



**Part II** Organizational Action *(continued)*

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attachment](#)

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**18** Can any resulting loss be recognized? ▶ [See attachment](#)

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment](#)

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
DocuSigned by:  
Signature: *John Chesser* Date: 6/30/2023  
088703593C2F486...  
Print your name ▶ JOHN CHESSER Title ▶ Chief Financial officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	William Trey Cornelius	<i>[Signature]</i>	06/30/23		P01516967
	Firm's name ▶ DELOITTE TAX LLP	Firm's EIN ▶ 86-1065772		Phone no. 713-982-2000	
Firm's address ▶ 1111 BAGBY ST, SUITE 4500					

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**Talen Energy Corporation**  
**EIN 47-1197305**  
**Attachment to Form 8937**

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”),<sup>1</sup> and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations related to the effects of the Emergence Transactions (as defined below) on certain securities. The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any shareholder’s or noteholder’s specific circumstances (including holders that may be subject to special tax rules or that held the relevant claims or equity interests as other than a capital asset). Shareholders and noteholders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the Emergence Transactions and the impact to tax basis resulting from such transactions.

**Form 8937, Line 9**

Allowed Unsecured Notes Claims (described and listed below).

<b>Unsecured Notes</b>	<b>CUSIP</b>
PEDFA A Bonds	708686EB2
2022 Unsecured Notes (9.5%)	87422VAB4
2024 Unsecured Notes (6.5%)	87422VAC2
2025 Unsecured Notes (6.5%)	87422VAA6
2026 Unsecured Notes (10.5%)	87422VAE8
2027 Unsecured Notes (7.0%)	87422VAD0
2036 Unsecured Notes (6.0%)	69352JAK3

New Common Equity, Rights Offering Subscription Rights (each defined below).

**Form 8937, Line 14**

On May 17, 2023 (the “**Effective Date**”), Talen Energy Corporation (“**TEC**”), Talen Energy Supply, LLC (“**TES**”) and certain TES subsidiaries (the “**Debtors**”) emerged from bankruptcy in the United States Bankruptcy Court for the Southern District of Texas

<sup>1</sup> Unless otherwise specified herein, all “section” references herein are to the Code.

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(the “**Court**”) pursuant to a joint plan of reorganization approved by the Court (the “**Plan**”). The new common equity of TEC authorized, issued and outstanding as of the Effective Date shall be referred to herein as the “**New Common Equity**.”

In accordance with the Plan:

- certain holders of TES unsecured notes (the “**Allowed Unsecured Notes Claims**”) were entitled to receive shares of New Common Equity and rights (“**Rights Offering Subscription Rights**”) to purchase additional New Common Equity (collectively, the “**Class 4 Equity Consideration**”); and
- existing equity interests of TEC (the “**TEC Existing Equity Interests**”) were to be cancelled and the holders of TEC Existing Equity Interests were entitled to receive New Common Equity and warrants to purchase New Common Equity (the “**New Warrants**”) (collectively, the “**Class 11 Equity Consideration**”).

On the Effective Date, and in accordance with the Plan, the following transactions (the “**Emergence Transactions**”) occurred, among others:

- TEC contributed to TES, as a capital contribution (among other things), the Class 4 Equity Consideration;
- the distribution agent appointed in connection with the Plan distributed the Class 4 Equity Consideration, on behalf of and for the benefit of TES, to the holders of Allowed Unsecured Notes Claims;
- TEC subsequently issued New Common Equity to holders of Rights Offering Subscription Rights that timely exercised such rights (“**Rights Offering Participants**”);<sup>2</sup> and
- the TEC Existing Equity Interests was cancelled and TEC distributed the Class 11 Equity Consideration to the holders of the TEC Existing Equity Interests.

