a grouping that includes the operating and marketing activities for Talen Montana's proportionate share of the Colstrip Units, as well as the operating and marketing activities within the ISO-NE and NYISO markets for the operations of the Talen NE power generation facilities (including Millennium and Athens when owned in 2020 and prior).

Our Key Markets

We are one of the largest independent power producers in the United States, with generation capacity of 12,435 MW (summer capacity rating) as of March 31, 2023. The substantial majority of our generation capacity is located in either PJM or ERCOT segments. We consider these regions to be among the most well-developed, transparent and liquid energy markets in the United States. The following table illustrates our portfolio breakdown by market as of March 31, 2023:



The following map illustrates our facilities location in our key markets:



See "Part C. Business Information—Item 10. The nature and extent of the issuer's facilities" for more detail regarding our generation facilities.

PJM

PJM is an RTO that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. It is the largest competitive wholesale power market in the United States, coordinating the dispatch of more than 180,000 MW to more than 65 million people. The current mix of generating capacity within PJM is diverse, with a significant number of nuclear, natural gas and coal power generation facilities providing over 90% of the available capacity. As is the case in many markets in the United States, generating capacity within PJM is transitioning from a coal-dominated generation base to a mix that incorporates larger amounts of natural gas and renewable units, driven in part by current and impending United States Environmental Protection Agency ("EPA") regulations.

PJM benefits from a combination of stable demand growth, liquid trading hubs, limited energy import capacity and a wide range of available market products. Generation owners in PJM may earn energy, capacity and ancillary service revenues. The PJM energy market consists of day-ahead and real-time markets. The day-ahead market is a forward market in which hourly prices are calculated for the next operating day based on offers, bids and bilateral obligations. The real-time market is a spot market in which energy is continuously bought and sold based on actual grid operating conditions.

The PJM capacity market, known as the Reliability Pricing Model ("RPM"), is intended to ensure that resources are available when needed to keep the power grid operating reliably for customers. Under the RPM, PJM conducts a series of capacity auctions. Most capacity is procured in the PJM capacity auction, typically conducted three years prior to the start of the applicable period to which a capacity commitment in PJM applies (which typically runs from June 1 to May 31), to secure commitments from capacity resources (the "Base Residual Auctions" or "BRAs"), intended to be held in May of each year for the sale of generating capacity. In these auctions, capacity prices are set based on supply and demand fundamentals and are influenced by factors, such as generation facility additions and retirements, capacity imports from and exports to adjacent markets, generation facility retrofit costs, non-performance risk premium penalties, demand response products, RTO demand forecasts and reserve margin targets, as well as adjustments to Market Seller Offer Caps (the maximum price at which certain units can bid into the market) as determined by the Independent Market Monitor and/or PJM. The future BRAs have been delayed to be conducted as follows: 2025/2026 BRA in June 2024, 2026/2027 BRA in December 2024, 2027/2028 BRA in June 2025, and 2028/2029 BRA in December 2025.

ERCOT

ERCOT is an Independent System Operation ("ISO") that manages the flow of electricity from approximately 98,000 MW of installed generation capacity to approximately 26 million Texas customers, representing 90% of the state's electric load and covering approximately 75% of its geography. ERCOT is an attractive wholesale power market with historically above-average demand growth, tight reserve margins and an increasing reliance on flexible and quickly dispatchable natural gas-fired assets. ERCOT was established in September 1996 and, as such, is the oldest ISO in the United States.

As an energy-only market, ERCOT's market design is different from other competitive electricity markets in the United States. Other markets, including PJM, maintain a minimum reserve margin through regulated planning, resource adequacy requirements or capacity markets. In contrast, ERCOT's resource adequacy is predominately dependent on free market processes and energy market price signals. All electricity prices are subject to a system-wide offer cap. In 2022, the system-wide offer cap was $5,000 per MWh, although the cap could be reduced to $2,000 per MWh, if certain conditions are met. ERCOT uses a scarcity pricing mechanism known as the Operating Reserve Demand Curve that administratively adds value to the real-time Locational Marginal Prices as reserves get below a certain level. In January 2023, the Public Utility Commission of Texas ("PUCT") adopted the Performance Credit Mechanism ("PCM") market design to address market reliability concerns in Texas. The details of how the PCM market will operate are to be developed by the PUCT, ERCOT and the ERCOT stakeholder group and will consider guidelines established in House Bill 1500 passed during the 2023 legislative session. In January 2023 the PUCT directed ERCOT to evaluate bridging options to retain existing assets and build new dispatchable generation until the PCM can be fully implemented. In response, the ERCOT Board approved a multi-step Operating Reserve Demand Curve ("ORDC") floor as a short-term bridge solution, which is pending PUCT approval. There remains significant uncertainty surrounding the details of the proposed PCM design and the timing for implementation. At this time, Talen cannot fully predict the impacts of the PCM market design, when and if implemented, on our results of operation and liquidity.

Generation facilities in the region include many natural gas-fired facilities, a large wind fleet, an expanding solar fleet, two nuclear facilities and coal-fired assets. The combination of these assets has historically led to lower marginal cost of production during most periods compared to other markets. However, the region has limited excess capacity to meet high demand days, and the marginal facilities have high operating costs. Therefore, the marginal price of supply rapidly increases during periods of high demand. As a result, many generators in ERCOT benefit from these sporadic periods of "scarcity pricing" in which power prices increase significantly.

In addition to energy, ancillary services, Non-Spinning Reserve Service, ERCOT Contingency Reserve Service, Responsive Reserve Service and Regulation Service offer other potential revenue streams for market participants in order to maintain system reliability, which is impacted by the high concentration of wind capacity in ERCOT. These ancillary and other services provide network support from quick-start generation capacity that is able to reach full load operation in exceptionally short periods of time in order to help manage the impact of wind and solar variability on the electricity grid. Such ancillary and other services have received increased compensation and exhibited higher clearing prices in part because ERCOT has one of the highest concentrations of intermittent wind capacity in the United States, with approximately 36,900 MW of installed capacity.

Our Hedging Strategy

Our hedging strategy is focused on establishing appropriate risk tolerances with an emphasis on protecting cash flows across our generation fleet. Our strategy factors in production tax credits related to the Susquehanna Facility, which may reduce hedging requirements and therefore collateral needs. Our hedging strategy prioritizes a first lien-based hedging program in which hedging counterparties are granted a lien in the same collateral securing the Company's first-lien debt obligations. This strategy limits the use of exchange-based hedging, which helps minimize collateral positing requirements. Below is an overview of our hedging strategy:

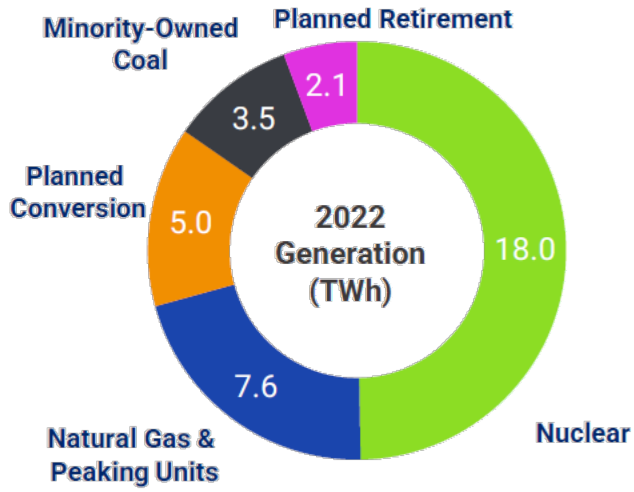
Hedge Period	Target % of Deterministic Generation
Prompt 12 months	60 – 80%
Months 13-24	40 – 60%

Type	Instruments	Strategy
Power	• Fixed Swaps	• Preserve intrinsic value • Cover expected generation
Fuel	• Fixed Swaps	• Preserve intrinsic value • Cover expected generation
	• Financial Transmission Rights ("FTRs") / Congestion Revenue Rights ("CRRs")	• Critical for PJM and ERCOT assets due to transmission constraints and other factors relating to their positions on the grid • FTRs and CRRs are purchased in advance auctions
Other	• Emission Credits, including RGGI	• Emission expenses included in dispatch costs • Generally, cover emission exposure as we hedge or generate obligation

Fuel Supply

Our power generation assets are advantaged by significant fuel diversity, including nuclear, natural gas, coal, oil and various facilities capable of utilizing multiple fuel sources. The following table indicates our electric energy generated by fuel diversity for the 12-month period ended December 31, 2022:

Electric Energy Generated by Fuel Diversity (MWh)



Nuclear

The nuclear fuel cycle consists of several material and service components: the mining and milling of uranium ore to produce uranium concentrates; the conversion of these concentrates into uranium hexafluoride, a gas; the enrichment of the uranium hexafluoride gas; the deconversion of the enriched uranium hexafluoride; the fabrication of uranium into zircalloy fuel assemblies for insertion and use in the reactor core; and the temporary storage and final disposal of SNF.

The Susquehanna Facility has a portfolio of supply contracts for uranium, conversion, enrichment and fabrication with varying expiration dates, and we expect execution of certain additional fuel contracts to be immediately forthcoming. Together, these contracts are expected to provide substantially all of the nuclear fuel required to operate the facility through 2024 and the majority of 2025, with some supply contracted as far out as 2028. We recently accelerated certain fuel deliveries to eliminate ongoing exposure to any Russian-affiliated counterparties.

The Susquehanna Facility has an on-site spent fuel storage facility employing dry cask fuel storage technology, which, together with the spent fuel pools, has the capacity to accommodate discharged SNF. We will continue to expand this spent fuel storage facility in phases to accommodate additional SNF and, assuming appropriate approvals are obtained, we expect such future expansion phases will accommodate all of the SNF expected to be discharged by the Susquehanna Facility through 2044, the current licensed life of unit 2.

Natural Gas and Oil

We manage our natural gas and oil supply utilizing a combination of contracted purchases, spot market purchases and on-site storage for the commodities and pipeline capacity. The amount and duration of contracted purchases vary due to several factors, including fuel availability, economic considerations and generation facility location on the pipeline grid, with a significant portion of our natural gas supply needs being satisfied through short-term transactions on a spot basis. Oil is generally supplied from on-site inventory and replenished through purchases on the spot market. The price-risk associated with these transactions is managed via financial hedges.

Coal

We actively manage our coal requirements by purchasing coal from mines located in central and northern Appalachia for our generation facilities located within PJM and from a mine located adjacent to the Colstrip generation facility. Coal is delivered by rail, barge or conveyor. Reliability of coal deliveries can be affected from time to time by a number of factors, including fluctuations in demand, coal mine production issues and other supplier or transporter operating difficulties. Coal inventory is maintained at levels estimated to be necessary to avoid operational disruptions at coal-fired generation units.

Long-term supply contracts support adequate levels of coal inventory and are augmented with spot market purchases, as needed. In addition, certain of our facilities are equipped with flue gas desulfurization equipment, or "scrubbers," which require us to maintain an adequate level of lime or limestone inventory.

As part of the Talen Transition Plan, discussed in more detail below, we plan to eliminate the use of coal at our wholly owned generation facilities through either fuel conversion or plant retirement. As a result of the Talen Transition Plan, including the ongoing conversion of our coal facilities, our fleet is expected to experience smaller working capital variances from management of coal inventories as we transition to more activity in natural gas markets. Our current coal inventories are expected to be sufficient to run our wholly owned coal-fired facilities through either their planned conversion or planned retirement, as applicable, and we do not expect to make significant additional coal purchases for those facilities.

Please read the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for more information on our ownership interests in and cost sharing arrangements related to our jointly owned coal-fired facilities, which include Colstrip, Keystone and Conemaugh.

Competition

Since the early 1990s, there has been increased competition in U.S. energy markets because of federal and state competitive market initiatives. PJM and ERCOT are competitive markets and have, from time to time, considered new market rules, while some states have considered re-regulation measures that could result in more limited opportunities for competitive energy suppliers.

The power generation business is a regional business that is diverse in terms of industry structure and fundamentals. Demand for electricity may be met by generation capacity based on several competing generation technologies, such as natural gas-fired, coal-fired or nuclear generation, as well as power generation facilities fueled by alternative energy sources, including hydroelectric power, synthetic fuels, solar, wind, wood, geothermal, waste heat and solid waste sources. Talen faces competition in wholesale markets from other suppliers of available energy, capacity and ancillary services. Competition is affected by electricity and fuel prices, congestion along the power grid, subsidies provided by state and federal governments for new generation facilities, new market entrants, construction of new generation assets, technological advances in power generation, the actions of environmental and other regulatory authorities and other factors. Talen primarily competes with other electricity suppliers based on its ability to aggregate generation supply at competitive prices from different sources and to efficiently manage fuel supply by utilizing transportation from third-party pipelines and transmission from electric utilities, ISOs and RTOs. Competitors in wholesale power markets include regulated utilities, industrial companies, non-utility generators, competitive subsidiaries of regulated utilities and other energy marketers.

Talen Transition Plan

We are helping advance the transition of the electric power industry to a more sustainable future by:

(i) committing to cease burning coal at our wholly owned generation facilities and, where economical, converting those facilities to alternative, lower-carbon fuels;

(ii) developing a pipeline of renewable energy and battery storage projects at or near our existing generation facilities; and

(iii) through our indirect subsidiary, Cumulus Digital LLC ("Cumulus Digital"), developing an up to approximately 1 GW hyperscale data center adjacent to the Susquehanna Facility that will utilize carbon-free, low-cost energy provided directly from the plant, any further investment in which will be grounded in a solid and highly justifiable returns profile (collectively, the "Talen Transition Plan"). We believe our existing footprint, which includes significant land holdings, access to the power grid and zero-carbon sources of power, provides us with a competitive advantage.

