Talen Energy Reports Second Quarter Results, Highlights Strong First Half 2023 Financial and Operational Performance, and Establishes 2023 Guidance

August 14, 2023

HOUSTON, Aug. 14, 2023 /PRNewswire/ -- Talen Energy Corporation ("Talen" or the "Company") (OTCQX: TLNE), an independent power producer and infrastructure company committed to the energy transition, today reported its second quarter 2023 financial and operational results.

"Since completing our restructuring on May 17th, we have continued to achieve strong operating and financial performance and made substantial progress on our strategic realignment to a regular-way public company," said Mac McFarland, President and Chief Executive Officer. "As the next step in that process, we are issuing 2023 guidance today, with a higher expected midpoint for Adjusted EBITDA and Adjusted Free Cash Flow than was previously disclosed in January. Talen made substantial capital investments prior to the completion of our restructuring, and we are fortunate today to have limited non-maintenance capital expenditures going forward. As a result, our current plan is to realize the financial benefits of those prior investments and prioritize returning capital to shareholders."

McFarland continued, "As part of our strategic realignment and simplification of our capital structure, we recently completed the $290 million refinancing of our Lower Mount Bethel-Martins Creek ("LMBE-MC") subsidiary debt and reached an agreement with Riverstone to acquire its interests in Cumulus Digital and retire its warrant rights to purchase approximately 3.1 million shares of Talen common stock."

Key Highlights

- Reported second quarter 2023 Adjusted EBITDA of $114 million and Adjusted Free Cash Flow of $(30) million.
- Reported first half 2023 Adjusted EBITDA of $774 million and Adjusted Free Cash Flow of $464 million.
- Establishing 2023 guidance ranges for Adjusted EBITDA of $1,070 million to $1,245 million and Adjusted Free Cash Flow of $550 million to $595 million.
- On August 9, 2023, Talen successfully refinanced its non-recourse LMBE-MC subsidiary debt through upsizing the recently issued 2030 Term Loan B ("New TLB, 2030") by $290 million, bringing the high-performing LMBE-MC generation facilities into the Talen recourse credit group.
- On August 10, 2023, Talen executed an agreement with Riverstone Holdings ("Riverstone") to acquire its total noncontrolling interests of approximately 14% in Cumulus Digital Holdings ("Cumulus Digital") and retire its warrant rights to purchase approximately 3.1 million shares of Talen common stock for total consideration of $60 million.
- Reported hedge position of approximately 64% of expected generation volumes in the second half of 2023 and approximately 76% in 2024.

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Summary of Financial & Operational Results (Unaudited)

(Millions of Dollars Unless Otherwise Stated)	**Three Months Ended June 30, 2023**	**Six Months Ended June 30, 2023**
Adjusted EBITDA	$114	$774
Adjusted Free Cash Flow	$(30)	$464
Total Generation (a)	6.8 TWh	13.5 TWh

Carbon-Free Generation	58 %	60 %
Equivalent Forced Outage Factor ("EFOF") (b)	4.0 %	2.6 %

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

(b) EFOF is defined as the percentage of a given period in which a generating unit is not available due to forced outages and forced deratings.

Given the impacts of fresh start accounting and the implementation of the plan of reorganization on GAAP earnings in 2023, Talen believes its non-GAAP financial measures of Adjusted EBITDA and Adjusted Free Cash Flow are more meaningful in evaluating its second quarter and first half 2023 performance. Talen's management team evaluates its financial and operational results utilizing these non-GAAP measures.

For the second quarter 2023, Talen reported Adjusted EBITDA of $114 million and Adjusted Free Cash Flow of $(30) million. Operationally, the second quarter is typically a shoulder period for Talen, given its PJM-weighted fleet and the Susquehanna nuclear plant's refueling outage in the spring. Talen did benefit from higher ERCOT spark spreads, as those plants have been performing well during the current summer heat wave in Texas. Financially, Talen was burdened by its legacy capital structure for over half of the second quarter, until the Company emerged from restructuring on May 17, 2023. Talen used approximately $1.1 billion of cash on the balance sheet to pay off debt and claims at emergence, exiting with $169 million of unrestricted cash on the balance sheet and a $700 million undrawn revolver.

For the first half of 2023, Talen reported Adjusted EBITDA of $774 million and Adjusted Free Cash Flow of $464 million. Talen's Adjusted EBITDA performance was driven primarily by higher energy margins realized through its disciplined hedging strategy. Talen's commercial team took advantage of elevated forward pricing in 2022 to lock in 2023 power prices, realizing robust hedging gains in the first half of 2023 during periods of less favorable pricing.

