UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 12, 2026 (June 15, 2026)**

Talen Energy Corporation

(Exact name of registrant as specified in its charter)

Delaware	001-37388	47-1197305
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2929 Allen Pkwy, Suite 2200
Houston, TX 77019
(Address of principal executive offices) (Zip Code)

(888) 211-6011
(Registrant's telephone number, including area code)

Not applicable
(Former name or, former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	TLN	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Introductory Note

On June 15, 2026, Talen Energy Corporation (the “Company”) filed a Current Report on Form 8-K (the “Original Report”) with the U.S. Securities and Exchange Commission, disclosing the consummation of the previously announced acquisition contemplated by the Agreement and Plan of Merger (the “Merger Agreement”) with affiliates of Energy Capital Partners (“ECP”), pursuant to which the Company acquired all of the equity interests of certain affiliates of ECP that owned (i) the Lawrenceburg Power Plant, a 1,120 megawatt (“MW”) combined cycle gas turbine facility (“CCGT”) located in Lawrenceburg, Indiana, (ii) the Waterford Energy Center, a 875 MW CCGT located in Waterford, Ohio, and (iii) the Darby Generating Station, a 456 MW combustion turbine facility located in Mount Sterling, Ohio, (collectively, the “Cornerstone Acquisition”).

The Company consummated the Cornerstone Acquisition and related transactions on June 15, 2026. The aggregate purchase price was $3.5 billion, comprised of $2.6 billion in cash and 2,399,998 shares of TEC common stock, valued at $927 million at the closing of the Cornerstone Acquisition.

This Current Report on Form 8-K/A (this “Report”) amends the Original Report to include the financial statements required by Item 9.01(a) and the pro forma financial information required by Item 9.01(b) of Form 8-K. Except as provided herein, the disclosures made in the Original Report remain unchanged.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements

In connection with the closing of the Cornerstone Acquisition, the Company is providing the following historical financial statements:

1. Audited consolidated financial statements of Cornerstone Generation, LLC and Subsidiaries as of and for the year ended December 31, 2025 and the related notes thereto, which are included as Exhibit 99.1 hereto and incorporated herein by reference;

2. Unaudited condensed financial statements of Cornerstone Generation, LLC and Subsidiaries as of and for the three months ended March 31, 2026 and the related notes thereto, which are included as Exhibit 99.2 hereto and incorporated herein by reference; and

3. Audited combined financial statements of Gas Plant Business (A Carve-Out of Lightstone Generation, LLC) for the period January, 1 to August 10, 2025 and the related notes thereto, which are included as Exhibit 99.3 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information

In connection with closing of the Cornerstone Acquisition, the Company is providing the unaudited pro forma condensed combined financial information of the Company, after giving effect to the Cornerstone Acquisition, which is comprised of the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2025 and the six months ended June 30, 2026. Such unaudited pro forma condensed combined financial information and the related notes thereto is set forth in Exhibit 99.4 hereto and incorporated herein by reference.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of RSM US LLP, independent auditors of Cornerstone Generation, LLC.
23.2	Consent of RSM US LLP, independent auditors of Gas Plant Business (A Carve-out of Lightstone Generation, LLC).
99.1	Audited consolidated financial statements of Cornerstone Generation, LLC and Subsidiaries as of and for the year ended December 31, 2025 and the related notes thereto.
99.2	Unaudited condensed financial statements of Cornerstone Generation, LLC and Subsidiaries as of and for the three months ended March 31, 2026 and the related notes thereto.
99.3	Audited combined financial statements of Gas Plant Business (A Carve-out of Lightstone Generation, LLC) for the period January 1 to August 10, 2025 and the related notes thereto.
99.4	Unaudited pro forma condensed combined financial information of Talen Energy Corporation, giving effect to the Cornerstone Acquisition, comprised of the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2025 and the six months ended June 30, 2026 and the related notes thereto.
104	Cover Page Interactive Data File (cover page XBRL tags embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

			TALEN ENERGY CORPORATION
Date:	August 12, 2026	By:	*/s/ Cole Muller*
		Name:	Cole Muller
		Title:	Chief Financial Officer

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (No. 333-296901 and No. 333-289356) on Form S-3ASR and in the Registration Statements (No. 333-283230 and No. 333-283227) on Form S-8 of Talen Energy Corporation of our report dated April 30, 2026, related to the consolidated financial statements of Cornerstone Generation, LLC and Subsidiaries, appearing in this Current Report on Form 8-K/A filed by Talen Energy Corporation on August 12, 2026.

/s/ RSM US LLP
Houston, Texas
August 12, 2026

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (No. 333-296901 and No. 333-289356) on Form S-3ASR and in the Registration Statements (No. 333-283230 and No. 333-283227) on Form S-8 of Talen Energy Corporation of our report dated May 27, 2026, related to the combined financial statements of Gas Plant Business (A Carve-out of Lightstone Generation, LLC), appearing in this Current Report on Form 8-K/A filed by Talen Energy Corporation on August 12, 2026.

/s/ RSM US LLP
Houston, Texas
August 12, 2026

Cornerstone Generation, LLC and Subsidiaries
(A Delaware Limited Liability Company)

Consolidated Financial Statements

Cornerstone Generation, LLC and Subsidiaries
(A Delaware Limited Liability Company)
Year Ended December 31, 2025
With Report of Independent Auditors

Cornerstone Generation, LLC and Subsidiaries
(A Delaware Limited Liability Company)

Consolidated Financial Statements

Year Ended December 31, 2025

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Independent Auditor's Report

The Board of Directors
Cornerstone Generation, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Cornerstone Generation, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statement of operations and comprehensive loss, changes in member's equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ RSM US LLP
Houston, Texas
April 30, 2026

Consolidated Balance Sheet

(In Thousands)

	December 31 2025
Assets	
Current assets:	
Cash	**$ 109,371**
Accounts receivable – trade	**15,928**
Other receivables	**1,835**
Fuel inventory	**4,269**
Prepaid expenses and other current assets	**7,311**
Derivative instruments, energy	**241**
Total current assets	**138,955**
Property, plant and equipment, net	**2,621,417**
Spare parts inventory	**54,793**
Intangibles, net	**19,447**
Other non-current assets	**10,550**
Total assets	**$ 2,845,162**
Liabilities and member's equity	
Current liabilities:	
Current portion of long-term debt	**$ 14,000**
Accounts payable and other accrued liabilities	**27,182**
Accrued interest and fees	**13,766**
Derivative instruments, energy	**56,590**
Derivative instruments, interest rate swaps	**107**
Total current liabilities	**111,645**
Long-term debt	**1,346,112**
Asset retirement obligation	**5,404**
Derivative instruments, energy	**31,100**
Derivative instruments, interest rate swaps	**1,889**
Total liabilities	**1,496,150**
Commitments and Contingencies (Note 5)	
Member's equity	**1,349,012**
Total liabilities and member's equity	**$ 2,845,162**

See accompanying notes.