Pursuant to our Talen Transition Plan, we have committed to cease burning coal at our Montour, H.A. Wagner and Brandon Shores facilities. In particular, our Montour and H.A. Wagner generation facilities are expected to cease coal-fired operations by the end of 2023 and 2025, respectively, and repower to run on alternate fuel sources, pending receipt of necessary permits. These facilities will join our Brunner Island generation facility, which previously converted to dual-fuel (natural gas and coal) capability and committed to transition from coal by the end of 2028. In total, they represent approximately 4.5 GW of generating capacity and approximately 36% of our total net generating capacity. Our Brandon Shores facility is required by both environmental permitting requirements and a settlement with a non-governmental organization to stop combusting coal by December 31, 2025. Based on preliminary evaluations, we currently anticipate that the Brandon Shores facility will not be converted from coal and will be unable operate past the end of 2025 (absent a government requirement to run), and we have sent a notice to PJM that we currently intend to cease operations at Brandon Shores on June 1, 2025. On June 1, 2023, PJM notified Brandon Shores that its retirement would create a reliability issue and requested Brandon Shores to state what would be needed to run under a Reliability Must Run ("RMR") Agreement through the end of 2028. On June 23, 2023, Brandon Shores reiterated that it could not run past June 1, 2025 due to the environmental permitting and NGO settlement constraints, as well as for economic reasons.

In addition, we are the operator of the Colstrip power plant and a 30% owner of Colstrip Unit 3. The shift to intermittent, renewable generation resources in the western U.S. has tightened reserve margins and amplified market volatility, while demand for renewable generation is driving significant interest in developing Montana's plentiful wind resources. Several of our Colstrip co-owners are seeking to exit their ownership stakes in the medium term. In September 2022, Talen Montana and Puget Sound Energy ("PSE") reached a conditional agreement for us to obtain PSE's 25% share of Colstrip Units 3 and 4 on December 31, 2025 at no cost to us and without increasing our share of Colstrip's pre-acquisition environmental liabilities. The transaction also enhances our ability to use Colstrip's land and infrastructure for future project development. One such project is the Silverthorn project, a wind power project in Rosebud and Treasure Counties near Colstrip that we are developing under a joint venture with Pattern Energy. If economical, the Silverthorn wind project is expected to provide approximately 600 MW of clean, renewable wind power capacity.

Furthermore, if justified by economics, we intend to leverage our existing footprint to develop other utility-scale renewables and battery storage projects to increase the long-term sustainability of our business. We currently have a pipeline of nine renewables projects, representing 1.45 GW across three states, and a pipeline of eight battery storage projects, representing approximately 0.6 GW across three states. As we complete projects in our development pipeline and execute on the Talen Transition Plan, we anticipate that our carbon-free power generation capabilities will grow. We also believe we are well positioned to respond to current and anticipated proposed reforms in the PJM, ERCOT and Pacific Northwest markets, as well as to third-party asset and resource retirements.

Cumulus Data, an indirect subsidiary of Cumulus Digital Holdings, has made substantial progress at its hyperscale data center campus adjacent to the Susquehanna Facility. The demand for data centers in the United States has significantly outpaced supply over the last few years, which we believe has potentially favorable impacts for Cumulus Data. As a result of the recent inability of certain power providers to service this growth, along with recent global supply chain challenges for data center equipment, we believe Cumulus Data is well positioned to capture future electricity demands of the data center industry due to the infrastructure that Cumulus Data has developed adjacent to the Susquehanna Facility.

Reduced Carbon Footprint

We are in the process of reducing the carbon footprint of approximately 3,238 MW of our existing coal assets. This includes:

- the already completed conversion of our 1,424 MW Brunner Island generation facility from coal to dual-fired natural gas and coal, and the commitment to cease burning coal at Brunner Island by the end of 2028;

- the ongoing conversion of our 1,508 MW Montour generation facility from coal to natural gas, expected to be completed in Q3 2023; and

- the conversion of our 306 MW H.A. Wagner unit 3 to fuel oil by the end of 2023 to remain as a capacity resource.

Cumulus Projects

Collectively referred to as the "Cumulus Projects," we are, through our Cumulus Affiliates, investing in: (i) a pipeline of renewable energy and battery storage projects and (ii) developing digital infrastructure projects adjacent to the Susquehanna Facility.

Cumulus Renewables

We are developing approximately 1.45 GW of renewable energy solar and wind projects across nine development projects in three states. Through our Cumulus Affiliates, we are party to joint venture agreements with various third parties, including key partnerships with Pattern Energy and BQ Energy for potential solar and wind projects to be located on or near Talen-owned land adjacent to certain current and previously owned generation facilities. The Pattern Energy and BQ Energy joint ventures are pursuing an aggregate approximately 280 MW of photovoltaic solar development projects and approximately 600 MW of wind development projects. The joint venture project companies are currently each indirectly owned either 49% or 50% by Talen. We expect to continue development of this pipeline. As the scope of these projects is continuing to evolve and their sources of funding may change, future funding requirements by TES in 2023 and beyond are uncertain.

Cumulus Battery Storage

Cumulus Battery Storage Holdings is developing a pipeline of eight battery storage projects, including 0.6 GW across three states. These projects include a strategic joint venture with Key Capture Energy for a 20 MW battery storage project at our H.A. Wagner generation facility.

Cumulus Data

Cumulus Data, in which as of June 30, 2023 we own an approximately 81% equity interest through our subsidiary, Cumulus Digital Holdings, is developing an up to approximately 1 GW hyperscale data center campus adjacent to the Susquehanna Facility to provide digital infrastructure with carbon-free, low-cost energy. Cumulus Data's construction of the core and shell of the first 48 MW data center building is largely complete, along with shared electrical infrastructure that can accommodate three total buildings of similar size consuming a total of 200 MWs. Further expansion up to approximately 1GW is possible across the 1,200-acre campus with additional substation infrastructure and buildings, all of which are incorporated in the existing master site plan. Cumulus Data is currently seeking tenants to occupy the data center, and its ability to timely complete construction and begin full operations, as well as the amount and structure of any additional financing requirements, will depend on arrangements reached with long-term tenants or other partners. Additionally, TES and certain of its subsidiaries are party to affiliate arrangements to supply power to the data center and to provide other services to Cumulus Data.

Cumulus Coin/Nautilus

Nautilus Cryptomine LLC ("Nautilus"), our digital currency venture with TeraWulf, commenced commercial operations in February 2023 and we do not anticipate material capital requirements going forward. Cumulus Coin, an indirect subsidiary of Cumulus Digital Holdings, owns 75% of the equity interests in Nautilus, and TeraWulf owns the remaining 25%. We and Cumulus Coin currently have no plans to expand beyond the current 150 MW of capacity. Distributable Bitcoin from Nautilus to Cumulus Coin is converted immediately to U.S. dollars.

Recent Developments

Restructuring and Financing Transactions

In recent years, the competitive power industry in the markets in which we operate was challenged with depressed wholesale natural gas and power prices. However, in mid-2021, changes in market conditions provided for an environment of rapid and sustained increases to wholesale natural gas and power prices. While these market conditions provided for the opportunity to earn higher commodity margin associated with electric generation in future delivery months, they also resulted in increases in collateral requirements across the entire market. As a result, our commercial counterparties and commodity exchanges that were party to certain hedge transactions required us to provide elevated levels of collateral for these hedging positions.

Because we are generally required to collateralize hedges that settle in future delivery periods but do not receive settlements for electric generation until delivery, this resulted in lower available cash and liquidity to operate our business. As a result, TES concluded that commencing a reorganization under the Bankruptcy Code was necessary to allow TES and its debtor affiliates to, among other things, strengthen their financial position and provide additional liquidity to fund their operations and protect their equity investments in projects supporting the Talen Transition Plan. TEC subsequently joined the reorganization to support the Plan in December 2022.

In December 2022, the Bankruptcy Court confirmed the Plan. As confirmed, the Plan implemented, among other things, the settlement of certain Claims and commitments of TES's debt holders and certain other of its obligations. The Plan became effective on May 17, 2023, following the consummation of the Exit Financings and the receipt of applicable regulatory approvals.

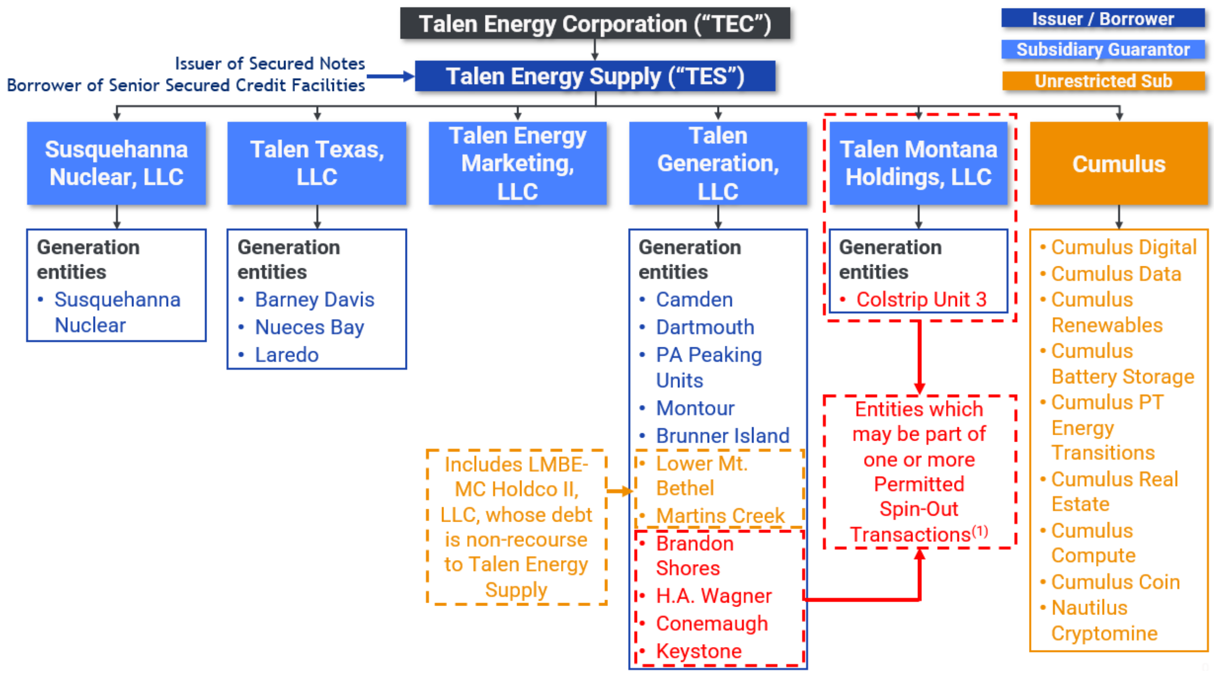
The Exit Financings included the infusion of new equity capital into our business pursuant to the Rights Offering of $1.4 billion. In addition, we issued $1.2 billion aggregate principal amount of the Exit Notes and entered into the Exit Facilities, which included an undrawn Exit Revolver with $700 million of commitments, $580 million in aggregate principal amount of Exit Term B Loans and $470 million in aggregate principal amount of Exit Term C Loans that support cash collateralization of letters of credit ("LCs"). We also entered into the Exit LC Facility, which provides $75 million in commitments to support the issuance of standby LCs.

Upon the consummation of the Exit Financings, we achieved a significant reduction in debt and interest, provided for full repayment of TES's first lien funded debt outstanding at the commencement of the Chapter 11 Cases, and effected the consensual equitization of all of TES's existing Senior Unsecured Notes outstanding at the commencement of the Chapter 11 Cases. The Plan and the foregoing debt and equity financing transactions resulted in an approximately $2.5 billion reduction in TES's debt and an additional $530 million of other liabilities subject to compromise. As of June 30, 2023, we have unrestricted cash of approximately $125 million and our Exit Revolver is undrawn with $700 million of available commitments, resulting in liquidity of approximately $825 million.

At Emergence, Talen adopted "fresh start" accounting which requires our assets and liabilities to be remeasured at fair value. Such measurement will be reflected in our second quarter financial statements.

Our Post-Emergence Corporate Structure

The following chart illustrates our simplified organizational structure.



(1) Under the terms of our Exit Facilities and the Exit Indenture, we are permitted to distribute, transfer or otherwise spin-out to our equity holders certain entities and assets noted in the organizational chart. The effect of the Permitted Spin-Out Transactions, generally, would be to separate a portion of our coal and coal-legacy assets, as well as other non-power related assets, from our zero-carbon nuclear and natural-gas-fired generation assets.

New Officers

The Company's previous CEO, Alejandro Hernandez, departed from the Company effective as of Emergence. Mr. Hernandez was succeeded as CEO by Mark "Mac" McFarland. Mr. McFarland is responsible for overseeing all aspects of the Company's long-term strategy and overall performance, including leadership of the Company's wholesale power generation business.

On June 20, 2023, the Company's previous General Counsel and Corporate Secretary, Andy Wright, transitioned into a new role as Chief Administrative Officer of the Company. As Chief Administrative Officer, Mr. Wright is responsible for overseeing the human resources, information technology, facilities and corporate security functions of the Company.

Mr. Wright was succeeded as General Counsel and Corporate Secretary by John Wander. Mr. Wander is responsible for overseeing all legal matters for the Company.

The Company's previous CFO, John Chesser, departed from the Company, effective as of July 7, 2023. Mr. Chesser was succeeded as CFO by Terry Nutt, who is responsible for overseeing the finance, M&A, risk management and treasury activities of the Company.

See "Part D. Management Structure and Financial Information—Item 11. Company Insiders (Officers, Directors, and Control Persons)" for additional information on our key officers.

Item 8. The nature of the issuer's business

A. Business Development

1. The Company is a Delaware corporation. The Company is a holding company and substantially all of its assets consist of its ownership of 100% of the equity interests of TES.

2. The Company was incorporated on June 6, 2014.

3. The Company has a fiscal year ending on December 31.

4. The Company emerged from bankruptcy on May 17, 2023. For additional information, please see "Part D. Management Structure and Financial Information—Item 15. Management's Discussion and Analysis or Plan of Operation—Recent Developments."