Talen achieved strong operational performance with continued emphasis on safety in the first half of 2023, with a fleet EFOF of 2.6% and OSHA Total Recordable Incident Rate of 0.6 (defined as the number of recordable incidents x 200,000 / total number of manhours worked; only includes plants operated by Talen). Total generation year-to-date was 13.5 TWh, with approximately 60% from carbon-free nuclear generation at Susquehanna.

Other operational highlights include:

- Plant Conversions
  - The 1.5 GW Montour coal-to-gas conversion is nearly complete; Unit 2 went commercial (fully operational) on natural gas in early August; Unit 1 is expected to be commercial on natural gas by the end of August.
  - The conversion of the 0.3 GW Wagner Unit 3 from coal to oil is underway, with completion expected by year-end 2023.
- Cumulus Data
  - Substation SS03 is nearing full electrification, which will provide redundant power to Phase 1 of the Susquehanna data center campus.
  - Limited incremental capital (approximately $5 million) is required for electrical infrastructure to support up to 240 MW at the data center campus.
  - Talen is focused on realizing the value of prior investments through a campus sale or joint venture.

Establishing 2023 Guidance

($ in millions)	**Range**
Adjusted EBITDA	$1,070 – $1,245
Adjusted Free Cash Flow	$550 – $595

Talen is establishing 2023 Adjusted EBITDA and Adjusted Free Cash Flow guidance ranges, with higher expected midpoints than the last forecasted figures disclosed during the restructuring in the Company's January 27 Forecast Refresh. The range for 2023 Adjusted EBITDA is $1,070 million to $1,245 million and the range for Adjusted Free Cash Flow is $550 million to $595 million. The Company anticipates providing 2024 guidance in its Q3 2023 earnings release.

Balance Sheet and Liquidity

Talen is focused on maintaining a strong balance sheet: targeting a net leverage ratio of less than 3.5x net debt-to-EBITDA, along with maintaining ample liquidity.

On August 9, 2023, Talen successfully refinanced its non-recourse LMBE-MC subsidiary debt through upsizing its New TLB, 2030 by $290 million. The transaction brought the high-performing LMBE-MC generation assets into the Talen credit group, simplified Talen's capital structure and extended the debt maturity profile of the Company. The transaction clears all recourse debt maturities until 2028, providing Talen with valuable flexibility as it relates to the Company's cash flows and capital structure.

As of August 11, 2023, Talen had total available liquidity of approximately $840 million, comprised of approximately $140 million of unrestricted cash and a $700 million undrawn revolving credit facility.

Riverstone Buyout

On August 10, 2023, Talen reached an agreement with Riverstone to acquire its approximately 14% interest in Cumulus Digital and retire its warrant rights to purchase approximately 3.1 million shares of Talen common stock for a total consideration of $60 million.

This consolidation further simplifies Talen's ownership structure and provides increased flexibility as the Company continues to unlock value across its platform. The transaction eliminates $49 million of liabilities represented by the Talen warrants as of June 30, 2023, concludes all of Riverstone's equity and governance interests in Cumulus Digital, and terminates its economic rights in related intercompany PPA agreements. The transaction is expected to close in September, upon expiration of a right of first offer that allows other Cumulus Digital owners to acquire their pro rata share of Riverstone's Cumulus Digital interest on the same terms as Riverstone is willing to sell the entire interest to Talen.

Update on Hedging Activities and Nuclear Fuel Supply

As of June 30, 2023, Talen had hedged approximately 64% of its expected generation volumes for the second half of 2023 and approximately 76% in 2024. Talen's hedging program is a key component of the Company's comprehensive fiscal policy and supports the objective of locking in future earnings and cash flows while maintaining upside optionality.

As an update on nuclear fuel supply activities, Talen has eliminated its exposure to all Russian-related uranium suppliers and has further hedged its uranium and uranium conversion positions. Currently, 100% of Talen's nuclear fuel cycle is hedged through the 2025 fuel load as well as all conversion and fabrication needs through 2029.

Investor Day and Upcoming Investor Conference Participation

Talen will be holding an Investor Day at its Susquehanna nuclear plant site and Cumulus Digital campus on October 24, 2023, with more information to be announced soon.