Consolidated Statement of Operations and Comprehensive Loss

(In Thousands)

	Year Ended December 31 2025
Operating revenues, net	**$ 323,202**
Operating expenses[1]	**(204,102)**
General and administration expenses[2]	**(5,542)**
Depreciation and amortization	**(50,627)**
Total operating costs and expenses	**(260,271)**
Operating income	**62,931**
Interest expense, net	**(65,912)**
Net loss	**(2,981)**
Comprehensive loss	**$ (2,981)**

See accompanying notes.

[1] These amounts include activities with related parties of $0.2 million. See *Note 5. Commitments and Contingencies* for further information on related party transactions and amounts.

[2] These amounts include activities with related parties of $3.4 million. See *Note 5. Commitments and Contingencies and Note 6. Stock-based Compensation* for further information on related party transactions and amounts.

Consolidated Statement of Changes in Member's Equity

(In Thousands)

	Member's Equity
Balance, December 31, 2024	$ –
Contributions related to ECP Aggregator's Business Combination	694,539
Other contributions	1,152
Non-cash contribution of gas-fired net assets	2,707,741
Distributions related to ECP Aggregator's Business Combination	(2,051,439)
Net loss	(2,981)
Total comprehensive loss	(2,981)
Balance, December 31, 2025	$ 1,349,012

See accompanying notes.

Consolidated Statement of Cash Flows

(In Thousands)

	Year Ended December 31 2025
Operating activities	
Net loss	**$ (2,981)**
Adjustments to reconcile net loss to cash provided by operating activities:	
Depreciation	**50,627**
Amortization of debt discount	**219**
Amortization of deferred financing fees	**2,009**
Net fair value changes related to derivatives	**47,653**
Asset retirement obligation accretion	**139**
Lower of cost or market adjustment	**540**
Other non-cash expenses	**1,152**
Changes in operating assets and liabilities:	
Accounts receivable – trade	**23,238**
Other receivables	**1,492**
Fuel inventory	**(382)**
Prepaid expenses and other current assets	**(5,982)**
Spare parts inventory	**(229)**
Accounts payable and other accrued liabilities	**(22,873)**
Accrued interest and fees	**13,766**
Net cash provided by operating activities	**108,388**
Financing activities	
Capital contribution	**694,539**
Distribution	**(2,051,439)**
Deferred finance costs	**(34,829)**
Proceeds from short-term debt	**21,264**
Payments of short-term debt	**(21,264)**
Proceeds from long-term debt	**1,396,212**
Payments of long-term debt	**(3,500)**
Net cash provided by financing activities	**983**
Net increase in cash, cash equivalents and restricted cash	**109,371**
Cash, cash equivalents and restricted cash beginning of year	–
Cash, cash equivalents and restricted cash end of year	**$ 109,371**
Supplemental cash flow disclosures	
Cash paid for interest	**$ 27,222**

See accompanying notes.

Notes to Consolidated Financial Statements

December 31, 2025

1. Organization

Cornerstone Generation, LLC ("Cornerstone" or the "Company"), formerly known as Airborne Gas Purchaser, LLC, is a Delaware limited liability company formed on August 26, 2024, and renamed on October 7, 2024. The Company is indirectly owned by various funds managed by Energy Capital Partners Management, LP ("ECP").

On August 11, 2025 (the "Contribution Date"), ECP Generation Aggregator, LLC ("ECP Aggregator"), an indirect parent entity of the Company, contributed to the Company equity interests in three natural gas-fired power generation facilities and a related marketing entity (the "Contribution"). See *Note 4. Business Combination and Contribution* for additional disclosures. The accompanying consolidated financial statements include the results of these operations from the Contribution Date through December 31, 2025. From formation through the Contribution Date, the Company had no significant operations except for the ticking fees. See *Note 7. Credit and Financing Facilities* for additional disclosures.

Following the Contribution, the Company owns and operates natural gas-fired electric generation facilities located in the PJM Interconnection, LLC ("PJM") region. The Company sells power, capacity, and ancillary services and purchases natural gas (and, to a lesser extent, fuel oil) for use in its facilities. The Company may also enter into commodity and other contracts, including derivative instruments, to manage exposures arising from forecasted generation and fuel requirements, consistent with its risk management strategy.

As of December 31, 2025, the Company's wholly owned subsidiaries include Cornerstone Generation Marketing, LLC (formerly known as Lightstone Marketing LLC) and the following generation facilities: Lawrenceburg Power, LLC ("Lawrenceburg"), Waterford Power, LLC ("Waterford") and Darby Power, LLC ("Darby").

	Year Operational	Size in MWs (nameplate)	Ownership Percentage
Lawrenceburg	2004	1,196	100%
Waterford	2003	893	100%
Darby	2001/2002	427	100%

Lawrenceburg is a 1,196-megawatt nameplate combined-cycle natural gas-fired facility located in Dearborn County, Indiana, serving the PJM region. The gas fired project consists of 2 steam turbines and 4 gas turbines. The facility has an interconnection to Texas Gas Transmission LC.

Waterford is a 893-megawatt nameplate combined-cycle natural gas-fired facility located in Washington County, Ohio, serving the PJM region. It is comprised of one steam turbine and three gas turbines. The facility has a gas interconnection to Texas Eastern Transmission LP.

Darby is a 427-megawatt nameplate natural gas-fired combustion turbine located in Pickaway County, Ohio, serving the PJM region. It is comprised of six independent combustion turbines. The facility has a gas interconnection to Columbia Gas Transmission LLC.

2. Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The consolidated financial statements include the accounts and operations of Cornerstone and its subsidiaries. All intercompany transactions and balances have been eliminated.

3. Summary of Significant Accounting Policies

Use of Estimates

Management makes estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses to prepare the accompanying consolidated financial statements in conformity with U.S. GAAP. Actual results could differ from those estimates.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of acquisition are considered cash equivalents. As of December 31, 2025, the Company did not have any cash equivalents or restricted cash balances.

Accounts Receivable

Accounts receivable primarily consist of amounts owed to the Company, net of discounts and allowances, for electricity, capacity and ancillary services delivered to PJM in the United States. Cornerstone had receivables from sales to PJM of $15.9 million as of December 31, 2025. Amounts due from PJM are received weekly in accordance with PJM's published billing schedule. The Company reviews outstanding accounts receivable and writes off uncollectable balances as necessary. The Company has not experienced any write-off of receivables. Accordingly, the Company had no allowance for credit losses as of December 31, 2025.