5. During the past three years, there has not been any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

6. The Chapter 11 Cases constituted an event of default and accelerated the Company's pre-petition indebtedness obligations. The covenants and limitations contained in such credit agreements and indentures were not enforceable against the Company and its debtor affiliates as a result of the Chapter 11 Cases. At Emergence, all of the aforementioned indebtedness and any defaults thereunder were addressed through the treatment discussed in the Plan. For additional information, please see "Part D. Management Structure and Financial Information—Item 15. Management's Discussion and Analysis or Plan of Operation—D. Recent Developments."

7. In connection with the Chapter 11 Cases, there was a change of control. Following Emergence, holders of Unsecured Notes Claims beneficially own, in the aggregate, approximately 99% of our equity, which was obtained through the equitization of their debt obligations and participation in the Rights Offering. For additional information, please see "Part D. Management Structure and Financial Information—Item 15. Management's Discussion and Analysis or Plan of Operation—D. Recent Developments."

8. During the past three years, there has not been any increase of 10% or more of the same class of outstanding equity securities, other than the Common Stock issued at Emergence. For additional information, please see "Part E. Issuance History—Item 16. List of securities offerings and shares issued for services in the past two years."

9. During the past three years, there has been a recapitalization in connection with our Emergence from the Chapter 11 Cases. For additional information, please see "Part D. Management Structure and Financial Information—Item 15. Management's Discussion and Analysis or Plan of Operation—D. Recent Developments." Other than our restructuring, there has not been any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization during the past three years.

10. During the past three years, there has not been any delisting of the Company's securities by any securities exchange.

11. For information on current, past, pending or threatened legal proceedings or administrative actions either by or against the Company that could have a material effect on our business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator, please see "Commitments and Contingencies" in the notes to the historical financial statements of TEC and TES incorporated by reference into this Initial Disclosure Statement.

B. Business Information

1. The Company's SIC Code is 4911, which applies to companies engaged in the generation, transmission, and/or distribution of electric energy for sale.

2. The Company is currently conducting operations.

3. The Company is not a "shell company."

Item 9. The nature of products or services offered

A. Principal products or services, and their markets

We own and operate high-quality power infrastructure in North America, with our generation fleet principally located in the Mid-Atlantic, Texas and Montana. We have three reportable segments, which are primarily based on the market areas in which our generation fleet operates and the manner in which our senior management team reviews our financial and operating performance and allocates resources. Our segments, PJM, ERCOT and Other Power Markets, are engaged in electricity generation, marketing activities, commodity risk and fuel management within their respective RTO or ISO markets. For more information, please see "Part C. Business Information—Our Key Markets."

B. Distribution methods of the products or services

We produce and sell electricity, capacity and ancillary services into wholesale power markets in the United States, primarily in PJM, ERCOT and the Pacific Northwest, with our generation fleet principally located in the Mid-Atlantic, Texas and Montana. For additional information, please see "Part C. Business Information—Our Key Markets." Through Nautilus, our digital currency venture with TeraWulf, we also mine Bitcoin, which is deposited into an electronic "wallet" with Coinbase and then liquidated into U.S. dollars.

C. Status of any publicly announced new product or service

We are continuing to focus on key services with nuclear, natural gas and digital assets as our core elements of value. While higher-carbon emitting assets remain important components of our portfolio, they also face several obstacles in contrast to the Susquehanna Facility and certain of our more efficient and lower-emissions assets.

We expect to position Talen for a decarbonizing world. Under the Talen Transition Plan, we announced a plan for the strategic repositioning of our generation facilities that will eliminate the use of coal at all of our wholly owned facilities by 2025 (or 2028, in the case of Brunner Island). Pursuant to the Talen Transition Plan, we have in recent years invested in development projects to enable us to provide additional carbon-free power in the markets in which we operate, and we intend to continue exploring economically viable zero-carbon generation and battery storage projects at strategic locations across our asset portfolio, positioning Talen, where economical, for a lower-carbon future that offers economic and social benefits to communities in which we operate. For additional information, please see "Part C. Business Information—Talen Transition Plan."

D. Competitive business conditions, competitive position in the industry, and methods of competition

Since the early 1990s, there has been increased competition in U.S. energy markets because of federal and state competitive market initiatives. PJM and ERCOT are competitive markets and have, from time to time, considered new market rules, while some states have considered re-regulation measures that could result in more limited opportunities for competitive energy suppliers. For additional information, please see "Part C. Business Information—Competition."

E. Sources and availability of raw materials and the names of principal suppliers

Our power generation assets are advantaged by significant fuel diversity, including nuclear, natural gas, coal, oil and various facilities capable of utilizing multiple fuel sources. Please see "Part C. Business Information—Fuel Supply."

F. Dependence on one or a few major customers

We do not rely on the business of any one customer or several major customers. Nonetheless, a substantial majority of our generation capacity is located in, and revenues are derived from, either PJM or ERCOT and we face certain risks associated with our operation in these wholesale markets, including a concentration of credit risk, uncertainty around future changes in market constructs and responses to unusual events, potential negative impacts stemming from events of default by other market participants, and other systemic market risks from extraordinary weather, other physical or cyber-related events. For more information regarding these risks and how we manage them, please see "Risk Management, Derivative Instruments and Hedging Activities" and "Commitments and Contingencies" in the notes to the historical financial statements of TES incorporated by reference into this Initial Disclosure Statement, as well "Risk Management" in the accompanying Management's Discussion and Analysis to thereto.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration

Labor Agreements

As of March 31, 2023, collective bargaining agreements to which we are subject, govern 44% of our workforce. A collective bargaining agreement with IBEW Local 1638, covering approximately 180 Talen Montana employees, is in effect until April 2026. A collective bargaining agreement with Teamsters Local 190, covering approximately five Talen Montana employees, is in effect until August 2024. In November 2022, the Company and IBEW Local 1600 in Pennsylvania, which represents approximately 30% of our workforce, agreed to a memorandum of agreement to extend the term of that existing collective bargaining agreement to August 2025. IBEW Local 1600 also recently filed a petition with the National Labor Relations Board to hold an election, which is expected to take place on July 20, 2023, to represent employees at our Nautilus facility.

Trademarks

TEC holds the rights to the "Talen Energy" service mark (USPTO registration no. 4852846) and the "Talen" service mark (USPTO registration no. 5576050). TEC's indirect subsidiary, Talen Generation, LLC, holds rights to the "Royal Manchester Golf Links" service mark (USPTO registration no. 3935030). TEC currently has pending with the USPTO a number of applications for service marks relating to the Cumulus Affiliates and their activities, which have been provisionally granted subject to the filing of statements of use by the applicable deadlines in fall of 2023.

Royalty Agreements

In March 2023, TES sold certain mineral interests located in Pennsylvania for $29 million, while preserving the right to certain royalty payments from existing and future producing natural gas wells.

H. The need for any government approval of principal products or services and the status of any requested government approvals

As an owner of power generation facilities, a power marketer and a participant in wholesale energy markets, we are subject to extensive environmental and other regulation by federal and various state government authorities, including the EPA, various state environmental regulatory agencies, the U.S. Commodity Futures Trading Commission, the FERC, the U.S. Nuclear Regulatory Commission ("NRC"), the Federal Communications Commission, the PUCT and the regulatory bodies of the various other states in which our generation assets are located.

In addition, we are subject to the market rules, procedures and protocols of the various ISO and RTO markets in which we participate. Our operations within the ERCOT region are not subject to rate regulation by FERC, as they are deemed to operate solely within one state (Texas) and not in interstate commerce. These operations are subject to regulation by the PUCT. We also are subject to regulation by the NRC with respect to our ownership interest in the Susquehanna Facility.

We are party to proceedings before such agencies arising in the ordinary course of business and have other regulatory exposure due to new and (or) amended regulations promulgated by such agencies from time to time. In addition, our plants are subject to extensive environmental regulation by the EPA and various state environmental regulatory agencies. While the outcome of these regulatory matters and proceedings is uncertain, the likely results are not expected, either individually or in the aggregate, to have a material adverse effect on our financial condition or results of operations, although the effect could be material to our results of operations in any interim reporting period.

For more information regarding the regulation of our business, please see "Commitments and Contingencies" in the notes to the historical financial statements of TEC and TES incorporated by reference into this Initial Disclosure Statement.

Item 10. The nature and extent of the issuer's facilities

Our power generation facilities as of March 31, 2023 are as follows:

Generation Facility	Total Capacity (MW)[(a)]	Percentage Ownership	Owned Capacity MW[(a)]	Fuel Type	State	Market	Organizational Structure
PJM							
Susquehanna Facility[(b)]	2,494	90%	2,245	Nuclear	PA	PJM	Susquehanna Nuclear
Martins Creek	1,719	100%	1,719	Natural Gas/Oil	PA	PJM	Talen Generation
Montour	1,508	100%	1,508	Coal	PA	PJM	Talen Generation
Brunner Island[(c)]	1,424	100%	1,424	Coal/Natural Gas	PA	PJM	Talen Generation
Brandon Shores[(d)]	1,295	100%	1,295	Coal	MD	PJM	Talen Generation
H.A. Wagner[(e)]	827	100%	827	Coal/Natural Gas/Oil	MD	PJM	Talen Generation
Lower Mt. Bethel	610	100%	610	Natural Gas	PA	PJM	Talen Generation
Conemaugh[(b)]	1,756	22.22%	390	Coal	PA	PJM	Talen Generation
Peaking units[(f)]	46	100%	46	Oil/Natural Gas	PA	PJM	Talen Generation
Keystone	1,735	12.34%	214	Coal	PA	PJM	Talen Generation
Camden	145	100%	145	Natural Gas	NJ	PJM	Talen Generation
Total	13,559		10,423				
ERCOT							
Barney Davis	897	100%	897	Natural Gas	TX	ERCOT	Talen Texas
Nueces Bay	635	100%	635	Natural Gas	TX	ERCOT	Talen Texas
Laredo	178	100%	178	Natural Gas	TX	ERCOT	Talen Texas
Total	1,710		1,710				
Other Markets							
Colstrip Unit 3	740	30%	222	Coal	MT	WECC	Talen Montana
Dartmouth	80	100%	80	Natural Gas/Oil	MA	ISO-NE	Talen NE
Total	820		302				
Generation Fleet	**16,089**		**12,435**				

(a) Electric generation capacity (summer capacity rating) is based on factors, among others, such as operating experience and physical conditions, which may be subject to revision.
(b) Montour is converting its fuel type from coal to natural gas. The conversion is expected to be completed in mid-2023.
(c) Generation facility fuel source was previously converted to include capability for natural gas. Coal-based generation will cease by December 31, 2028. The facility cannot burn coal during the EPA ozone season.
(d) Brandon Shores is required to cease coal-fired generation by December 31, 2025. Based on preliminary evaluations, we currently anticipate that the Brandon Shores facility will not be converted from coal and will be unable operate past the end of 2025 (absent a government requirement to run), and we have sent a notice to PJM that we currently intend to cease operations at Brandon Shores on June 1, 2025.
(e) H.A. Wagner is converting 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.
(f) Includes 33 MW of peaking unit capacity previously owned by Martins Creek. Martins Creek deactivated these peaking units in June 2023.

Part D. Management Structure and Financial Information

Item 11. Company Insiders (Officers, Directors, and Control Persons)

A. Officers and Directors

Information regarding the officers and directors of the Company as of the date of this Initial Disclosure Statement is set forth in the table and biographies below. All correspondence to the Company's officers and directors may be mailed to the Company's corporate headquarters at 1780 Hughes Landing Blvd., Suite 800, The Woodlands, Texas 77380.

Name	Position
Mark “Mac” McFarland	Chief Executive Officer and Director
Terry Nutt	Chief Financial Officer
John Wander	General Counsel and Corporate Secretary
Andrew Wright	Chief Administrative Officer
Stephen Schaefer	Chairman of the Board and Director
Gizman Abbas	Director
Anthony Horton	Director
Karen Hyde	Director
Joseph Nigro	Director
Christine Benson Schwartzstein	Director

Mark “Mac” McFarland. Mr. McFarland has served as the Chief Executive Officer and a Director of the Company since May 2023. Mr. McFarland oversees all aspects of the Company’s long-term strategy and overall performance including leadership of its wholesale power generation business, commercial operations, and its Cumulus growth businesses. From October 2020 until May 2023, he served as President and CEO of California Resources Corporation (“CRC”), an independent energy and carbon management company committed to energy transition, where he continues to serve on the Board and as the Chairman of Carbon TerraVault, a wholly owned subsidiary of CRC. Prior to his roles with CRC, Mr. McFarland served as Executive Chairman of GenOn Energy, an independent power producer, where he also served as President and CEO from April 2017 to December 2018 and continued a member of the Board the until September 2022. From 2013 to 2016, he served as CEO of Luminant Holding Company LLC (“Luminant”), a subsidiary of Energy Future Holdings Corporation (“EFH”), a large independent power producer and, from 2008 to 2013, served as both Chief Commercial Officer of Luminant and Executive Vice President, Corporate Development and Strategy of EFH. From 1999 to 2008, Mr. McFarland served in various roles at Exelon Corporation, including as Senior Vice President, Corporate Development. Mr. McFarland currently serves on the Board of Directors of the Nuclear Energy Institute, and previously served on the Boards of TerraForm Power, Bruin E&P Partners, and Chaparral Energy. Mr. McFarland earned his M.B.A. from the University of Delaware and his B.S. in Civil Engineering (Environmental Concentration) from Virginia Polytechnic Institute and State University. He holds a professional engineer license and has completed the MIT Reactor Technology Course for Utility Executives.