Anticipated conference participation for Talen's executives in September 2023:

- Barclays CEO Energy/Power Conference: September 5th – 7th in New York City
- Bank of America IPP Day: September 21st in Houston
- Wolfe Research Utilities, Midstream & Clean Energy Conference: September 27th – 28th in New York City

Earnings Call

The Company will hold an earnings call on Tuesday, August 15, 2023, at 9:00 a.m. EDT (8:00 a.m. CDT). To participate in the call, please register for the webcast here. Participants can also join by phone through registering here prior to the start time of the call to receive a conference call dial-in number. For those unable to participate in the live event, a digital replay of the earnings call will be archived for approximately one year and will be available on Talen's Investor Relations website at https://talenenergy.investorroom.com/financials-presentations.

About Talen

Talen owns and operates approximately 12.4 GW of high-quality power infrastructure in the United States. We produce and sell electricity, capacity, and ancillary services into wholesale power markets in the United States primarily in PJM, ERCOT and WECC, with our generation fleet principally located in the Mid-Atlantic, Texas and Montana. While the majority of our power is already generated at zero-carbon nuclear and lower-carbon gas-fired facilities, we are reducing the carbon profile of our wholly-owned coal fleet through conversion to lower-carbon fuels. In addition, we are developing a hyperscale data center campus adjacent to our Susquehanna nuclear plant that will utilize the carbon-free energy that Susquehanna generates. Talen is headquartered in Houston, Texas.

Talen trades on the OTCQX® Best Market under the ticker "TLNE." OTCQX companies meet high financial standards, follow best practice corporate governance, demonstrate compliance with U.S. securities laws, and have a professional third-party sponsor introduction. Investors can find current financial disclosures and Real-Time Level 2 quotes for the Company on www.otcmarkets.com/stock/TLNE/overview.

Additional Information

For additional information and updates about Talen, please visit our Investor Relations webpage at https://talenenergy.investorroom.com, or contact:

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Non-GAAP Financial Measures

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

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

Adjusted EBITDA is computed as net income (loss) adjusted, among other things, for certain: (i) nonrecurring charges; (ii) non-recurring gains; (iii) non-cash and other items; (iv) unusual market events; (v) any depreciation, amortization, or accretion; (vi) mark-to-market gains or losses; (vii) gains and losses on the NDT; (viii) gains and losses on asset sales, dispositions, and asset retirement; (ix) impairments, obsolescence, and net realizable value charges; (x) interest expense; (xi) income taxes; (xii) legal settlements, liquidated damages, and contractual terminations; (xiii) development expenses; (xiv) Cumulus Digital noncontrolling interests; and (xv) other adjustments. Such adjustments are computed consistently with the provisions of our indebtedness to the extent that they can be derived from the financial records of the business. We believe Adjusted EBITDA is useful to investors and other users of the financial statements to evaluate our operating performance because it provides an additional tool to compare business performance across companies and across periods.

Adjusted Free Cash Flow. Adjusted Free Cash Flow, a key non-GAAP financial measure, is a useful metric utilized by our chief operating decision makers to evaluate cash flow activities. Adjusted Free Cash Flow is computed by Adjusted EBITDA reduced by capital expenditures including nuclear fuel but excluding development, growth and (or) conversion capital expenditures, cash payments for interest and finance charges, cash payments for taxes (excluding income taxes paid from the nuclear facility decommissioning trust ("NDT")) and pension contributions.

We believe Adjusted Free Cash Flow is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to determine a company's ability to meet future obligations and to compare business performance across companies and across periods. Adjusted Free Cash Flow is widely used by investors to measure a company's levered cash flow without regard to items such as ARO settlements; income taxes paid from the NDT; nonrecurring development, growth and conversion expenditures; and cash proceeds or payments for the sale or purchase of assets, which can vary substantially from company to company and period to period depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

For a reconciliation of Adjusted EBITDA to the most comparable GAAP financial measure, please refer to the reconciliations at the end of this earnings release. Adjusted EBITDA is not intended to replace "Net Income Attributable to Stockholders (Successor) / Member (Predecessor)," which is the most comparable measure calculated and presented in accordance with GAAP.

Forward Looking Statements

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

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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Successor	Predecessor
	May 18 through June 30,	**January 1 through May 17,**
(Millions of Dollars, except share data)	**2023**	**2023**
Capacity revenues	$ 26	$ 108