Other Receivables

Other receivables include realized settlement amounts owed to the Company under its commodity derivative agreements. The Company reviews these and writes off uncollectable balances as necessary. The Company had no allowance for credit losses as of December 31, 2025.

Other Non-current Assets

Other non-current assets consists of deposits paid by the Company as collateral against letters of credit issued and held by service providers in accordance with contractual terms.

Fuel Inventory

Fuel inventory primarily consists of fuel oil and natural gas used to generate electricity as well as surplus emission allowances. Fuel inventory is valued at the lower of cost or net realizable value and is expensed as it is used in the production of electricity under the weighted average cost method. Emission allowances are valued at the lower of cost or net realizable value and are expensed as surrendered under the first-in first-out method.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of insurance premiums, contractual service agreement fees, and other miscellaneous fees. Amounts are amortized as expenses are incurred or services are rendered.

Property, Plant and Equipment, Net

Property, plant and equipment is stated at cost or, in the case of business acquisitions, acquisition date fair value, net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful life of the assets. Additions and improvements extending assets' lives are capitalized, while repairs and maintenance are charged to expense as incurred.

Property, plant and equipment, net consisted of:

	Remaining Depreciable Life (In Years)	December 31 2025
		(In Millions)
Land		**$ 17.0**
Property and equipment	20	**2,655.0**
		2,672.0
Less accumulated depreciation		**(50.6)**
Property, plant and equipment, net		**$ 2,621.4**

Depreciation expense was $50.6 million for the year ended December 31, 2025.

Spare Parts Inventory

Spare parts inventory includes critical spare parts, materials and supplies held for use which are consumed in the maintenance and operating activities of the generating facilities. Materials and supplies are charged to spare parts inventory when purchased and are expensed or capitalized, as appropriate, when issued. Materials and supplies are valued using the average costing method, or in the case of business acquisitions, acquisition date fair value. Inventory is required to be valued at lower of cost and net realizable value. Obsolete materials and supplies are expensed.

Intangible Assets

The Company accounts for intangible assets in accordance with Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*. The intangible assets relate to advance payments made under multi-year agreements. Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is calculated based on the timing of when the work is expected to be performed under the contracts, which is predominantly expected in 2026 for $11.1 million and 2027 for $8.3 million.

No amortization expense was recognized for the year ended December 31, 2025.

Impairment of Long-Lived Assets

ASC 360, *Property, Plant and Equipment*, requires both long-lived assets and intangible assets with determinable useful lives be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to its expected future undiscounted cash flows. If the carrying amount of the asset is greater than the assets undiscounted cash flows, the asset is considered impaired. In such circumstances, the impairment recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. The impairment is charged to earnings. No impairments were recognized during the year ended December 31, 2025.

Stock-based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation ("ASC 718")*. Stock-based awards granted to its board members and non-employees are measured at fair value on the grant date and recognized as compensation expense over the requisite service period, which is generally the vesting period. The Company accounts for forfeitures as they occur.

Asset Retirement Obligation

ASC 410, *Asset Retirement and Environmental Obligations*, requires legal obligations associated with the retirement of long-lived assets ("AROs") to be recognized at their fair value at the time the obligation is incurred. Upon initial recognition, the ARO liability was recorded at fair value as of the Contribution Date.

Subsequent to initial recognition and up to settlement of the ARO, the liability is accreted to earnings while the corresponding increase to long-lived assets is depreciated over its respective useful life. Changes in the estimate of timing and cost to settle the obligation are recognized in the period of change as an increase or decrease in the carrying amount of the ARO and the related asset retirement cost.

The Company's AROs relate to the restoration of lands to their original state. Activity for the AROs is summarized in the table below.

	For the Year Ended December 31 2025
	(In Millions)
Asset retirement obligations as of January 1, 2025	**$ -**
Asset retirement obligations as of the Contribution Date	**5.3**
Accretion expense	**0.1**
Asset retirement obligations at the end of the year	**$ 5.4**

There are no asset retirement obligations expected to be settled within the next twelve months; accordingly, all asset retirement obligations are classified as non-current.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The comprehensive revenue recognition standard supersedes all pre-existing revenue recognition guidance. The core principle of ASU 2014-09 is that a company will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Operating revenues are comprised of energy generation sales, capacity sales and ancillary services related to the Company's electric power generation facilities.

Energy and capacity sales and services are sold at market-based prices through PJM. Cornerstone has the right to participate in the PJM markets pursuant to the Market Participant Agreement. Revenues also include net realized and unrealized gains and losses on derivative financial instruments used to manage market risks based on ASC 815, *Derivatives and Hedging ("ASC 815").* See *Note 8. Derivative Instruments and Hedging Activities* for additional disclosures.

Energy Revenue

Energy revenues are recognized over time using the output method based on megawatt hours delivered or other applicable performance measurements and cash is settled shortly after invoicing. Energy revenues are delivered as a series of distinct services and are accounted for as a single performance obligation.

Capacity Revenue

The Company offers generation capacity into competitive PJM auctions in exchange for revenue from awarded capacity offers. Capacity ensures installed generation and demand response is available to satisfy system integrity and reliability requirements. Capacity revenues are recognized when the performance obligation is satisfied ratably over time as the power generation facilities stand ready to deliver power to PJM. Penalties are assessed by PJM against generation facilities if the facility is not available during the capacity period and are recorded as a reduction to revenue.

Ancillary Revenue

Ancillary revenues are recognized over time using the output method based on applicable performance measurements and cash is settled shortly after invoicing. These revenues relate to additional contractual requirements from PJM that support the grid reliability, such as emergency response and voltage control. Ancillary revenues are delivered as a series of distinct services and are accounted for as a single performance obligation.

Other Revenues

Other revenues, as included in the tables of disaggregated revenue below, represent amounts accounted for under ASC 815*,* and are comprised of net realized and unrealized gains and losses on derivative financial instruments used to manage market risks. *See Note 8. Derivative Instruments and Hedging Activities* for additional disclosures.

The following table represents the Company's disaggregation of revenue for the year ended December 31, 2025:

	December 31 2025
	(In Millions)
Energy revenue	**$ 279.9**
Capacity revenue	**76.0**
Ancillary revenue	**5.4**
Other revenues:	
Loss on realized hedge settlements	**(5.9)**
Loss on unrealized hedge settlements	**(32.0)**
Total operating revenues, net	**$ 323.2**

Remaining Unsatisfied Performance Obligations

As of December 31, 2025, the Company has future fixed fee performance obligations that are unsatisfied, or partially unsatisfied, relating to capacity contracts with PJM and other customers for which the total consideration is fixed and determinable at contract execution. The capacity contracts have remaining duration through 2035. See the table below for the remaining unsatisfied performance obligations as of year end.