Terry Nutt. Mr. Nutt has served as the Chief Financial Officer of the Company since July 2023. In this role, Mr. Nutt leads the Company’s finance, M&A, risk management and treasury activities. He has over 20 years of experience in the energy industry, including time spent at utility companies, power generation providers and energy trading firms. Prior to joining the Company, Mr. Nutt served as the CFO of Just Energy, a retail energy provider specializing in electricity and natural gas commodities. From 2018 until 2023, he served as CFO and Managing Director for EDF Trading North America (“EDF”), a subsidiary of Électricité de France (EDF) S.A., a multinational energy utility headquartered in France. Prior to his service at EDF, Mr. Nutt served in multiple senior finance positions at Vistra Corporation (and its predecessor entity, EFH), including as Senior Vice President and Controller and Senior Vice President of Risk Management. Mr. Nutt earned his M.S. in Accounting and his B.B.A. from Texas A&M University and is a certified CPA in the state of Texas.

John Wander. Mr. Wander has served as General Counsel and Corporate Secretary of the Company since June 2023. Mr. Wander is responsible for overseeing all legal matters for the Company. He has nearly 30 years of experience in commercial law, with cases primarily pertaining to finance, accounting and shareholder issues. Prior to joining the Company, Mr. Wander was a Shareholder Litigation and Enforcement Partner at Vinson & Elkins LLP (“V&E”) and served as the firm’s General Counsel. He worked on some of the firm’s most high-profile, high-stakes litigation matters, and focused his practice on commercial litigation in the energy, accounting, securities, manufacturing and insurance industries, routinely representing issuers and accounting firms before the Securities & Exchange Commission. He also tried numerous corporate governance cases in the Delaware Chancery Court. Since joining V&E, in 1994 Mr. Wander also served in numerous other leadership positions, including as Managing Partner of the Dallas office, Co-Department Head of Litigation and Regulatory, Co-Practice Group Leader of Complex Commercial Litigation and a member of the firm’s Management Committee. Mr. Wander earned his J.D. from The University of Texas School of Law and his B.A. in Economics from Northwestern University.

Andrew “Andy” Wright. Mr. Wright began serving as the Company’s Chief Administrative Officer in June 2023, after having served as the Company’s General Counsel and Corporate Secretary since June 2018. In his current role, Mr. Wright is responsible for overseeing the human resources, information technology, facilities and corporate security functions of the Company. Prior to joining he Company, Mr. Wright spent 14 years as in-house counsel for EFH., most recently serving as Executive Vice President, General Counsel and Corporate Secretary. Mr. Wright has nearly 20 years of experience in the power generation sector with an intimate knowledge of the financial, operational and regulatory challenges facing the industry. He has led numerous fleet and balance sheet restructuring efforts, complex acquisitions and divestures, high-stakes litigation and regulatory reviews. His experience includes being involved in the largest leveraged buyout in U.S. history and some of the largest financial restructurings in the industry. He has also worked closely with various boards of directors, private equity sponsors and other stakeholders of Talen and EFH. After earning his J.D. from the University of Notre Dame, Mr. Wright went into private practice with V&E in both Dallas, Texas and London, England with a focus on corporate securities, mergers and acquisitions, and corporate governance. Prior to pursuing his law career, he earned his B.B.A. in Accounting from Southern Methodist University, obtained his CPA certification and practiced as an accountant with KPMG in Chicago.

Stephen Schaefer. Mr. Schaefer has served as the Chairman of the Board of the Company since May 2023. Mr. Schaefer currently serves on the Boards of Directors of GenOn Holdings Inc. (where he formerly served as Chairman of the Board), Texgen Power LLC (where he is currently Chairman of the Board), Just Energy Corp, and Alpine Summit Energy Partners (where he is also currently Chairman of the Audit Committee). Mr. Schaefer has been actively involved in the deregulated natural gas and electricity markets since 1993. He was a Partner with Riverstone Holdings LLC (“Riverstone”), a private equity firm focused on energy investing, from 2004 to 2015. While at Riverstone, he served on two of its investment committees and was primarily responsible for conventional power and renewable energy investments. Prior to joining Riverstone, Mr. Schaefer served as a Managing Director with Huron Consulting Group, where he founded and headed its Energy Practice. From 1998 to 2003, he served as a Managing Director and Vice President with Duke Energy North America. Mr. Schaefer earned his B.S., magna cum laude, in Finance and Accounting from Northeastern University in 1987 and is a Chartered Financial Analyst.

Gizman Abbas. Mr. Abbas has served as a Director since May 2023. Mr. Abbas has nearly 30 years of energy and investment experience. He is a Founding Principal of Direct Invest Development and currently serves on the Board of Directors of the New York Independent System Operator as Chairman of the Commerce & Compensation Committee and a member of the Reliability & Markets Committee. He has served on the Boards of Directors of Crown Electrokinetics (including as Chairman of the Compensation Committee and as a member of the Audit and Governance Committees), Aranjin Resources Ltd. (including as an Audit Committee Member), KLR Energy Acquisition Corporation (including as Chairman of the Compensation Committee and a member of the Audit Committee), and Handeni Gold (including as an Audit Committee Member). Previously, Mr. Abbas was a founding Partner of the commodity investment business at Apollo Global Management, a Vice President at Goldman Sachs, an investment associate at Morgan Stanley, a Senior Project Engineer on oil and gas construction projects for Exxon Mobil Corporation, and a Co-Op Power Engineer at Southern Company. Mr. Abbas earned his B.S. in Electrical Engineering from Auburn University and his M.B.A. from Northwestern University’s Kellogg School of Business.

Anthony Horton. Mr. Horton has served as a Director since May 2023. Mr. Horton currently serves as Chief Executive Officer of AR Horton Advisors, Independent Director for Neiman Marcus’ Mariposa Holdings, Travelport, Seadrill Partners, and Arena Energy, and Independent Director and Chairman of the Board of NanoLumens. Mr. Horton has more than 25 years of energy and technology experience, including having served as Executive Vice President and CFO at EFH and as Senior Director of Corporate and Public Policy at TXU Energy. He also has experience serving on various boards of directors and committees of companies involved in turnarounds and restructuring matters. Mr. Horton earned his Master’s of Professional Accounting and Finance from the University of Texas at Dallas/Arlington and his B.B.A. in Economics and Management from the University of Texas at Arlington. He is a CPA, Chartered Financial Analyst, Certified Management Accountant, and Certified Financial Manager.

Karen Hyde. Ms. Hyde has served as a Director since May 2023. Until her retirement in 2022, Ms. Hyde served as Senior Vice President, Chief Compliance & Ethics Officer, Chief Audit Executive, and Chief Risk Officer of Xcel Energy. Across her 30 years with Xcel Energy, she served in various roles with increasing responsibility, including roles in rates and regulatory affairs, resource planning and acquisition, and risk management. She was also responsible forecasting and production cost, expansion plan modeling, and evaluating the effectiveness of compliance programs and control frameworks. Ms. Hyde spent approximately a decade negotiating structured power purchase arrangements, including Xcel Energy's initial renewable energy contracts, and was responsible for renewable energy compliance. Prior to joining Xcel Energy, she was a lead nuclear engineer as a civilian employee of the U.S. Department of Defense, where she was responsible for overhauling submarine reactors. Ms. Hyde earned her M.S. in Mineral Economics from the Colorado School of Mines and her B.S. in Metallurgical Engineering from Lafayette College.

Joseph Nigro. Mr. Nigro has served as a Director since May 2023. Mr. Nigro previously served as an advisor to the Exelon CEO until March 2023 after having served as Exelon's CFO from May 2018 to October 2022. He was also a member of Exelon's Executive Committee and the Chair of its Corporate Investment Committee. Prior to that, Mr. Nigro served as CEO of Constellation Energy, an Exelon operating division, from 2013 to 2018, after serving as its Senior Vice President of Portfolio Strategy. Before joining Constellation, he was the Senior Vice President of Portfolio Management and Strategy for the Exelon Power Team, where he also led the merger integration for the Exelon Power Team wholesale trading and marketing organization with Constellation. Mr. Nigro started his career with PECO Energy, now an Exelon company, in 1996 and also spent seven years prior with Phibro Energy, Inc., an independent oil trading and refining company. Mr. Nigro earned his Bachelor's Degree in Economics from the University of Connecticut. He has also completed the Exelon Leadership Institute Program through the Northwestern University Kellogg School of Management, the University of Chicago Executive Development Program, and the MIT Reactor Technology Course for Utility Executives.

Christine Benson Schwartzstein. Ms. Benson has served as a Director since May 2023. Ms. Benson previously served as a member of Orion Infrastructure Capital's ("OIC") Senior Advisory Board after retiring as a Managing Director and Investment Principal in 2022. Before joining OIC, she spent 17 years in various roles at Goldman Sachs, most recently as a Managing Director in the Financing Group on the Structured Finance and Risk Management team in the Investment Banking Division, where she was responsible for the firm's commodity structured finance efforts within Investment Banking. Prior to that, Ms. Benson was a Managing Director on the Energy Sales and Structuring teams in the Securities Division. She began her career at Goldman Sachs in 2004 as an analyst on the Energy team. Ms. Benson earned her A.B. in Earth and Planetary Sciences, magna cum laude, from Harvard University.

Compensation. Each of our directors and officers began their directorship and/or their employment in their current position on or after Emergence. As a result, these individuals did not receive compensation for their service in such positions for the year ended December 31, 2022. Please refer to the items listed under "Part F. Exhibits—Item 17. Material Contracts" for additional information on the go-forward compensation arrangements of our directors and executive officers.

Equity Ownership of Directors and Executive Officers. The following table sets forth certain information with respect to the beneficial ownership of Common Stock as of the date of this Initial Disclosure Statement by (1) each director and executive officer of the Company and (2) all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting power and investment power with respect to shares of Common Stock. Shares of Common Stock issuable pursuant to stock options and convertible securities that are exercisable or convertible as of or within 60 days after March 31, 2023 are deemed outstanding for computing the beneficial ownership percentage of the person or member of a group holding the options but are not deemed outstanding for computing the beneficial ownership percentage of any other person. Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them. The address of each director and executive officer named below is the same as that of the Company.

Name	Position	Common Stock Beneficially Owned[(1)]
Mark "Mac" McFarland	Chief Executive Officer and Director	—[(2)]
Terry Nutt	Chief Financial Officer	—[(3)]
John Wander	General Counsel & Corporate Secretary	—[(3)]

Name	Position	Common Stock Beneficially Owned[(1)]
Andrew Wright	Chief Administrative Officer	—[(4)]
Stephen Schaefer	Chairman of the Board and Director	—[(5)]
Gizman Abbas	Director	—[(6)]
Anthony Horton	Director	—[(6)]
Karen Hyde	Director	—[(6)]
Joseph Nigro	Director	—[(6)]
Christine Benson Schwartzstein	Director	—[(6)]
All directors and officers as a group		—[(7)]

(1) Does not reflect grants of restricted stock units ("RSUs") or performance-based restricted stock units ("PSUs") awarded in connection with Emergence. In each case, (a) one-third of the RSUs, which were awarded at the Emergence date Common Stock price of $42.35 per share, vest on each of the first, second and third anniversary of the grant date thereof and (b) based on certain equity value performance metrics, a certain percentage of the PSUs vest on the third anniversary of the grant date thereof. See the following footnotes for individual award amounts.
(2) Does not reflect 223,141 RSUs and 334,711 PSUs.
(3) Does not reflect 62,338 RSUs and 93,507 PSUs.
(4) Does not reflect 60,071 RSUs and 90,107 PSUs.
(5) Does not reflect 12,397 RSUs and 18,891 PSUs.
(6) Does not reflect 12,397 RSUs.
(7) Does not reflect the RSUs and PSUs held by the directors and officers of the Company.

B. Other Control Persons

The following table indicates certain information about the Company's stockholders that beneficially own more than five percent of any class of the issuer's equity securities (each, a "Control Person") as of the date of this Initial Disclosure Statement.

Name of Control Person[(1)]	Class of Securities Beneficially Owned	Number of Securities Beneficially Owned
Citadel Advisors LLC[(2)]	Common Stock	3,349,853
Monarch GP LLC[(3)]	Common Stock	3,763,096
Nuveen Asset Management LLC[(4)]	Common Stock	6,425,151
Riverstone Holdings LLC[(5)]	Common Stock and Warrants	3,940,482[(6)]
Rubric Capital Management GP LLC[(7)]	Common Stock	13,782,411

(1) Information regarding the Control Person's beneficial ownership was derived from such Control Person's filings with the Securities and Exchange Commission, including such Control Person's Form ADV, as applicable.
(2) Citadel Advisors LLC is controlled by Kenneth C. Griffin. The business address of Mr. Griffin is Southeast Financial Center, 200 S. Biscayne Blvd., Suite 3300, Miami, FL 33131.
(3) Monarch GP LLC is controlled by each of Michael Weinstock, Andrew Herenstein and Christopher Santana. The business address of each of Messrs. Weinstock, Herenstein and Santana is 535 Madison Avenue, New York, NY 10022.
(4) Nuveen Asset Management LLC is controlled by each of William Huffman Jr., Stuart Cohen, Jon Stevens and Travis Pauley. The business address of each of Messrs. Huffman, Cohen, Stevens and Pauley is 333 W. Wacker Drive, Chicago, IL 60606.
(5) Riverstone is indirectly controlled by each of David M. Leuschen and Pierre F. Lapeyre, Jr. The business address of each of Messrs. Leuschen and Lapeyre is C/O Riverstone Holdings LLC, 712 Fifth Avenue, 36th Floor, New York, NY 10019.
(6) Consists of 833,701 shares of Common Stock and Warrants to purchase 3,106,781 shares of Common Stock. For more information on the Warrants held by affiliates of Riverstone, see "Part E. Issuance History—Item 16. List of securities offerings and shares issued for services in the past two years—Equitization of Bankruptcy Claims at Emergence—Warrants."
(7) Rubric Capital Management GP LLC is controlled by David Rosen. The business address of Mr. Rosen is 155 East 44th Street, Suite 1630, New York, NY 10017.

C. Legal/Disciplinary History

None of the current directors and executive officer of the Company have, in the last five years, been the subject of (1) a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding any traffic violations and other minor offenses); (2) the entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities and banking activities; (3) a finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or (4) the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

D. Disclosure of Family Relationships

There are no family relationships among or between the Company's directors, officers or beneficial owners of more than five percent (5%) of any class of the Company's equity securities.