Energy and other revenues	188	1,042
Unrealized gain (loss) on derivative instruments	87	60
Operating Revenues	**301**	**1,210**
Energy Expenses		
Fuel and energy purchases	(57)	(176)
Nuclear fuel amortization	(25)	(33)
Unrealized gain (loss) on derivative instruments	(46)	(123)
Total Energy Expenses	**(128)**	**(332)**
Operating Expenses		
Operation, maintenance and development	(69)	(285)
General and administrative	(18)	(51)
Depreciation, amortization and accretion	(28)	(200)
Impairments	—	(381)
Operational restructuring	—	—
Other operating income (expense), net	(3)	(37)
Operating Income (Loss)	**55**	**(76)**
Nuclear decommissioning trust funds gain (loss), net	39	57
Interest expense and other finance charges	(33)	(163)
Reorganization income (expense), net	—	799
Other non-operating income (expense), net	(11)	60
Income (Loss) Before Income Taxes	**50**	**677**
Income tax benefit (expense)	(19)	(212)
Net Income (Loss)	**31**	**465**
Less: Net income (loss) attributable to noncontrolling interest	2	(14)
Net Income (Loss) Attributable to Stockholders (Successor) / Member (Predecessor)	**$ 29**	**$ 479**
Per Common Share (Successor)		

Net Income (Loss) Attributable to Stockholders - Basic	$ 0.49	N/A
Net Income (Loss) Attributable to Stockholders - Diluted	0.49	N/A
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	59,029	N/A
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	59,088	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited)

	Successor
	June 30,
(Millions of Dollars. except share data)	**2023**
Assets	
Cash and cash equivalents	$ 127
Restricted cash and cash equivalents	588
Accounts receivable, net	150
Inventory, net	318
Derivative instruments	169
Other current assets	116
Total current assets	**1,468**
Property, plant and equipment, net	3,863
Nuclear decommissioning trust funds	1,499
Derivative instruments	2
Other noncurrent assets	191
Total Assets	**$ 7,023**
Liabilities and Equity	
Revolving credit facilities	$ —
Long-term debt, due within one year	14
Accrued interest	29
Accounts payable and other accrued liabilities	298

Derivative instruments	50
Other current liabilities	57
Total current liabilities	**448**
Long-term debt	2,832
Liabilities subject to compromise	—
Derivative instruments	28
Postretirement benefit obligations	335
Asset retirement obligations and accrued environmental costs	444
Deferred income taxes	372
Other noncurrent liabilities	104
Total Liabilities	**4,563**
Commitments and Contingencies - Note 12	
Stockholders' (Successor) / Member's (Predecessor) Equity	
Member's equity	—
Common stock - $0.001 par value (a)	—
Additional paid-in capital	2,325
Accumulated retained earnings (deficit)	29
Accumulated other comprehensive income (loss)	(3)
Total Stockholders' (Successor) / Member's (Predecessor) Equity	**2,351**
Noncontrolling interests	**109**
Total Equity	**2,460**
Total Liabilities and Equity	**$ 7,023**

(a) As of June 30, 2023: 350,000,000 shares authorized; 59,028,843 shares issued and outstanding.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Successor	Predecessor

(Millions of Dollars)	May 18 through June 30, 2023	January 1 through May 17, 2023
Operating Activities		
Net income (loss)	$ 31	$ 465
Non-cash Reconciliation adjustments:		
Unrealized (gains) losses on derivative instruments	(39)	65
Nuclear fuel amortization	25	33
Depreciation, amortization and accretion	27	208
Impairments	—	381
Operational restructuring	—	—
Nuclear decommissioning trust funds (gain) loss, net (excluding interest and fees)	(33)	(43)
Deferred income taxes	16	195
Reorganization (income) expense, net	—	(933)
Other	17	(43)
Changes in assets and liabilities:		
Accounts receivable, net	(5)	261
Inventory, net	(11)	10
Other assets	22	98
Accounts payable and accrued liabilities	(89)	(69)
Accrued interest	25	(124)
Other liabilities	13	(42)
Net cash provided by (used in) operating activities	**(1)**	**462**
Investing Activities		
Property, plant and equipment expenditures	(20)	(138)
Nuclear fuel expenditures	(14)	(49)
Nuclear decommissioning trust funds investment purchases	(279)	(959)
Nuclear decommissioning trust funds investment sale proceeds	273	949

Proceeds from the sale of non-core assets	—	46
Equity investments in affiliates	—	(8)
Other investing activities	2	2
Net cash provided by (used in) investing activities	**(38)**	**(157)**
Financing Activities		
Contributions from member	—	1,393
Exit Financing proceeds, net of discount	—	2,219
Repayment of Prepetition Secured Indebtedness	—	(3,898)
Payment of make-whole premiums on Prepetition Secured Indebtedness	—	(152)
DIP Facilities proceeds, net	**—**	**—**
Deferred Capacity Obligation and Inventory Repurchase Obligations, net repayments	—	—
LMBE-MC TLB payments	(1)	(7)
Deferred finance costs	—	(74)
Derivatives with financing elements	—	(20)
Other	1	—
Net cash provided by (used in) financing activities	**—**	**(539)**
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	**(39)**	**(234)**
Beginning of period cash and cash equivalents and restricted cash and cash equivalents	754	988
End of period cash and cash equivalents and restricted cash and cash equivalents	$ 715	$ 754

See Note 19 in Notes to the Condensed Consolidated Financial Statements for supplemental cash flow information.