	2026	**2027**	**2028**	**2029**	**2030**	**2031 and thereafter**
	(In Millions)					
Remaining performance obligations	$ 215.6	96.6	30.6	50.3	56.4	226.3

The Company has elected to not disclose the value of unsatisfied performance obligations for energy and ancillary revenue contracts, as these amounts are variable consideration allocated entirely to a wholly unsatisfied performance obligation that forms part of a single performance obligation.

Derivative Financial Instruments

The Company enters into agreements that meet the definition of a derivative in accordance with ASC 815. These agreements are entered into to mitigate or eliminate market and financial risks.

ASC 815 provides for three different ways to account for derivative instruments: (i) as an accrual agreement, if the criteria for the "normal purchase normal sale" exception are met and documented; (ii) as a cash flow or fair value hedge, if the specified criteria are met and documented; or (iii) as a mark-to-market agreement with changes in fair value recognized in current period earnings.

All derivative instruments that do not qualify for the normal purchase normal sale exception are recorded at fair value in derivative instruments assets and liabilities on the accompanying consolidated balance sheet.

The Company has not elected hedge accounting for its derivative instruments. Therefore, all gains and losses resulting from changes in the market value of the derivative instruments contracts are recorded in the accompanying consolidated statement of operations and comprehensive loss in the current period. See *Note 8. Derivative Instruments and Hedging Activities* for additional disclosures.

Debt Issuance Costs and Deferred Financing Costs

Debt issuance costs and deferred financing costs are presented in the accompanying consolidated balance sheet as a direct deduction from the carrying amount of the related debt and are amortized, using the effective interest method, as interest expense over the contractual lives of the related credit facilities or notes.

Income Taxes

The Company is taxed as a partnership and accordingly, no provision for federal or state income taxes has been recorded at the Company level. Income taxes are the responsibility of the members and are accounted for outside the Company's consolidated financial statements.

Leases

The Company evaluates its contracts for lease accounting at the contract inception or business acquisition date and assesses the lease classification at the commencement date. The Company did not have any material right-ofuse ("ROU") assets or lease liabilities as of December 31, 2025.

The Company elected the short-term lease exemption for all contracts with a term of twelve months or less. These leases are not recognized on the balance sheet, and costs are recognized over the lease term. The variable lease expense for the year ended December 31, 2025, was $0.7 million.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, trade receivables and derivative financial instruments.

Cash accounts are maintained at a limited number of financial institutions in accordance with the Company's debt arrangements. This concentration increases the risk that a default by any of these counterparties could have a material effect on the Company's financial condition, results of operations, and liquidity.

Trade receivables represent amounts due from PJM and are concentrated within the energy industry. This industry concentration may impact the Company's overall exposure to credit risk, either positively or negatively, in that PJM may be similarly affected by changes in economic, industry or other conditions. The Company performs ongoing evaluations of its customers' financial condition as well as general economic conditions and, generally, requires no collateral from its customers. For the year ended December 31, 2025, the majority of revenues, excluding hedge transactions, were derived from PJM.

The Company does not enter into financial instruments for trading or speculative purposes. The Company enters into derivative instrument contracts with high credit quality financial institutions. The counterparties to the Company's derivative instrument contracts are major financial institutions, and there is no significant concentration of exposure with any one counterparty.

Risks and Uncertainties

As with any power generation facility, operation of Cornerstone involves risk, including the performance of the facilities below expected levels of efficiency and output, shutdowns due to the breakdown or failure of equipment or processes, supply chain delays of major equipment, violations of permit requirements, operator error, labor disputes, public health threats or communicable diseases, pandemics, or catastrophic events such as fires, earthquakes, floods, explosions, or other similar occurrences affecting a power generation facility or its power purchasers. In addition, the power generation facilities operate as merchant plants and are impacted by changes in natural gas and regional power market conditions, weather, as well as changes in the rules and regulations governing these markets. The occurrence of any of these events could significantly reduce or eliminate certain revenues generated by the Company or significantly increase the expenses of the Company and adversely impact the Company's ability to make payments on its debt when due.

Environmental and Regulatory Matters

Cornerstone operates in a highly regulated industry and is subject to federal and state laws and regulations affecting the power generation industry. The Company is subject to numerous environmental laws that govern the ownership and operation of power plants. These laws generally require that governmental permits and approvals be obtained and maintained during operation of power plants. Federal and state environmental requirements concerning air quality, greenhouse gas emissions, combustion byproducts, and water discharge and use have become more stringent over time. Future laws may require the addition of emissions controls or other environmental controls or impose additional restrictions on the Company's operations.

A number of regulations that affect the Company have been and continue to be revised by the Environmental Protection Agency, including requirements regarding national ambient air quality standards revisions and implementation, and effluent limitation guidelines. Cornerstone will evaluate the impact of these regulations as they are revised or new rules promulgated but cannot fully predict the impact of proposed revisions or new rules until the final rules are promulgated and any legal challenges to such rules are finally resolved in a court of competent jurisdiction.

Commitments and Contingencies

The Company is party to claims and proceedings arising in the normal course of business. Management assesses each matter and determines the likelihood a loss has been incurred and the amount of such loss if it can be reasonably estimated in accordance with ASC 450, *Contingencies*. Management reviews such matters on an ongoing basis. Contingencies are evaluated based on estimates and judgments made by management with respect to the likely outcome of such matters. Management's estimates could change based on new information.

Fair Value Measurements

Fair value, as defined in ASC 820, *Fair Value Measurements and Disclosures,* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information.

Accordingly, the valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying amounts of cash, cash equivalents, restricted cash, trade accounts receivable, other receivables and accounts payable are equal to, or approximate, their fair values due to the short-term maturity of those instruments.

Cornerstone applies recurring fair value measurements to derivative assets and liabilities. In determining fair value, the Company generally uses the market approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable internally developed inputs. See *Note 8 - Derivative Instruments and Hedging Activities* for additional disclosures.

Recent Accounting Pronouncements (Adopted)

In March 2024, the FASB issued ASU 2024-01, *Compensation – Stock Compensation: Scope Application of Profits Interest and Similar Awards* ("Updated 2024-01"). This update adds an illustrative example to demonstrate how an entity should apply the scope guidance to determine whether profits interest awards should be accounted for in accordance with ASC 718. The company adopted Updated 2024-01 as of January 1, 2025 on a prospective basis, and the adoption did not have a significant impact on the accounting for Stock-based Compensation.