E. Disclosure of Related Party Transactions

Riverstone Management Fees. Prior to the filing of the Chapter 11 Cases, TES had customary agreements with affiliates of Riverstone, a beneficial owner of more than 5% of TEC's common equity, for management services and reimbursement of expenses. Under these agreements, TES paid approximately $1.1 million for management services provided and expenses incurred from January to November 2021. In November 2021, Riverstone agreed to suspend payment of the management fees. The agreements were terminated and remaining fees were waived by Riverstone in connection with the Chapter 11 Cases.

Employment of Independent Contractor. During 2021 and 2022, TES engaged the services of an immediate family member of an executive officer of the Company through an unaffiliated staffing services firm. TES paid $142,000 and $88,000 under this arrangement during the years ended December 31, 2021 and 2022, respectively. The arrangement ended in the second quarter of 2022.

Pattern Energy Joint Ventures. Subsidiaries of TES are currently party to three renewables joint ventures with Pattern Energy for the development of two solar projects in Pennsylvania totaling 280 MWs, and a 600 MW wind project in Montana. Affiliates of Riverstone indirectly own a substantial minority interest in Pattern Energy. The joint venture project companies are jointly controlled and indirectly owned either 49% or 50% by TES, respectively, and 51% or 50% by Pattern Energy, respectively. During the years ended December 31, 2022 and 2021, and the three months ended March 31, 2023, amounts invested by TES to these joint ventures were $5 million, $2.6 million and $0, respectively.

Equity Investments

Cumulus Digital Holdings. TES owns certain direct and indirect investments in Cumulus Digital Holdings, our non-wholly owned subsidiary in which affiliates of Riverstone own an approximate 14% minority interest. The carrying value of our investments in Cumulus Digital Holdings as of December 31, 2022 and March 31, 2023 was $114 million and $109 million, respectively. Cumulus Digital Holdings common equity units are held by TES and Talen Growth and as of the date of this Initial Disclosure Statement constituted approximately 81% of the issued and outstanding common equity of Cumulus Digital Holdings. The majority of these common equity units were issued in September 2022, in exchange for then-existing preferred equity investments in Cumulus Coin Holdings and Cumulus Data Holdings pursuant to the Cumulus Digital Equity Conversion. In June 2023, TES invested an additional $15.2 million in Cumulus Digital Holdings in order to fund completion of the 48 MW data center core and shell and related campus infrastructure. See the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for more information on Cumulus Digital Holdings.

In September 2022, pursuant to the Cumulus Term Sheet, the then-Chairman of TEC, and the then-Chief Executive Officer of TES and TEC, each purchased common equity units of Cumulus Digital Holdings in exchange for $1 million in cash.

Cumulus Coin Holdings. In the first and second quarters of 2022, an affiliate of Riverstone invested approximately $46.7 million in Cumulus Coin Holdings in exchange for preferred equity units. During 2021 and 2022, TES, directly and indirectly through Talen Growth, invested $59 million in Cumulus Coin Holdings in exchange for preferred equity units. Pursuant to the Cumulus Term Sheet, these units were converted into common equity units of Cumulus Digital Holdings in September 2022. As a result of the transactions contemplated by the Cumulus Term Sheet, affiliates of Riverstone became owners of approximately 21% of the common equity units of Cumulus Digital Holdings, and TES and Talen Growth became the owners of approximately 74% of the common equity units. As of the date of this Initial Disclosure Statement, due to incremental investments in Cumulus Coin Holdings by TES, Riverstone's common equity ownership had been diluted to 14% and TES and Talen Growth's interest had increased to 81%.

Energy Supply Agreements. Cumulus Data, a subsidiary of Cumulus Digital Holdings, is party to the following two separate agreements with Talen Generation for energy supply from Susquehanna Nuclear: (i) an agreement for up to 300 MW which supports Cumulus Data's obligation to provide submetered power to Nautilus under a ground lease agreement (the "Coin PPA"); and (ii) a separate option agreement for up to 650 MW which will support Cumulus Data's anticipated obligations to provide submetered power under lease agreements with data center tenants (the "Campus PPA"). As of the date of this Initial Disclosure Statement, Cumulus Data has elected to receive 150 MW under the Coin PPA and has not elected to receive any power under the Campus PPA. Talen Generation's obligation to supply power to Cumulus Data under each of the agreements is backstopped by wholesale energy supply agreements with Susquehanna Nuclear on substantially the same terms as the Coin PPA and the Campus PPA, respectively.

Delivery of power under the Coin PPA, together with the five-year initial term of the agreement, commenced in February 2023. The agreement includes two three-year renewal options at Cumulus Data's election. Cumulus Data may also elect to increase its capacity under the Coin PPA to up to 300 MW as necessary to support Nautilus's operations under the ground lease. At this time, however, Cumulus Coin has no intention to expand Nautilus's operations above 150 MW.

During the initial term of the Coin PPA, Talen Generation sells the first 100 MW to Cumulus Data at a price of $28.00 per MWh, and the next 50 MWs at a price of $44.05 per MWh. The price for power on any additional capacity and/or during any renewal term will be fixed at the time of election based on a combination of the then-forward locational marginal price of power and auction-clearing capacity pricing at Susquehanna during the remainder of the initial term or renewal term, as applicable. The price for power is also subject to adjustment when the outstanding indebtedness under the Cumulus Digital 2027 TLF is reduced to $100 million or less or is refinanced (the "Reset Date"). At such time, the price will be adjusted to a then-current market price as determined by an independent third party plus, to the extent Susquehanna cannot then claim nuclear energy production tax credits for energy delivered under the agreement due to Cumulus Data being an affiliate, the statutory rate otherwise available for such credits (the "Lost PTC Amount").

Under the terms of the Campus PPA, Cumulus Data has the option to purchase up to 650 MW of power from Talen Generation at a market-based fixed rate to be determined at the time of election. Cumulus Data has until September 2026 to exercise the option. The initial term of the Campus PPA will be seven years from the exercise date, with two three-year renewal options at Cumulus Data's election. If the initial amount of capacity elected by Cumulus Data under the Campus PPA is less than 650 MW, Cumulus Data may elect to increase its capacity from time to time up to a maximum of 650 MW.

The price for power under the Campus PPA will be fixed at the time of exercise (in the case of the initial election or any optional increase in capacity) and/or renewal election (in the case of any renewal term) based upon a combination of the then-forward locational marginal price of power and auction-clearing capacity pricing at Susquehanna plus the Lost PTC Amount, if any, subject to a floor of $27 per MWh at all times and, prior to the Reset Date, a cap of $40 per MWh.

No revenue was recognized under either the Coin PPA or the Campus PPA during the years ended December 31, 2022 and December 31, 2021. Revenue under the Coin PPA was $2.7 million for the three months ended March 31, 2023.

Under the terms of the Plan and the TEC Global Settlement, affiliates of Riverstone received an additional 243,413 shares of Common Stock at Emergence, representing 25.00% of the estimated net present value by which projected amounts payable by Cumulus Data under the Coin PPA following the projected Reset Date would exceed the price in effect thereunder prior to the Reset Date for the remainder of the initial term.

Additionally, affiliates of Riverstone also will have the right to receive additional Common Stock (or, at TEC's option, a cash payment) equal to 25.00% of the estimated net present value by which the projected amounts payable by Cumulus Data under the Campus PPA (as amended in connection with the TEC Global Settlement) during the initial term would exceed the amounts payable under the terms of the Campus PPA as in effect prior to such amendment. The amount owed to the Riverstone affiliates initially will be determined at the time Cumulus Data elects to exercise its option under the Campus PPA, subject to a true-up upon expiration of the initial term.

Corporate and Operational Services Agreement. Cumulus Digital and its subsidiaries have no employees. As a result, Cumulus Digital has contracted with TES to provide corporate, administrative and operational services under a Corporate and Operational Services Agreement (the "COSA"). TES's services under the COSA include support of Cumulus Digital's obligation to provide Nautilus with corporate and administrative services under a separate agreement.

In exchange for providing these services, TES is entitled to an annual management fee of $750,000, plus overhead charges approximating the cost of service at rates specified in the agreement, as well as the reimbursement of certain costs incurred in support of Cumulus Digital and its subsidiaries. The agreement terminates in September 2027, subject to earlier termination by Cumulus Digital upon 60 days' prior notice or by TES upon 180 days' prior notice. Cash payment of fees and expenses under the agreement is deferred until the earlier of: (i) two years from the commercial operation date of the Nautilus facility; and (ii) the date Cumulus Data and Cumulus Coin meet a minimum interest coverage threshold. TES has the option to receive payment for deferred fees and expenses in cash payments ratably over the next succeeding 24 months or in additional common units of Cumulus Digital Holdings, subject to certain caps. Fees and expenses payable to TES under the agreement for the years ended December 31, 2021 and December 31, 2022, and for the three months ended March 31, 2023, were $3.0 million, $15.4 million and $6.5 million, respectively, which were converted to additional common units in Cumulus Digital Holdings in June 2023.

Nautilus Facility Operations Agreement. In December 2022, Nautilus and TES executed a Facilities Operations Agreement (the "FOA") whereby TES agreed to provide, or arrange for Nautilus, certain infrastructure, construction, operations and maintenance and administrative services necessary to build out and operate the Nautilus facility and support Nautilus' ongoing business at the Nautilus facility. The services were previously provided to Nautilus under an agreement with an affiliate of TeraWulf, our unaffiliated joint venture partner in Nautilus, which was terminated upon execution of the FOA with TES. TES is entitled to reimbursement of its costs (including direct personnel costs) incurred in performing the services on a monthly basis, but is not otherwise entitled to a management fee. The FOA expires in December 2025. Amounts payable by Nautilus to TES under the FOA were $45,000 and $1.6 million for the year ended December 31, 2022 and the three months ended March 31, 2023, respectively.

Letters of Credit Supporting Cumulus Digital 2027 TLF and Reimbursement Agreement. As of December 31, 2022, TES provided $50 million in LCs to support certain of Cumulus Digital's obligations under the Cumulus Digital 2027 TLF. The LCs can be drawn upon, among other events: the acceleration of the loan due to an event of default or the bankruptcy of Cumulus Digital. The amount of the LCs will be decreased from time to time based on the outstanding principal balance of the Cumulus Digital 2027 TLF. In the event that the LCs are drawn, Cumulus Digital Holdings has agreed to issue additional common equity to TES to reimburse it for the amount drawn. Cumulus Digital has agreed to reimburse TES for fees associated with the LCs, with payment of such amounts deferred until the earlier of: (i) two years from the commercial operation date of the Nautilus facility; and (ii) the date Cumulus Data and Cumulus Coin meet a minimum interest coverage threshold. TES will have the option to receive payment for the deferred fees in cash payments ratably over the next succeeding 24 months or in additional common units of Cumulus Digital Holdings, subject to certain caps. Fees and expenses payable to TES under the agreement for the years ended December 31, 2021 and December 31, 2022, and for the three months ended March 31, 2023, were $324,000, $2.6 million and $624,000, respectively, which were converted to additional common units in Cumulus Digital Holdings in June 2023.

Guaranty of Cumulus Digital 2027 TLF. TEC has provided a guarantee to the lenders under the Cumulus Digital 2027 TLF for certain shortfalls in principal and interest payments by Cumulus Digital (up to a maximum of 23% of the principal amount of outstanding loans under the Cumulus Digital 2027 TLF). The guarantee will terminate if the principal amount of loans outstanding is reduced to $50 million or less. Amounts are not payable under the guarantee until all available amounts under the TES LCs described above have been drawn.

Tax Indemnity Agreement. In September 2022, upon the Bankruptcy Court's approval of the transactions contemplated by the Cumulus Term Sheet, Riverstone agreed to indemnify the Company (or, at our option, TES) for:

- certain federal and state income taxes that may be owed as a result of certain of the transactions contemplated by the Cumulus Term Sheet; and
- the tax-effected value of federal income tax attributes of TES in excess of $33 million, if any, utilized to reduce our income tax obligations which, absent such tax attributes, would have otherwise been payable in connection with such transactions.

In December 2022, prior to confirmation of the Plan, the Tax Indemnity Agreement (the "TIA") was amended to provide that Riverstone's indemnity obligation will terminate upon commencement of the wind-up or dissolution of the Riverstone affiliates party to the TIA, except to the extent an audit or redetermination has occurred or is pending at such time.

During the year ended December 31, 2022, TES recognized a $2 million non-cash distribution as the estimated impact of the TIA.

On May 17, 2023, the TIA was further amended to provide that Raven Power Holdings LLC ("Raven Power"), C/R Energy Jade, LLC ("C/R Energy Jade"), Sapphire Power Holdings LLC ("Sapphire Power"), and Riverstone V Coin Holdings, L.P. (collectively, the "Riverstone Entities") may, at any time, by written direction, surrender up to 833,701 shares of Common Stock, upon which such shares of Common Stock will be automatically cancelled and retired for no consideration. Such right was qualified by the proviso that the Riverstone Entities shall not surrender such shares if we determine that such surrender could materially jeopardize our or our subsidiaries' tax attributes (including net operating losses).

Registration Rights Agreement and Stockholders Agreement. In connection with Emergence, we entered into the Registration Rights Agreement and Stockholders Agreement with certain of our stockholders party thereto. Under the Registration Rights Agreement, the Reg Rights Holders were granted customary registration rights that may be exercised after the consummation of an initial public offering, including customary shelf registration rights and piggyback rights. Pursuant to the Stockholders Agreement, the Holders party thereto have certain limited information rights, drag-along rights and tag-along rights, and Holders holding 5% or more of Common Stock have the right to designate a representative to an offering committee (the "Offering Committee") that, so long as the aggregate Company ownership represented on the Offering Committee is at least 20%, will have rights to require the Company to pursue and consummate an initial public offering and consent to certain key elements of the initial public offering structure.

F. Disclosure of Conflicts of Interest

There are no conflicts of interest for any executive officer or director with competing professional or personal interests.