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NON-GAAP RECONCILIATIONS – ADJUSTED EBITDA & ADJUSTED FREE CASH FLOW

(Unaudited)

	Three Months Ended June 30,	**Six Months Ended June 30,**
(Millions of Dollars)	**2023**	**2023**
Net Income (Loss)	**$ 448**	**$ 496**
Less: Bankruptcy, Liability Management, and Restructuring Activities		

Hedge termination losses, net (a)	—	—
Reorganization (gain) loss, net (b)	(838)	(799)
Operational and other restructuring activities	17	25
Bankruptcy exit fees	4	4
Liability management costs and other professional fees	—	—
Total Bankruptcy, Liability Management, and Restructuring Activities	**$ (817)**	**$ (770)**
Other Adjustments		
Interest expense and other finance charges	92	196
Income tax (benefit) expense	217	231
Depreciation, amortization and accretion	96	228
Nuclear fuel amortization	34	58
Unrealized (gain) loss on commodity derivative contracts	53	22
Nuclear decommissioning trust funds (gain) loss, net	(50)	(96)
Stock-based compensation expense	16	16
Environmental and ARO revisions on fully depreciated property, plant and equipment	—	—
(Gain) loss on non-core asset sales, net (c)	(15)	(50)
Non-cash impairments	16	381
Unusual market events (d)	2	15
Net periodic defined benefit cost (e)	(1)	(3)
Development expenses	5	12
Non-cash fuel inventory net realizable value and obsolescence charges (f)	35	59
Cumulus Digital activities and noncontrolling interest	(17)	(22)
Other	—	1
Total Adjusted EBITDA	**$ 114**	**$ 774**
Capital expenditures, net (g)	(54)	(119)
Interest and finance charge payments (h)	(84)	(182)
Tax payments (i)	(5)	(6)

Pension contributions	(1)	(3)
Total Adjusted Free Cash Flow	**$ (30)**	**$ 464**

(a) 2022 relates to a nonrecurring charge on terminated power contracts. See Note 5 in Notes to the Condensed Consolidated Financial Statements for additional information.

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

(c) See Note 21 in Notes to the Condensed Consolidated Financial Statements for additional information.

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

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

(f) See Note 8 in Notes to the Condensed Consolidated Financial Statements for additional information.

(g) Excluding capital expenditures associated with Cumulus entities and Montour and H.A. Wagner fuel conversions.

(h) Excluding $117mm related to one-time bankruptcy costs and restructuring interest & fees consisting of make-whole, default interest, and interest on interest.

(i) Excluding income taxes paid from the NDT.

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NON-GAAP RECONCILIATIONS – ADJUSTED EBITDA & ADJUSTED FREE CASH FLOW

2023 GUIDANCE (Unaudited)

($Millions)	**2023E**	
	Low	**High**
Net Income (Loss)	**$ 395**	**$ 570**
<u>Adjustments</u>		
Bankruptcy, liability management, and restructuring activities (a)	$ (770)	$ (770)
Interest expense and other finance charges	330	330
Income tax (benefit) expense	240	240
Depreciation, amortization and accretion	370	370
Nuclear fuel amortization	105	105
Unrealized (gain) loss on commodity derivative contracts	100	100
Nuclear decommissioning trust funds (gain) loss, net	(100)	(100)

Non-cash impairments	420	420
Other	(20)	(20)
Adjusted EBITDA	**$ 1,070**	**$ 1,245**
Capital expenditures, net (b)	$ (220)	(240)
Interest and finance charge payments (c)	(300)	(300)
Tax payments (d)	(20)	(20)
Pension contributions	(30)	(50)
Various items	50	(40)
Adjusted Free Cash Flow	**$ 550**	**$ 595**

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

(b) Excluding capital expenditures associated with Cumulus entities and Montour and H.A. Wagner fuel conversions.

(c) Excluding $117 million related to one-time bankruptcy costs and restructuring interest & fees consisting of make-whole, default interest, and interest on interest.

(d) Excluding income taxes paid from the NDT.

SOURCE Talen Energy Corp.