4. Business Combination and Contribution

On August 11, 2025 (the "Acquisition Date"), the Company and an affiliated entity of the Company collectively completed a transaction pursuant to which certain gas-fired and coal-fired power generation businesses were acquired from third-party sellers (the "Business Combination") for a total of $2.291 billion, including a net working capital adjustment of $91.1 million. The Business Combination was executed through multiple legal entities, including Cornerstone, which were sponsored and controlled by ECP Aggregator, which was determined to be the accounting acquirer under ASC 805, *Business Combinations* ("ASC 805").

Financing and Settlement of Consideration

In connection with the closing of the Business Combination, ECP Aggregator funded a portion of the acquisition consideration through the Company. Specifically, ECP Aggregator contributed cash of $695 million to the Company, and the Company incurred acquisition-related debt with gross proceeds of $1.416 billion and net proceeds of $1.356 billion. See *Note 7. Credit and Financing Facilities* for additional disclosures. Using these funds, and on behalf of ECP Aggregator, the Company distributed $2.051 billion to the sellers or on behalf of the sellers.

For accounting purposes, the cash contributed by ECP Aggregator and amounts distributed by the Company on behalf of ECP Aggregator were reflected as member's equity contributions and distributions, respectively, in the accompanying consolidated financial statements.

Contribution of Generation Facilities and Accounting Treatment

Subsequent to the closing of the Transaction, ECP Aggregator contributed to the Company 100% of the equity interests in three natural gas-fired power generation facilities, together with a related marketing entity. Because the Contribution occurred between entities under common control, the Company accounted for the Contribution as a transfer between entities under common control in accordance with ASC 805.

Accordingly, the Company recorded the Contribution of the net assets at ECP Aggregator's carrying amounts of $2.708 billion, which reflect preliminary acquisition-date values established in ECP Aggregator's acquisition accounting under ASC 805. ECP Aggregator is in the process of finalizing the valuation of the acquired assets and liabilities, and the carrying values recognized by the Company may be adjusted as that process is completed.

Carrying Amounts of Net Assets Contributed

The following table summarizes the carrying amounts at the Acquisition Date of the net assets contributed by ECP Aggregator:

In thousands	**Amount 2025**
Assets	
Current assets:	
Accounts receivable – trade	**$ 39,166**
Other receivables	**3,327**
Fuel inventory	**4,427**
Prepaid expenses and other current assets	**1,329**
Derivative instruments, energy	**13**
Total current assets	**48,261**
Property, plant and equipment	**2,672,044**
Spare parts inventory	**54,564**
Intangibles	**19,447**
Derivative instruments, energy	**1,376**
Other non-current assets	**10,549**
Total assets	**$ 2,806,241**
Liabilities	
Current liabilities:	
Account payable and other accrued liabilities	**$ 50,054**
Derivative instruments, energy	**35,511**
Total current liabilities	**85,565**
Asset retirement obligation	**5,265**
Derivative instruments, energy	**7,670**
Total liabilities	**$ 98,500**
Net assets contributed	**$ 2,707,741**

5. Commitments and Contingencies

Contingencies

The Company from time to time is a party to certain other claims arising in the ordinary- course of business. Cornerstone is of the opinion that final disposition of these claims will not have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

Related Party Commitments

Asset Management Agreements

Effective as of August 11, 2025, Cornerstone entered into an asset management agreement ("AMA") with Kindle Energy II LLC ("Kindle"). Under the terms of the AMA, Cornerstone pays Kindle for asset management services, including operations oversight, finance, accounting and treasury back-office services as well as executive management oversight to the Cornerstone power generation facilities. The contract has an initial term of 3 years and automatically renews for subsequent one-year terms thereafter unless terminated by either party with 30 days' written notice prior to the completion of the then-current term.

The Company has a payable of $2.2 million owed under the Kindle AMA in Accounts payable and other accrued liabilities on the accompanying consolidated balance sheet as of December 31, 2025. Costs of the Kindle AMA, including pass through expenses, of $2.2 million are included in General and administration expenses on the accompanying consolidated statement of operations and comprehensive loss. Certain authorized signatories of the Company are also executive team members of Kindle and therefore are deemed to have the ability to exercise significant influence.

Other Related Party

The Company has a payable of $0.2 million under a shared information technology cost sharing agreement ("IT Cost Sharing Agreement") owed to Gavin Power LLC, an entity under common control, in Accounts payable and other accrued liabilities on the accompanying balance sheet as of December 31, 2025. Costs of the IT Cost Sharing Agreement of $0.3 million are included in Operating expenses on the accompanying consolidated statement of operations and comprehensive loss for the year ended December 31, 2025.

Other Commitments

Operations and Maintenance Service Agreements

Cornerstone has operations and maintenance agreements ("O&M Agreements") with third-party service providers, Consolidated Asset Management Services (Ohio), LLC and Consolidated Asset Management Services (Indiana), LLC (collectively, "CAMS"). Pursuant to the agreements, CAMS provides administrative, operating and maintenance services to the Cornerstone power generation facilities. In exchange, the Company is required to pay fixed monthly management fees and to reimburse the service providers for all labor costs, including payroll and taxes, subcontractor costs and other costs deemed reimbursable under the O&M Agreements. The agreements have an initial term of one year and renew automatically unless either party provides 90 days' written notice prior to the end of the then-current term.

Fuel Transportation Agreements

On January 30, 2017, Lawrenceburg Power, LLC entered into a firm gas transportation agreement with a maximum delivery quantity of 180,000 Dth/d. This agreement has a fixed price component as well as variable usage charges. Both charges are based on tariff rate schedules and are in force through May 31, 2031.

On October 1, 2015, Darby Power, LLC entered into an agreement to have gas delivered to the facility. Service under this agreement commenced on April 1, 2016. The contract specifies maximum daily quantities to be delivered to the facility. The fees charged are based on a tariff rate schedule as defined in the contract. The contract, as amended, expires on October 31, 2031. There is no automatic renewal clause in the contract.

Electric Interconnection

Waterford

Waterford is party to an Interconnection Service Agreement with PJM and Ohio Power Company. The agreement provides interconnection services. The agreement requires that each party is responsible for their own interconnection facilities up to defined interconnection points and provides interconnection of Waterford with the dual 345kV transmission system. This agreement will remain active throughout the operational life of the plant.

Darby

Darby is party to an Interconnection Service Agreement with PJM and Ohio Power Company. The agreement provides interconnection services. The agreement requires that each party is responsible for their own interconnection facilities up to defined interconnection points and provides interconnection of Darby with the 345kV transmission system. This agreement will remain active throughout the operational life of the plant.