Item 12. Financial information for the issuer's most recent fiscal period

The Company has provided the following unaudited financial statements as of and for the three months ended March 31, 2023 and 2022, which were previously posted to www.OTCIQ.com and are hereby incorporated by reference into this Initial Disclosure Statement:

Talen Energy Corporation
Unaudited Balance Sheet as of March 31, 2023
Unaudited Statements of Operations for the Three Months Ended March 31, 2023 and 2022

Unaudited Statements of Cash Flows for the Three Months Ended March 31, 2023 and 2022
Unaudited Statements of Equity for the Three Months Ended March 31, 2023 and 2022

Talen Energy Supply, LLC and Subsidiaries
Unaudited Balance Sheet as of March 31, 2023
Unaudited Statements of Operations for the Three Months Ended March 31, 2023 and 2022
Unaudited Statements of Cash Flows for the Three Months Ended March 31, 2023 and 2022
Unaudited Statements of Equity for the Three Months Ended March 31, 2023 and 2022

Talen Energy Corporation and Subsidiaries
Unaudited Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2023
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2023
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2022

Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence

The Company has provided the following audited financial statements for the years ended December 31, 2022 and 2021, which were previously posted to www.OTCIQ.com and are hereby incorporated by reference into this Initial Disclosure Statement:

Talen Energy Corporation
Consolidated Balance Sheets as of December 31, 2022 and 2021
Consolidated Statements of Operations for the Years Ended December 31, 2022 and 2021
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2022 and 2021
Consolidated Statements of Statements of Cash Flows for the Years Ended December 31, 2022 and 2021
Consolidated Statements of Statements of Equity for the Years Ended December 31, 2022 and 2021

Talen Energy Supply, LLC and Subsidiaries
Consolidated Balance Sheets as of December 31, 2022 and 2021
Consolidated Statements of Operations for the Years Ended December 31, 2022 and 2021
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2022 and 2021
Consolidated Statements of Statements of Cash Flows for the Years Ended December 31, 2022 and 2021
Consolidated Statements of Statements of Equity for the Years Ended December 31, 2022 and 2021

Item 14. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure

Investment Banker

Not applicable.

Promoter

B. Riley Securities, Inc.
Attn: Becky Popoff
111000 Santa Monica Blvd., Suite 800
Los Angeles, CA 90025
Phone: (949) 250-5514
Email: bpopoff@brileyfin.com

Securities Counsel

Kirkland & Ellis LLP
Attn: Matthew R. Pacey P.C. and Michael W. Rigdon P.C.
609 Main Street
Houston, TX 77002
Phone: (713) 836-3786; (713) 836-3647
Email: matt.pacey@kirkland.com; michael.rigdon@kirkland.com

Auditor

Preparation of the Company's financial statements is the responsibility of the Company's management. The Company's independent audit firm, PricewaterhouseCoopers LLC, is responsible for expressing an opinion on the Company's financial statements based on its audit as of and for the years ended December 31, 2022 and December 31, 2021. PricewaterhouseCoopers LLC's contact information is as shown below:

PricewaterhouseCoopers LLP
1000 Louisiana, Suite 5800
Houston, TX 77002
Phone: (713) 356-4000
Email: lucas.m.carpenter@pwc.com

Public Relations Consultant

Not applicable.

Other Advisors

Not applicable.

Item 15. Management's Discussion and Analysis or Plan of Operation

A. Plan of Operation

This item is not applicable as we have had revenues for the year ended December 31, 2022 and for the three months ended March 31, 2023.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement, as well as with the accompanying Management's Discussion and Analysis to the historical financial statements of TES incorporated by reference into this Initial Disclosure Statement.

The Company is a holding company, and substantially all of its assets consist of its 100% equity ownership interest in its direct, wholly owned subsidiary, TES. In connection with the Chapter 11 Cases, TEC deconsolidated TES (the "TES Deconsolidation") for financial reporting purposes for the duration of the bankruptcy in order to comply with GAAP, during which time TEC's financial statements did not consolidate the results of TES. Upon Emergence from bankruptcy, TEC reconsolidated TES (the "TES Reconsolidation") for financial reporting purposes. TES effectively represents all of the results of operations of both TES and TEC and all of the businesses and properties owned by TES and TEC. As a result, the information presented in the Management's Discussion and Analysis of TES attached to the financial statements of TES incorporated by reference into this Initial Disclosure Statement is the most helpful presentation for a reader. Additionally, the pro forma financial statements of TEC and the related notes thereto incorporated by reference into this Initial Disclosure Statement present the effects of TEC's application of fresh *start accounting and the TES Reconsolidation and should be referenced when reviewing the Management's Discussion and Analysis of TES.*

Factors Affecting the Comparability of Our Future Results of Operations to Our Historical Results of Operations

Restructuring

In December 2022, the Bankruptcy Court confirmed the Plan for the Debtors' reorganization under the Bankruptcy Code. As confirmed, the Plan implemented, among other things, the settlement of certain Claims and commitments of TES's debt holders and certain other of its obligations. In March 2023, Talen received the approvals from the NRC and the FERC necessary to implement the transactions contemplated by the Plan. The Plan became effective on May 17, 2023, following the consummation of the Exit Financings.

The Exit Financings included the infusion of new equity capital pursuant to the Rights Offering of $1.4 billion. In addition, we issued $1.2 billion aggregate principal amount of the Exit Notes and entered into the Exit Facilities, which included an undrawn Exit Revolver with $700 million of commitments, $580 million in aggregate principal amount of Exit Term B Loans and $470 million in aggregate principal amount of Exit Term C Loans that support cash collateralization of LCs. We also entered into the Exit LC Facility, which provides an additional $75 million in commitments to support the issuance of standby LCs. For more information on our Exit Financings, please see "Part D. Management Structure and Financial Information—Item 15. Management's Discussion and Analysis or Plan of Operation—D. Recent Developments."

Upon the consummation of the Exit Financings and our Emergence, we achieved a significant reduction in debt and interest, repaid TES's first lien funded debt outstanding at the commencement of the Chapter 11 Cases, and consensually equitized all of TES's existing Senior Unsecured Notes outstanding at the commencement of the Chapter 11 Cases. The Plan and the foregoing debt and equity financing transactions resulted in an approximately $2.5 billion reduction in TES's debt and an additional $530 million of other liabilities subject to compromise.

TES Deconsolidation and TES Reconsolidation

When the Initial Debtors filed for bankruptcy, TEC deconsolidated TES for financial reporting purposes because it was determined that TEC no longer controlled TES as of such date. While TEC's management continued to operate the Initial Debtors as a debtor-in-possession during the bankruptcy process, the activities that most significantly impacted the Initial Debtors' performance during this time required approval of the Bankruptcy Court. Accordingly, it was determined that: (i) TES was a variable interest entity of TEC as of the initial filing date of the Chapter 11 Cases; and (ii) TEC ceded effective control of the Initial Debtors to the Bankruptcy Court for the duration of the Chapter 11 Cases. As such, TEC was required by GAAP to deconsolidate TES for financial reporting purposes as of the initial filing date of the Chapter 11 Cases and recognized a cost-method investment for its investment in the net assets of TES with no value assigned to it. Although TEC joined the Chapter 11 Cases as a Debtor in December 2022, under GAAP, TEC was not reconsolidated by TES until Emergence. See Note 4 to the pro forma financial statements (unaudited) of TEC incorporated by reference into this Initial Disclosure Statement for additional information on the TES Reconsolidation.

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

Fresh Start Accounting

At Emergence, in addition to the TES Reconsolidation, Talen also adopted "fresh start" accounting which requires our assets and liabilities to be remeasured at fair value beginning in the period in which we emerged from the Chapter 11 Cases. As a result, such measurement will affect our financial statements beginning in the second quarter 2023 and future periods. Accordingly, such remeasurement could result in material adjustments to the existing carrying values presented on historical consolidated balance sheets, which may result in future financial statement results to not be comparable with historical results. See the notes to the pro forma financial statements (unaudited) of TEC incorporated by reference into this Initial Disclosure Statement for additional information on fresh start adjustments.

Liquidity and Capital Resources Update

In connection with Emergence, each of the following pre-Emergence debt obligations were terminated: (A) DIP Credit Agreement, (B) DIP LC Agreement, (C) Commodity Accordion RCF, (D) the Term Loan Credit Agreement, entered into as of July 8, 2019, among Talen Energy Supply, LLC, a Delaware limited liability company, Wilmington Trust, National Association (as successor to JPMorgan Chase bank, N.A.), as administrative agent under the Credit Documents (as defined therein), and each lender from time to time party thereto (as amended, restated, supplemented or otherwise modified prior to the date hereof), (E) the Credit Agreement, entered into as of June 1, 2015, among Talen Energy Supply, LLC, a Delaware limited liability company, Citibank, N.A., as administrative agent and as collateral trustee under the Credit Documents (as defined therein), and each lender and each issuing lender from time to time party thereto (as amended, restated, supplemented or otherwise modified), (F) the Indenture, dated as of May 21, 2019 (as amended, restated, supplemented or otherwise modified), among the Company, the guarantors party thereto and The Bank of New York Mellon, as Trustee, governing the Company's 7.25% Senior Secured Notes due 2027, (G) the Indenture, dated as of July 8, 2019 (as amended, restated, supplemented or otherwise modified), among the Company, the guarantors party thereto and The Bank of New York Mellon, as Trustee governing the Company's 6.625% Senior Secured Notes due 2028, and (H) the Indenture, dated as of May 22, 2020 (as amended, restated, supplemented or otherwise modified), among Company, the guarantors party thereto and The Bank of New York Mellon, as Trustee governing the Company's 7.625% Senior Secured Notes due 2028. Accordingly, as of May 17, 2023, we no longer have the capital commitments provided thereby, nor do we have any debt outstanding thereunder. For more information on our Exit Financings, please see "Part D. Management Structure and Financial Information—Item 15. Management's Discussion and Analysis or Plan of Operation—D. Recent Developments." See Note 4 to the pro forma financial statements (unaudited) of TEC incorporated by reference into this Initial Disclosure Statement for additional information on the capitalization and liquidity of the Company following the Exit Financings.

C. Off-Balance Sheet Arrangements

The Company does not have any obligations that meet the definition of an off-balance sheet arrangement that have had, or are reasonably likely to have, a material effect on the Company's financial condition or results of operations.

D. Recent Developments

Exit Facilities

In connection with Emergence, TES entered into the Exit Credit Agreement, which provides for (i) revolving credit commitments of $700 million under the Exit Revolver, (ii) $580 million in aggregate principal amount of Exit Term B Loans, (iii) $470 million in aggregate principal amount of Exit Term C Loans that support cash collateralization of LCs and (iv) $75 million in commitments under the Exit LC Facility. As of June 30, 2023, we have unrestricted cash of approximately $125 million and our Exit Revolver is undrawn with $700 million of available commitments, resulting in liquidity of approximately $825 million.

Certain key terms of the Exit Facilities are set forth below:

Facility	Index	Applicable Term SOFR Margin	Amortization	Prepayment Penalty	Maturity
Revolver (cash borrowings)	Term SOFR	3.50% per annum with step-downs to 3.25% and 3.00% based upon achieving specified first lien net leverage ratios	N/A	N/A	May 2028
Revolver (LCs)	Federal Funds Rate	N/A	N/A	N/A	May 2028
Term B Loans	Term SOFR	4.50% per annum	1.00% per annum in equal quarterly installments	1.00% to the extent prepaid within the first 6 months following closing, solely in connection with a repricing transaction and subject to certain exceptions	May 2030
Term C Loans	Term SOFR	4.50% per annum	N/A	1.00% to the extent prepaid within the first 6 months following closing, solely in connection with a repricing transaction and subject to certain exceptions	May 2030
Barclays LC Facility	Prime Rate	N/A	N/A	N/A	May 2028
Secured Notes	N/A	N/A – fixed rate of 8.625% per annum	N/A	**Prior to June 1, 2026**: • Redeemable at make-whole price (using Treasury Rate plus 50 basis points) based upon the June 1, 2026 redemption price described below • Up to 10% of aggregate principal amount of notes redeemable at 103% during any 12-month period • Up to 40% of Notes redeemable at 108.625% using proceeds from an equity offering **On or after June 1, 2026:** • 2026: 104.313% • 2027: 102.156% • 2028 and thereafter: 100%	June 2030

Credit Agreement

Obligations under the Exit Credit Agreement are guaranteed by the same guarantors that guarantee the Exit Notes (the “Subsidiary Guarantors”) and are secured by liens covering substantially all of TES’s (and its restricted subsidiaries’) consolidated assets, rights and properties, subject to certain exceptions.

The Exit Credit Agreement also provides for affirmative and negative covenants applicable to TES (and its restricted subsidiaries), including affirmative covenants requiring it to provide financial and other information to the agents under the Exit Credit Agreement and to not change its lines of business, and negative covenants restricting its (and its restricted subsidiaries’) ability to incur additional indebtedness, make investments, dispose of assets, pay dividends, grant liens or take certain other actions, in each case subject to certain exceptions. TES’s ability to borrow under the Exit Credit Agreement is subject to the satisfaction of certain customary conditions precedent.

The Exit Credit Agreement also provides for certain customary events of default, including events of default resulting from non-payment of principal, interest or fees when due, material breaches of representations and warranties, material breaches of covenants in the Exit Credit Agreement or ancillary loan documents, cross-defaults under other material agreements or instruments and the entry of material judgments against TES.

Solely with respect to the Exit Revolver, and solely during a compliance period (which, in general, is applicable when the aggregate revolving borrowings and issued revolving LCs (in excess of $50 million) exceed 35% of the revolving commitments), the Exit Credit Agreement includes a covenant that requires the consolidated first lien net leverage ratio not to exceed 2.75 to 1.00 as of June 30, 2023 and increasing through a series of quarterly step-ups to

4.25 to 1.00 as of June 30, 2024 and thereafter. TES has a right to cure a breach of the financial covenant by way of an equity contribution.