**Form 8937, Line 15**

Holders of Allowed Unsecured Notes Claims

It is expected that the distribution by TES of the New Common Equity and the Rights Offering Subscription Rights to holders of Allowed Unsecured Notes Claims is treated as a taxable disposition pursuant to section 1001. A holder of Allowed Unsecured Notes

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<sup>2</sup> The receipt of the New Common Equity and Rights Offering Subscription Rights as a premium by the certain holders of TES unsecured notes (the “**Backstop Parties**”) for their commitments to purchase New Common Equity and the exercise of any such rights is beyond the scope of this Form 8937. Further, certain other holders of Debtor claims are also beyond the scope of this Form 8937, including holders of (i) Allowed General Unsecured Claims (as defined in the Plan), (ii) General Unsecured Convenience Claims (as defined in the Plan), (iii) Allowed Prepetition CAF Claims (as defined in the Plan), (iv) First Lien Non-CAF Claim, and (v) Cumulus Intercompany Claims (as defined in the Plan).

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Claims should take an aggregate tax basis in their respective *pro rata* share of the New Common Stock and Rights Offering Subscription Rights received equal to their respective fair market values. *See* line 16.

Rights Offering Participants

It is expected that the Rights Offering Participants are treated as purchasing the New Common Equity, in exchange for the Rights Offering Subscription Rights and the amount of cash funded by such holder to exercise such Rights Offering Subscription Rights. The Rights Offering Participants should take an aggregate tax basis in the New Common Equity acquired equal to the sum of the amount of cash paid for such New Common Equity and their aggregate tax basis, if any, in their Rights Offering Subscription Rights. *See* line 16.

Holders of TEC Existing Equity Interests

It is expected that the Class 11 Equity Consideration received by the holder of the TEC Existing Equity Interests shall be treated as stock or securities received pursuant to a “recapitalization” within the meaning of Section 368(a)(1)(E) and the Plan constitutes a “plan of reorganization” within the meaning of Treas. Reg. Sections 1.368-2(g) and 1.368-3(a). Under section 354(a), no gain or loss should be recognized by any holders of TEC Existing Equity Interests. Under section 358(b), a shareholder’s tax basis in the New Common Equity and the New Warrants received should equal such shareholder’s aggregated tax basis in the TEC Existing Equity Interests held immediately prior to such recapitalization. Such aggregated tax basis shall be allocated to the shares of the New Common Equity and New Warrants received in the exchange in proportion to their respective fair market value.

**Form 8937, Line 16**

Holders of Allowed Unsecured Notes Claims should take an aggregate tax basis in its *pro rata* share of the New Common Equity and Rights Offering Subscription Rights received equal to their respective fair market value. Holders of TEC Existing Equity Interests should allocate the historic tax basis in the TEC Existing Equity Interests to the New Common Equity and New Warrants based their respective fair market value. U.S. federal income tax laws do not define fair market value. Holders of the New Common Equity and New Warrants should consult their own tax advisors as to the proper calculation of fair market value for U.S. federal income tax purposes. *See* additional information under the Plan concerning the implied value of the New Common Equity and New Warrants.

**Form 8937, Line 17**

Distribution of the New Common Equity and Rights Offering Subscription Rights to holders of Allowed Unsecured Notes Claims – Sections 1001 and 1012.

New Common Equity received pursuant to the Rights Offering Subscription Rights – Section 1012.

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Exchange of the TEC Existing Equity Interests for the New Common Equity and New Warrants – Sections 354(a), 358(a)-(b), 368(a), and Treas. Reg. section 1.358-2.

**Form 8937, Line 18**

Loss generally may be allowed to the extent that the adjusted basis of a holder of Allowed Unsecured Notes Claims in their claims exceeds the fair market value of the total consideration received.

A holder that elects not to exercise its Rights Offering Subscription Rights may be entitled to claim a loss equal to the amount of tax basis allocated to such Rights Offering Subscription Rights.

No loss may be recognized by any holders of TEC Existing Equity Interests.

**Form 8937, Line 19**

The effective date of the Emergence Transaction is May 17, 2023. The reportable tax year is 2023 with respect to the holders of Allowed Unsecured Notes Claims, Rights Offering Participants and TEC Existing Equity Interests that are calendar year taxpayers.