Lawrenceburg

Lawrenceburg is party to an Interconnection Service Agreement with PJM and Indiana Michigan Power Company. The agreement provides interconnection services. The agreement requires that each party is responsible for their own interconnection facilities up to defined interconnection points and provides interconnection of Lawrenceburg with the 345kV transmission system. This agreement will remain active throughout the operational life of the plant.

Other Long-Term Service Agreements

The Company’s facilities are party to long-term service agreements with established counterparties, pursuant to which the counterparties will provide parts, inspection and maintenance services with respect to the units covered under these agreements. The agreements extend through 2034 for Waterford and 2037 for Lawrenceburg.

Contractual Obligations

The Company has various long-term contractual and commercial commitments of which the significant contracts have been previously discussed in this note. The following table summarizes the significant contractual and commercial obligations as of December 31, 2025:

	2026	2027	2028	2029	2030
			(In Millions)		
Long-term and other service agreements	$ 7.5	$ 13.0	$ 0.4	$ 0.5	$ –
Total contractual obligations	$ 7.5	$ 13.0	$ 0.4	$ 0.5	$ –

6. Stock-based Compensation

The Company accounts for share-based compensation in accordance with ASC 718. Equity instruments issued to its board members and non-employees in exchange for goods or services are measured at fair value on the grant date and recognized over the requisite service period, which is generally the vesting period. The Company accounts for forfeitures as they occur.

Cornerstone Generation Holdings, LP, an indirect parent of the Company, granted Class B Units that vest upon the satisfaction of a combination of service-based and performance-based conditions. Share-based compensation expense will be recognized using the graded vesting method over the requisite service period.

Under the Cornerstone 2025 Incentive Plan (the “2025 Incentive Plan”), certain board members and employees of Kindle, a related party, may earn additional compensation, based on the performance of Cornerstone, that is funded by capital contributions. On the Contribution Date (“Grant Date”), Cornerstone Generation Holdings, LP granted Class B Units subject to both service and performance conditions. Eighty percent of awards have an operational milestone expected to be met over an estimated four-year period and the remaining twenty percent of awards vest upon a change of control transaction.

On January 15, 2026, ECP signed an agreement to sell 100% of its ownership interest in Cornerstone (collectively, the “Cornerstone Sale Agreement”). As a result of the Cornerstone Sale Agreement, an expected change of control transaction, which was anticipated as of December 31, 2025, the Company recognized $1.2 million in stock-based compensation expense, which is included within General and administration expense in the consolidated statement of operations and comprehensive loss. As of December 31, 2025, total unrecognized compensation cost related to unvested awards was $17.7 million, which is expected to be recognized over the remaining weighted-average requisite service period of 3.9 years. As part of the AMA termination (see *Note 10. Subsequent Events* for additional details), a substantial number of the units were forfeited. The number of Class B units granted is 25,372 and none are vested as of December 31, 2025. The weighted average grant date fair value is $853 per Class B unit. There were no forfeitures during the year.

Valuation of Awards

The grant-date fair value of the award is calculated on the Grant Date using the Option-pricing model. The risk-free interest rate is based on the U.S. Treasury yield curve in effect as of the Grant Date. The expected dividend yield assumption is based on the Company's expectation of dividend payouts and is assumed to be zero. The estimated volatility is based on observed historical equity volatility for public companies. The expected term represents the period that the awards are expected to be outstanding and is determined using the simplified method for plain-vanilla options.

For determining stock-based compensation expense, the fair value is estimated using the Option-pricing model with an expected term of 5.4 years, expected volatility of 50% and risk-free interest rate of 3.8%.

7. Credit and Financing Facilities

The schedule below summarizes the Company's outstanding debt:

	December 31 2025
	(In Millions)
Term loan B	**$ 1,396.5**
Revolving credit facility	–
Subtotal long-term debt	**1,396.5**
Less: issue discount, net	**(3.6)**
Less: deferred financing costs, net	**(32.8)**
Total long-term debt	**1,360.1**
Less: current portion of long-term debt	**(14.0)**
Non-current portion of long-term debt	**$ 1,346.1**

Outstanding loans are secured by all the assets and contract rights of the Company and its subsidiaries.

Contractual principal repayments or maturities of debt instruments for the five succeeding years ending December 31are as follows:

	2026	**2027**	**2028**	**2029**	**2030**	**2031 and thereafter**
Total contractual principal repayments or maturities	$ 14.0	$ 14.0	$ 14.0	$ 14.0	14.0	$ 1,326.5

Credit Facilities

On August 11, 2025, the Company entered into a credit facility agreement (the "Amended Credit Agreement") with a syndicate of financial institutions and investors as lenders.

As of December 31, 2025, the Amended Credit Agreement included a revolving credit facility ("RCF") of $125.0 million maturing in August 2030 and term loan B ("TLB") facility of aggregate principal amount of $1.4 billion maturing in August 2032.

The term loans under the Amended Credit Agreement amortize at a rate of 0.25% per quarter of the original principal amount, or $3.5 million per quarter, payable in equal quarterly installments beginning on December 31, 2025. As of December 31, 2025, the remaining mandatory amortization payments total $91.0 million through June 2032, with the remaining principal balance due at maturity in August 2032.

In connection with the Business Combination, the Company entered into a commitment letter for the TLB. The facility included a ticking fee that accrued at a rate of 1.62% that stepped up to 3.25% per annum on the daily amount of undrawn commitments, beginning on January 12, 2025, through the Acquisition Date. As of December 31, 2025, the accumulated ticking fee expense was $20.8 million, which is recognized within Interest expense, net in the consolidated statement of operations and comprehensive loss.

Applicable Interest Rates

The applicable interest rate margins on borrowings under the Amended Credit Agreement are 3.25% for SOFR loans and 2.25% for base rate loans. The applicable interest rates for borrowings under the RCF are established on each borrowing and set for a period of time as prescribed in the 2025 Amended Credit Agreement.

Additionally, the Company incurs commitment fees under the Credit Facility related to the unused portion of the RCF of 0.5%, which is included in Interest expense, net on the accompanying consolidated statement of operations and comprehensive loss.

Covenant Compliance

The Amended Credit Agreement requires that proceeds from borrowings, the receipt of revenues, debt service payments and the payments for certain defined expenses be segregated into separate bank accounts. Accordingly, the Company has established the required bank accounts and pledged all its rights, title and interest in the bank accounts as security for its payment obligations under the Amended Credit Agreement.