8.625% Senior Secured Notes due 2030

In connection with Emergence, on May 12, 2023, TES issued $1.2 billion aggregate principal amount of the Exit Notes. Interest on the Exit Notes is payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2023, and at maturity. The Exit Notes mature on June 1, 2030, unless redeemed on an earlier date.

The Exit Notes and the guarantees thereof are (i) TES's and the Subsidiary Guarantors' senior obligations; (ii) secured on a first-priority basis, equally and ratably with all other existing and future first-lien indebtedness of TES and the Subsidiary Guarantors (including any indebtedness under the Exit Facilities), by the collateral, subject to certain permitted liens); (iii) effectively senior in right of payment to any of TES's and the Subsidiary Guarantors' unsecured indebtedness to the extent of the value of the collateral; (iv) effectively subordinated to TES's and the Subsidiary Guarantors' existing and future indebtedness that is secured by liens on assets that do not constitute collateral, to the extent of the value of such assets; (v) *pari passu* in right of payment with TES's and the Subsidiary Guarantors' existing and future senior indebtedness; (vi) senior in right of payment to TES's and the Subsidiary Guarantors' existing and future subordinated indebtedness; and (vii) structurally subordinated to all existing and future indebtedness of the TES's subsidiaries that are not Subsidiary Guarantors.

Part E. Issuance History

Item 16. List of securities offerings and shares issued for services in the past two years

Equitization of Bankruptcy Claims at Emergence

Common Stock

At Emergence, and in reliance on the exemption from registration provided in Section 1145 of the Bankruptcy Code, 4,757,642 shares of Common Stock were issued to the holders of TES's prepetition Unsecured Notes Claims in satisfaction of such Claims.

At Emergence, the Riverstone Entities and Talen MidCo LLC, and any of their respective designees received 833,701 shares of Common Stock issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933 (as amended, the "Securities Act") in connection with the settlement of certain Claims.

Warrants

At Emergence, Raven Power, C/R Energy Jade and Sapphire Power received Warrants to purchase up to 5.00%, or 3,106,781 shares, of Common Stock, with (i) a tenor of five years, (ii) a strike price of $52.92, subject to adjustment in certain circumstances, and (iii) Black-Scholes protection in the event of certain change of control transactions, the terms of which are set forth in the those certain Warrant Certificates No. 1-3, dated May 17, 2023, issued by Talen Energy Corporation. The Warrants were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act in connection with the settlement of certain Claims.

Pursuant to that certain Employment Agreement, dated December 12, 2022, by and between Talen Energy Supply, LLC and Leonard LoBiondo, at Emergence Mr. LoBiondo acquired warrants to purchase up to 457,142 shares Common Stock with a tenor of three years and a strike price of at a strike price of $43.75, subject to adjustment in certain circumstances, the terms of which are set forth in the that certain Warrant Certificate No. L-1, dated May 17, 2023, issued by Talen Energy Corporation. Such warrants were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act.

Backstopped Equity Rights Offering

In connection with Emergence, in April 2023, the Company commenced a backstopped equity rights offering to raise $1.4 billion of additional equity capital of the Company (the "Rights Offering"). Pursuant to the Rights Offering, the Company offered holders of Unsecured Notes Claims the right to purchase Common Stock of the reorganized, post-Emergence Company, for an aggregate purchase price of $1.4 billion. Such Rights Offering was backstopped by certain of the Consenting Noteholders that held Unsecured Notes Claims.

Pursuant to the Rights Offering, the Company issued 54,271,201 shares of Common Stock at a purchase price of $32.00 per share to participating holders of Unsecured Notes Claims, of which (i) 10,378,313 shares of Common Stock were issued in reliance on the exemption from registration provided in Section 1145 of the Bankruptcy Code (the "1145 Shares") and (ii) 43,892,888 shares of Common Stock were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act (the "4(a)(2) Shares"). Only the 1145 Shares are tradeable on OTCQX. The 4(a)(2) Shares bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON MAY 17, 2023, HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER.

Senior Notes

On May 12, 2023, TES issued $1.2 billion aggregate principal amount of the Exit Notes in reliance on the exemptions from registration provided by Rule 144A and Regulation S under the Securities Act. The offering of the Exit Notes was part of the series Exit Financings undertaken in connection with the Chapter 11 Cases and was used to fund the distributions provided for under the Plan, including the repayment of Claims under certain of the Debtors' pre-petition indebtedness, and to pay certain fees, commissions and expenses relating to the foregoing and Emergence and for general corporate purposes.

Part F. Exhibits

Item 17. Material Contracts

The following are the material contracts of the Company, not made in the ordinary course of business, that will be performed after the posting of this Initial Disclosure Statement or that were entered into not more than two years before such posting, which such material contracts are separately posted as Supplemental Information through www.OTCIQ.com:

- Registration Rights Agreement, dated as of May 17, 2023, by and among Talen Energy Corporation and the undersigned holders party thereto.
- Stockholders Agreement, dated as of May 17, 2023, by and among Talen Energy Corporation and the parties identified therein.
- Warrant Certificate No. 1, dated May 17, 2023, issued by Talen Energy Corporation to Raven Power Holdings LLC.
- Warrant Certificate No. 2, dated May 17, 2023, issued by Talen Energy Corporation to C/R Energy Jade, LLC.
- Warrant Certificate No. 3, dated May 17, 2023, issued by Talen Energy Corporation to Sapphire Power Holdings LLC.

- Warrant Certificate No. L-1, dated May 17, 2023, issued by Talen Energy Corporation to Leonard LoBiondo.

- Credit Agreement, dated May 17, 2023, by and among Talen Energy Supply, LLC, the lending institutions from time to time parties thereto, Citibank, N.A., as Administrative Agent and Collateral Agent, and Citibank, N.A., BMO Capital Markets Corp., Deutsche Bank Securities Inc., Goldman Sachs Bank USA, RBC Capital Markets, LLC, MUFG Bank, Ltd., Credit Suisse Loan Funding LLC and Morgan Stanley Senior Funding, Inc., as Joint Lead Arrangers and Joint Bookrunners.

- Letter of Credit Facility Agreement, dated May 17, 2023, by and among Talen Energy Supply, LLC, Barclays Bank PLC, as L/C Issuer and Citibank, N.A., as Collateral Agent.

- Indenture, dated May 12, 2023, between Talen Energy Supply, LLC and Wilmington Savings Fund Society, FSB, as trustee.

- First Supplemental Indenture, dated as of May 17, 2023, by and among the subsidiary guarantors listed therein, Talen Energy Supply, LLC, the other subsidiary guarantors and Wilmington Savings Fund Society, FSB, as trustee under the Indenture.

- Credit Agreement, dated as of September 20, 2021, by and among Cumulus Digital, Cumulus Digital Holdings, the subsidiary guarantors party thereto, the lenders from time to time party thereto, and Orion Energy Partners Investment Agent, LLC, as administrative agent and collateral agent.

- Amendment No. 1 and Waiver No. 1 to Credit Agreement, dated December 30, 2021, by and among Cumulus Digital, Cumulus Digital Holdings, the subsidiary guarantors party thereto, the lenders from time to time party thereto, and Orion Energy Partners Investment Agent, LLC, as administrative agent and collateral agent.

- Amendment No. 2 to Credit Agreement, dated February 11, 2022, by and among Cumulus Digital, Cumulus Digital Holdings, the subsidiary guarantors party thereto, the lenders from time to time party thereto, and Orion Energy Partners Investment Agent, LLC, as administrative agent and collateral agent.

- Amendment No. 3 and Waiver to Credit Agreement and Amendment No. 1 to Depositary Agreement, dated May 9, 2022, by and among Cumulus Digital, Cumulus Digital Holdings, the subsidiary guarantors party thereto, the lenders from time to time party thereto, and Orion Energy Partners Investment Agent, LLC, as administrative agent and collateral agent, and MUFG Union Bank, N.A., as depositary bank.

- Fourth Amendment to Credit Agreement, dated September 29, 2022, by and among Cumulus Digital and its subsidiaries, Cumulus Digital Holdings, the lenders from time to time party thereto, and Orion Energy Partners Investment Agent, LLC, as administrative agent and collateral agent.

- Credit and Guaranty Agreement, dated as of December 3, 2018, by and among LMBE-MC HoldCo II LLC, as borrower, LMBE-MC HoldCo I LLC, as Holdings, MC Project Company, LLC and LMBE Project Company LLC, as subsidiary guarantors, the lenders from time to time party thereto, MUFG Bank, Ltd., as administrative agent, and MUFG Union Bank, N.A., as initial issuing bank.

- Amendment No. 1 to Credit and Guaranty Agreement, dated as of January 4, 2023, by and among LMBE-MC HoldCo II LLC, as borrower, LMBE-MC HoldCo I LLC, as Holdings, MC Project Company, LLC and LMBE Project Company LLC, as subsidiary guarantors, the lenders from time to time party thereto, MUFG Bank, Ltd., as administrative agent.

- Form of Indemnification Agreement for directors and certain officers.
- Employment Agreement, dated May 17, 2023, by and between Talen Energy Corporation and Mark A. McFarland.
- Employment Agreement, effective as of July 10, 2023, by and between Talen Energy Corporation and Terry Nutt.
- Employment Agreement, dated June 19, 2023, by and between Talen Energy Corporation and John Wander.
- Employment Agreement, dated June 19, 2023, by and between Talen Energy Corporation and Andrew Wright.
- Talen Energy Corporation 2023 Equity Incentive Plan, effective June 6, 2023.
- Talen Energy Corporation Restricted Stock Unit Award Notice and Award Agreement, dated June 16, 2023, by and between Talen Energy Corporation and Mark A. McFarland.
- Talen Energy Corporation Performance-Based Restricted Stock Unit Award Notice and Award Agreement, dated June 16, 2023, by and between Talen Energy Corporation and Mark A. McFarland.
- Form of Talen Energy Corporation Restricted Stock Unit Award Notice and Award Agreement (Executive Form).
- Form of Talen Energy Corporation Performance-Based Restricted Stock Unit Award Notice and Award Agreement (Executive Form).
- Form of Talen Energy Corporation Performance-Based Restricted Stock Unit Award Notice and Award Agreement (Non-Executive Chair Form).
- Form of Talen Energy Corporation Restricted Stock Unit Award Notice and Award Agreement (Non-Employee Director Form).

Item 18. Articles of Incorporation and Bylaws

A complete copy of the Third Amended and Restated Certificate of Incorporation of Talen Energy Corporation has been separately posted as Articles of Incorporation through www.OTCIQ.com and is incorporated by reference herein.

A complete copy of the Second Amended and Restated Bylaws of Talen Energy Corporation has been separately posted as Corporate Bylaws through www.OTCIQ.com and is incorporated by reference herein.

Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 20. Issuer's Certifications

I, Mark A. McFarland, certify that:

(i) I have reviewed this quarterly disclosure statement of Talen Energy Corporation;

(ii) Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

(iii) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: July 10, 2023

/s/ Mark A. McFarland
Chief Executive Officer and Director

I, Terry L. Nutt, certify that:

(i) I have reviewed this quarterly disclosure statement of Talen Energy Corporation;

(ii) Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

(iii) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: July 10, 2023

/s/ Terry L. Nutt
Chief Financial Officer

GLOSSARY

When used in this Initial Disclosure Statement, the following capitalized terms have the meanings set forth below:

Certain Legal Entities and Generation Facilities

"Athens" means New Athens Generating Company, LLC, a direct subsidiary of NorthEast Gas Gen that owns a generation facility in Athens, New York. Athens was deconsolidated by Talen in April 2020. Ownership of Athens was transferred by Talen in December 2020 in connection with NorthEast Gas Gen's emergence from bankruptcy.

"Barney Davis" means Barney Davis, LLC, a direct subsidiary of Talen Texas that owns and operates a generation facility in Corpus Christi, Texas.

"BQ Energy" means BQ Energy Development, LLC, an unaffiliated third party.

"Brandon Shores" means Brandon Shores LLC, an indirect subsidiary of Talen Generation that owns and operates a generation facility in Curtis Bay, Maryland.

"Brunner Island" means Brenner Island, LLC, a direct subsidiary of Talen Generation that owns and operates a generation facility in York Haven, Pennsylvania.

"C/R Energy Jade" means C/R Energy Jade, LLC, an affiliate of Riverstone.

"Camden" means Camden Plant Holding, LLC, an indirect subsidiary of Talen Generation that owns and operates a generation facility in Camden, New Jersey.

"Colstrip" means a generation facility comprised of four coal-fired generation units located in Colstrip, Montana (collectively, the "Colstrip Units"). Talen Montana operates the Colstrip Units, owns an undivided interest in Colstrip Unit 3, and has an economic interest in Colstrip Unit 4. Colstrip Units 1 and 2 were permanently retired in January 2020. See the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for additional information on jointly owned facilities and Talen Montana's ownership interests in the Colstrip Units and on a pending acquisition by Talen Montana of additional interests in Colstrip Units 3 and 4.

"Conemaugh" means a generation facility located in New Florence, Pennsylvania, in which Talen Generation, through a direct subsidiary, owns a 22.22% undivided interest. Conemaugh is operated by an unaffiliated party. See the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for additional information on jointly owned facilities.

"Cumulus Affiliates" means, collectively, Cumulus Real Estate Holdings, Cumulus Battery Storage Holdings, Cumulus Renewables Holdings, Cumulus Compute Holdings, Cumulus PT Energy Transitions Holdings, Cumulus Digital Holdings and their respective subsidiaries.

"Cumulus Battery Storage Holdings" means Cumulus Battery Storage Holdings LLC, a direct subsidiary of Cumulus Growth. The Company currently consolidates this entity and its subsidiaries in accordance with accounting rules. TES receives voting convertible preferred equity units for investments made into this entity. On an as-converted basis, TES owns a majority of the common equity interests of this entity.