In addition, the Amended Credit Agreement provides for a quarterly cash sweep, five days after the delivery of each quarterly and annual compliance certificate, until the discharge of the Company's TLB obligations.

The Company's Amended Credit Agreement contains customary affirmative and negative covenants and specified events of default. These affirmative and negative covenants include, among other things, and subject to certain qualifications and exceptions, covenants that restrict the Company's ability to: incur or guarantee additional indebtedness; create or permit liens on assets; make certain investments and other restricted payments; and transfer or sell certain assets. The TLB facility contains a financial maintenance covenant, that requires the Company to maintain a debt service coverage ratio of no less than 1.10:1.00

As of December 31, 2025, the Company was in compliance with its covenants related to its debt obligations.

As of December 31, 2025, the Company had committed letters of credit totaling $125.0 million, of which $73.2 million was utilized and $51.8 million was available for use. Letters of credit issued under the RCF reduce availability on a dollar-for-dollar basis.

8. Derivative Instruments and Hedging Activities

Cornerstone is exposed to financial risks resulting from fluctuations in commodity prices, natural gas prices and interest rates. To manage the volatility relating to these exposures, Cornerstone uses a variety of derivative instruments, including forward contracts, options, futures contracts and swaps. The derivatives are used for risk management purposes.

Cornerstone's derivative instruments expose the Company to credit risk to the extent counterparties may be unable to meet the terms of the contractual arrangements. The Company seeks to mitigate such risk by transacting with a group of creditworthy financial institutions and through the use of master netting arrangements. The Company elected to present all derivative assets and liabilities on a net basis on the consolidated balance sheet as a right to set-off exists. There was no cash collateral received or pledged as of December 31, 2025 related to the Company's commodity derivative transactions.

Interest Rate Swaps

The Company's debt is indexed to base rates, primarily SOFR. To manage exposure to interest rate risk, the Company enters into interest rate swap agreements. As of December 31, 2025, the maximum remaining term of these hedging arrangements was 33 months.

Commodity Derivatives

Cornerstone utilizes financially settled derivatives to manage its exposure to volatility in commodity prices. Cornerstone's risk policy does not allow derivatives to be used for speculative or trading purposes.

In order to manage the fluctuations in gross margin due to commodity prices, the Company entered into various derivative instruments, which include financially settled gas, power and spark spread transactions to economically hedge revenue and fuel costs. The Company entered into various financial power and gas transactions during 2025, some of which extend through 2027 as well as several capacity swaps extending through May 2033.

The Company has not elected hedge accounting for these derivative instruments. As a result, changes in fair value are recognized in the accompanying consolidated statement of operations and comprehensive loss.

As of December 31, 2025, the absolute notional amounts of commodity derivative instruments that did not qualify or were not designated under the normal purchase/normal sale exemption and interest rate hedging instruments were as follows:

Derivative Instruments	Unit of Measure	Notional Amounts 2025
Power	MWh	**15,060**
Natural gas	MMBtu	**104,244**
Interest rate hedging instruments	dollars in millions	**$ 691**

The Company applies recurring fair value measurements to derivative assets and liabilities. In determining fair value, the Company generally uses the market approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated or are generally unobservable internally developed inputs. Derivative assets and liabilities are classified depending on how readily observable the inputs used in the valuation techniques are as follows:

Level 1 – Level 1 represents unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. This category includes energy derivative instruments that are exchange traded or that are cleared and settled through the exchange. The Company currently does not have any Level 1 derivative assets or liabilities.

Level 2 – Level 2 represents quoted market prices for similar assets or liabilities in active markets, quoted market prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. This category includes the Company’s power and capacity swaps, natural gas forwards and interest rate swaps at December 31, 2025.

Level 3 – Level 3 includes energy derivative instruments whose fair value is estimated based on internally developed models and methodologies utilizing significant inputs that are generally less readily observable from objective sources (such as market heat rates, implied volatilities and correlations). Over the counter, complex, or structured derivative instruments that are transacted in less liquid markets with limited pricing information would be included in Level 3. The Company currently does not have any Level 3 derivative assets or liabilities.

Fair value measurements of the Company’s derivative assets and liabilities based on the above hierarchy are as follows:

Notes to Consolidated Financial Statements (continued)

	Level 1	Level 2	Level 3	Total Fair Value
	(In Millions)			
December 31, 2025				
Assets				
Power/gas swaps	$ –	$ 0.2	$ –	$ 0.2
Interest rate swaps	–	–	–	–
Total Assets	$ –	$ 0.2	$ –	$ 0.2
Liabilities				
Power/gas swaps	$ –	$ (87.7)	$ –	$ (87.7)
Interest rate swaps	–	(2.0)	–	(2.0)
Total Liabilities	$ –	$ (89.7)	$ –	$ (89.7)

The following tables summarize the location and fair value of energy derivative instruments and interest rate swaps on Cornerstone's consolidated balance sheet:

	December 31 2025
	(In Millions)
Current assets:	
Interest rate swap	**$ –**
Power/gas swaps	**0.2**
	0.2
Long term assets:	
Interest rate swap	–
Power/gas swaps	–
	–
Total derivative asset	**$ 0.2**
Current liabilities:	
Interest rate swap	**$ (0.1)**
Power/gas swaps	**(56.6)**
	(56.7)
Long term liabilities:	
Interest rate swap	**(1.9)**
Power/gas swaps	**(31.1)**
	(33.0)
Total derivative liabilities	**$ (89.7)**

The fair values of current and long-term derivative assets as of December 31, 2025, would be $8.9 million and $0.1 million, respectively, if these transactions were recorded on a gross basis. The fair values of current and long-term derivative liabilities as of December 31, 2025, would be $65.4 million and $33.1 million, respectively, if these transactions were recorded on a gross basis.

The Company has realized hedge receivables of $1.8 million in Other receivables and realized hedge payables of $5.6 million in Accounts payable and other accrued liabilities on the accompanying consolidated balance sheet as of December 31, 2025.

The following table presents the effects of derivative instruments on the Company's accompanying consolidated statement of operations and comprehensive loss (realized and unrealized gains and losses) for the year ended December 31, 2025.

	Location	**December 31 2025**
		(In Millions)
Loss on power/capacity swaps	Operating revenues, net	**$ 37.9**
Loss on gas swaps	Operating expense	**$ 25.8**
Loss on interest rate swaps	Interest expense	**$ 0.9**

9. Details of Certain Accounts

Accounts payable and other accrued liabilities consist of the following:

	December 31 2025
	(In Millions)
Trade accounts payable and other vendor accruals	**$ 8.7**
Hedge settlements payable	**5.6**
Property and other taxes payable	**10.5**
Other	**2.3**
Total Accounts payable and other accrued liabilities	**$ 27.2**

10. Subsequent Events

The Company has evaluated events and transactions for possible disclosure and recognition that occurred between December 31, 2025, and April 30, 2026, which is the date the accompanying consolidated financial statements were available to be issued.