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

"Cumulus Coin Holdings" means Cumulus Coin Holdings LLC, a direct subsidiary of Cumulus Digital that, through its direct subsidiary, Cumulus Coin, owns an equity interest in Nautilus. TES and Talen Growth previously held voting convertible preferred equity interests in this entity. In September 2022, in connection with the Cumulus

Digital Equity Conversion, the preferred equity interests were converted to common equity interests in Cumulus Digital Holdings. See the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for additional information.

"Cumulus Compute Holdings" means Cumulus Compute Holdings LLC. The Company currently consolidates this entity and its subsidiaries in accordance with accounting rules. TES receives voting convertible preferred equity units for investments made into this entity. On an as-converted basis, TES owns a majority of the common equity interests of this entity.

"Cumulus Data" means Cumulus Data LLC, a direct subsidiary of Cumulus Data Holdings.

"Cumulus Data Holdings" means Cumulus Data Holdings LLC, a direct subsidiary of Cumulus Digital. TES and Talen Growth previously held voting convertible preferred equity interests in this entity. In September 2022, in connection with the Cumulus Digital Equity Conversion, the preferred equity interests were converted to common equity interests in Cumulus Digital Holdings. See the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for additional information.

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

"Cumulus Digital Holdings" means Cumulus Digital Holdings LLC, a subsidiary of TES that owns Cumulus Digital. Prior to September 2022, Cumulus Digital Holdings was a subsidiary of Cumulus Growth. As a result of the Cumulus Digital Equity Conversion, Cumulus Digital Holdings became majority-owned by TES, with minority interests held by affiliates of Riverstone and OIC. As of the date of this Initial Disclosure Statement, TES holds approximately 81% of the issued and outstanding common equity of Cumulus Digital Holdings.

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

"Cumulus Projects" means, the Company's investment, through its subsidiaries, in a pipeline of renewable energy and battery storage projects and the development of digital infrastructure projects adjacent to the Susquehanna Facility.

"Cumulus PT Energy Transitions Holdings" means Cumulus PT Energy Transitions Holdings LLC, a direct subsidiary of Cumulus Growth. The Company currently consolidates Cumulus PT Energy Transitions Holdings in accordance with accounting rules. TES receives voting convertible preferred equity units for investments made into this entity. On an as-converted basis, TES owns a majority of the common equity interests of this entity.

"Cumulus Real Estate Holdings" means Cumulus Real Estate Holdings LLC, a direct subsidiary of Cumulus Growth. The Company currently consolidates this entity in accordance with accounting rules. TES receives voting convertible preferred equity units for investments made into this entity. On an as-converted basis, TES owns a majority of the common equity interests of this entity.

"Cumulus Renewables Holdings" means Cumulus Renewables Holdings LLC, a direct subsidiary of Cumulus Growth. The Company currently consolidates this entity and its subsidiaries in accordance with accounting rules. TES receives voting convertible preferred equity units for investments made into this entity. On an as-converted basis, TES owns a majority of the common equity interests of this entity.

"Dartmouth" means Dartmouth Power Associates Limited Partnership, an indirect subsidiary of Talen NE LLC that owns and operates a generation facility in Dartmouth, Massachusetts.

"H.A. Wagner" means H.A. Wagner LLC, an indirect subsidiary of Talen Generation that owns and operates a generation facility in Curtis Bay, Maryland.

"Key Capture Energy" means Key Capture Energy, LLC, an unaffiliated third party.

"Keystone" means a generation facility located in Shelocta, Pennsylvania in which Talen Generation, through a direct subsidiary, owns a 12.34% undivided interest is operated by an unaffiliated party. See the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for additional information on jointly owned facilities.

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

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

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

"Lower Mt. Bethel" means LMBE Project Company LLC, a direct subsidiary of LMBE-MC that owns and operates a generation facility in Bangor, Pennsylvania.

"Martins Creek" means MC Project Company LLC, a direct subsidiary of LMBE-MC that owns and operates a generation facility in Bangor, Pennsylvania.

"Millennium" means Millennium Power Partners, L.P, an indirect subsidiary of NorthEast Gas Gen that owns a generation facility in Charlton, Massachusetts. Millennium was deconsolidated by Talen in April 2020. Ownership of Millennium was transferred by Talen in December 2020 in connection with NorthEast Gas Gen's emergence from bankruptcy.

"Montour" means Montour, LLC, a direct subsidiary of Talen Generation that owns and operates a generation facility in Washingtonville, Pennsylvania.

"Nautilus" means Nautilus Cryptomine LLC, a joint venture owned, as of December 31, 2022, 75% by Cumulus Coin and 25% by TeraWulf. See the historical financial statements of TEC and TES and the related notes thereto incorporated by reference into this Initial Disclosure Statement for additional information.

"NorthEast Gas Gen" means NorthEast Gas Generation, LLC, a former indirect subsidiary of TES that, through its subsidiaries, owned and operated generation facilities in Massachusetts and New York was the borrower under outstanding indebtedness that was non-recourse to Talen. NorthEast Gas Gen and its subsidiaries were deconsolidated by Talen in April 2020. Ownership of NorthEast Gas Gen was transferred by Talen in December 2020 in connection with NorthEast Gas Gen's emergence from bankruptcy.

"Nueces Bay" means Nueces Bay, LLC, a direct subsidiary of Talen Texas that owns and operates a generation facility in Corpus Christi, Texas.

"Pattern Energy" means Pattern Renewables 2 LP, an unaffiliated third party in which Riverstone holds a minority interest.

"Raven Power" means Raven Power Holdings LLC, an affiliate of Riverstone.

"Riverstone" means Riverstone Holdings LLC.

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

"Sapphire Power" means Sapphire Power Holdings LLC, an affiliate of Riverstone.

"Susquehanna Facility" means a nuclear-powered generation facility located near Berwick, Pennsylvania. Susquehanna Nuclear operates, and owns a 90% undivided interest in, the Susquehanna Facility.

"Susquehanna Nuclear" means Susquehanna Nuclear, LLC, a direct subsidiary of TES.

Talen," "we," "us" and "our," unless the context requires otherwise, refer collectively to TEC, TES and TEC's other subsidiaries.

"Talen Energy Corporation," "TEC" or the "Company" means Talen Energy Corporation, the parent company of TES and Cumulus Growth and their consolidated subsidiaries.

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

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

"Talen Growth" means Talen II Growth Holdings LLC, an indirect subsidiary of TES that, through its subsidiaries, previously owned interests in proposed digital infrastructure, renewable energy and battery storage projects that are currently in the development stage. Talen Growth sold its interests in the proposed projects to then-subsidiaries of Cumulus Growth in September 2021.

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

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

"Talen NE" means Talen NE LLC, a direct subsidiary of TES that, through subsidiaries, owns and operates a generation facility in Massachusetts.

"Talen Texas" means Talen Texas, LLC, a direct subsidiary of TES that, through its subsidiaries, owns and operates generation facilities in Texas.

"TeraWulf" means TeraWulf (Thales) LLC, a Beowulf Energy LLC subsidiary, an unaffiliated third party and a subsidiary of TeraWulf Inc. (Nasdaq: WULF).

Certain Business and Operations Terms and Abbreviations

"Base Residual Auction" means the PJM capacity auction, typically conducted three years prior to the start of the applicable Delivery Year, to secure commitments from capacity resources.

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

"Delivery Year" means the period to which a capacity commitment in PJM applies. A Delivery Year typically runs from June 1 to May 31.

"EPA" means U.S. Environmental Protection Agency.

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

"FERC" means the U.S. Federal Energy Regulatory Commission.

"GW" means a gigawatt, or one billion watts, of electric power.

"GWh" means gigawatt-hours of electric energy.

"IBEW" means the International Brotherhood of Electrical Workers, a labor union.

"ISO" means Independent System Operator.

"ISO-NE" means ISO New England Inc., the RTO that operates the electricity transmission network and wholesale power market that serves Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

"KW" means kilowatt, or one thousand watts, of electric power.

"MW" means a megawatt, or one million watts, of electric power.

"MWh" means megawatt-hours of electric energy.

"NRC" means the U.S. Nuclear Regulatory Commission.

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

"PUCT" means the Public Utility Commission of Texas.

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

"RTO" means Regional Transmission Organization.

"WECC" means the Western Electricity Coordinating Council, a not-for-profit entity that ensures the reliability of the electricity transmission network and energy market in all or parts of Arizona, California, Idaho, Montana, Nevada, New Mexico, Oregon, South Dakota, Texas, Utah, Washington, and the Canadian provinces of Alberta and British Columbia and the northern portion of the Mexican state of Baja California.

Certain Finance and Restructuring Terms and Abbreviations

"Bankruptcy Code" means Chapter 11 of Title 11 of the United States Code, as amended, modified or supplemented from time to time.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of Texas.

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

"Claim" has the meaning set forth in section 101(5) of the Bankruptcy Code.

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

"Common Stock" means common stock, par value $0.001 per share, of Talen Energy Corporation.

"Consenting Noteholders" means the holders of the Company's Senior Unsecured Notes that are party to the RSA.

"Consenting TEC Parties" means TEC and the Riverstone Entities, as parties to the fifth amendment to the RSA.

"Cumulus Digital 2027 TLF" means the Cumulus Digital Term Loan Facility, due September 2027, entered into by Cumulus Digital and affiliates of OIC, that provides for up to $175 million to support Cumulus Coin's required contributions to Nautilus and Cumulus Data's construction of certain shared infrastructure that will support both Nautilus and the Cumulus Data Center Campus. As of December 31, 2022, the Cumulus Digital 2027 TLF has been fully drawn and, including payment-in-kind interest, had a carrying value of $185 million.

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

"Cumulus Term Sheet" means that certain Cumulus Term Sheet, dated as of August 29, 2022, by and among TES, TEC, Cumulus Digital, Orion Energy Partners Investment Agent, LLC, the Riverstone Entities, and certain of their respective affiliates. The Cumulus Term Sheet is an attachment to the TEC Term Sheet.

"Debtors" means, prior to December 12, 2022, TES and 71 affiliated debtors that each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Initial Debtors"), and thereafter, the Initial Debtors together with TEC.

"DIP Credit Agreement" means that certain Superpriority Secured Debtor-In-Possession Credit Agreement, dated as of May 11, 2022, as amended, restated, amended and restated, supplemented or otherwise modified, which governed the DIP Revolver and DIP Term Loan.

“DIP LC Agreement” means that certain Superpriority Secured Debtor-In-Possession Letter of Credit Facility Agreement, dated as of May 11, 2022, as amended, restated, amended and restated, supplemented or otherwise modified.

“DIP Revolver” means the revolving credit facility with aggregate commitments of $300 million, including a letter of credit sub-facility in an aggregate amount of up to $75 million to issue new LCs, under the DIP Credit Agreement.

“DIP Term Loan” means the term facility that provided an aggregate principal amount of $1 billion under the DIP Credit Agreement.

“Emergence” means our emergence from the Chapter 11 Cases on May 17, 2023.

“Exit Credit Agreement” means the Credit Agreement, dated May 17, 2023, by and among TES, the lending institutions from time to time parties thereto, Citibank, N.A., as Administrative Agent and Collateral Agent, and the Joint Lead Arrangers and Joint Bookrunners parties thereto, entered into at Emergence establishing the Exit Revolver and the Exit Term Loans.

“Exit Facilities” means the Exit Revolver together with the Exit Term Loans and the Exit LC Facility.

“Exit Financings” means, in connection with Emergence, TES’s issuance of the Exit Notes, entry into the Exit Facilities and consummation of the Rights Offering.

“Exit Indenture” means the Indenture, dated as of May 12, 2023, as supplemented by the First Supplemental Indenture, dated as of May 17, 2023, each between TES, the Subsidiary Guarantors and Wilmington Savings Fund Society, FSB, which governs the Exit Notes.

“Exit LC Facility” means the new bilateral letter of credit facility in the aggregate committed amount of $75 million, the proceeds of which are available to support the issuance of standby LCs.

“Exit Notes” means TES’s 8.625% Senior Notes due 2030 issued in connection with Emergence.

“Exit Revolver” means the new senior secured revolving credit facility with an initial committed amount of $700 million (100% of which remained undrawn upon Emergence), a portion of which is available for the issuance (and/or support) of certain LCs.

“Exit Term B Loans” means the new senior secured term loan B facility in an aggregate principal amount of $580 million.

“Exit Term C Loans” means the new senior secured term loan C facility in an aggregate principal amount of $470 million, the proceeds of which are available to support the issuance of standby and trade LCs via 100% cash collateralization.

“Exit Term Loans” means the Exit Term B Loans together with the Exit Term C Loans.

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

“Rights Offering” means the backstopped equity rights offering to raise $1.4 billion of additional equity capital of

TEC.

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

"Senior Secured Notes" means the pre-petition secured notes issued by TES, which were guaranteed by the applicable subsidiary guarantors thereunder and secured by a lien and security interest in substantially all of the assets of TES and the applicable subsidiary guarantors thereunder, comprised of the: (i) 7.25% Senior Secured Notes due 2027; (ii) 6.625% Senior Secured Notes due 2028; and (iii) 7.625% Senior Secured Notes due 2028.

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

"Subsidiary Guarantors" means the subsidiaries of TES that guarantee the obligations of TES under the Exit Facilities.

"TEC Global Settlement" means the settlement of all Claims, interests, and controversies among the Debtors, the Consenting Noteholders, and the Consenting TEC Parties, the terms of which are set out in the fifth amendment to the RSA and the TEC Term Sheet attached thereto.

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

"TES Deconsolidation" means the deconsolidation of TES by TEC for financial reporting purposes in May 2022 due to the Initial Debtors filing for bankruptcy. See Note 2 to the pro forma financial statements (unaudited) of TEC incorporated by reference into this Initial Disclosure Statement for additional information.

"TES Reconsolidation" means the reconsolidation of TES by TEC for financial reporting purposes at Emergence due to the Debtors' emergence from the Chapter 11 Cases. See Note 4 to the pro forma financial statements (unaudited) of TEC incorporated by reference into this Initial Disclosure Statement for additional information.

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

"Warrants" means warrants to purchase Common Stock.