On January 15, 2026, ECP signed an agreement to sell 100% of its ownership interest in Cornerstone. The transaction, which is expected to close in the second half of 2026, is subject to standard approvals, including from the Federal Energy Regulatory Commission. Also, the Indiana Utility Regulatory Commission must approve the sale of the Lawrenceburg power plant. As a result of this announcement, ECP amended its AMA with Kindle whereby ECP has terminated the AMA effective January 14, 2026. Pursuant to the amendment, Kindle will continue to provide all AMA services through the date of the sale.

On February 24, 2026, the Company entered into Amendment No. 2 to its credit agreement, which reduced the applicable margin on Term Loans from 3.25% to 2.25% for SOFR-based borrowings and from 2.25% to 1.25% for base rate borrowings. The amendment did not impact Revolving Loans, which continue to bear interest at SOFR plus 3.25% or the base rate plus 2.25%.

The amendment also modified the Excess Cash Flow sweep provisions to include a post-closing deferral period, during which no ECF sweep is required.

Cornerstone Generation, LLC and Subsidiaries
(A Delaware Limited Liability Company)

Condensed Consolidated Financial Statements (Unaudited)

Cornerstone Generation, LLC and Subsidiaries
(A Delaware Limited Liability Company)
Three months ended March 31, 2026

Cornerstone Generation, LLC and Subsidiaries
(A Delaware Limited Liability Company)

Condensed Consolidated Financial Statements (Unaudited)

Three months ended March 31, 2026

Contents

Condensed Consolidated Balance Sheet (Unaudited)

(In Thousands)

	March 31 2026
Assets	
Current assets:	
Cash	$ 106,589
Accounts receivable – trade	18,616
Other receivables	2,092
Deposits	6,631
Fuel inventory	3,524
Prepaid expenses and other current assets	10,914
Derivative instruments, interest rate swaps	1,585
Total current assets	149,951
Property, plant and equipment, net	2,589,688
Spare parts inventory	53,988
Intangibles, net	19,447
Derivative instruments, interest rate swaps	450
Other non-current assets	10,550
Total assets	$ 2,824,074
Liabilities and member's equity	
Current liabilities:	
Current portion of long-term debt	$ 13,525
Accounts payable and other accrued liabilities	26,005
Accrued interest and fees	7,970
Derivative instruments, energy	80,654
Total current liabilities	128,154
Long-term debt	1,303,419
Asset retirement obligation	5,496
Derivative instruments, energy	33,836
Total liabilities	1,470,905
Commitments and Contingencies (Note 4)	
Member's equity	1,353,169
Total liabilities and member's equity	$ 2,824,074

See accompanying notes.

Condensed Consolidated Statement of Operations and Comprehensive Income (Unaudited)

(In Thousands)

	Three months ended March 31 2026
Operating revenues, net	**$ 262,041**
Operating expenses[1]	**(164,430)**
General and administration expenses[2]	**(5,173)**
Depreciation and amortization	**(31,730)**
Total operating costs and expenses	**(201,333)**
Operating income	**60,708**
Interest expense, net	**(19,698)**
Loss on extinguishment of debt	**(7,421)**
Net income	**33,589**
Comprehensive income	**$ 33,589**

See accompanying notes.

[1] These amounts include activities with related parties of $0.4 million. See *Note 4. Commitments and Contingencies* for further information on related party transactions and amounts.

[2] These amounts include activities with related parties of $4.5 million. See *Note 4. Commitments and Contingencies* and *Note 5. Stock-based Compensation* for further information on related party transactions and amounts.

Condensed Consolidated Statement of Changes in Member's Equity (Unaudited)

(In Thousands)

		Member's Equity
Balance, December 31, 2025	**$**	**1,349,012**
Contributions		14,394
Other contributions		3,177
Distributions		(47,003)
Net income		33,589
Total comprehensive income		33,589
Balance, March 31, 2026	**$**	**1,353,169**

See accompanying notes.

Condensed Consolidated Statement of Cash Flows (Unaudited)

(In Thousands)

		Three months ended March 31, 2026
Operating activities:		
Net income	$	33,589
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation		31,730
Amortization of debt discount		126
Amortization of deferred financing costs		1,181
Net fair value changes related to derivatives		23,009
ARO accretion		91
Loss on extinguishment of debt		7,421
Other non-cash expenses		3,177
Changes in operating assets and liabilities:		
Accounts receivable - trade		(2,689)
Accounts receivable - other		(258)
Deposits & cash collateralized letters of credit		(6,631)
Fuel inventory		745
Prepaid expenses		(3,602)
Spare parts inventory		804
Accounts payable and other accrued liabilities		(1,175)
Accrued interest and fees		(5,796)
Net cash provided by operating activities		81,722
Financing activities:		
Capital contributions		14,394
Distributions paid		(47,003)
Financing costs		(1,174)
Payments of long-term debt		(50,721)
Net cash used in financing activities		(84,504)
Net decrease in cash, cash equivalents and restricted cash		(2,782)
Cash, cash equivalents and restricted cash beginning of period		109,371
Cash, cash equivalents and restricted cash end of period	$	106,589
Supplemental cash flow disclosures:		
Cash paid for interest	$	28,033

See accompanying notes.

Notes to Condensed Consolidated Financial Statements (Unaudited)

March 31, 2026

1. Organization

Cornerstone Generation, LLC (“Cornerstone” or the “Company”), formerly known as Airborne Gas Purchaser, LLC, is a Delaware limited liability company formed on August 26, 2024, and renamed on October 7, 2024. The Company is indirectly owned by various funds managed by Energy Capital Partners Management, LP (“ECP”).

The Company owns and operates natural gas-fired electric generation facilities located in the PJM Interconnection, LLC (“PJM”) region. The Company sells power, capacity, and ancillary services and purchases natural gas (and, to a lesser extent, fuel oil) for use in its facilities. The Company may also enter into commodity and other contracts, including derivative instruments, to manage exposures arising from forecasted generation and fuel requirements, consistent with its risk management strategy.

As of March 31, 2026, the Company’s wholly owned subsidiaries include Cornerstone Generation Marketing, LLC (formerly known as Lightstone Marketing LLC) and the following generation facilities: Lawrenceburg Power, LLC (“Lawrenceburg”), Waterford Power, LLC (“Waterford”) and Darby Power, LLC (“Darby”). There have been no significant changes to the Company’s organizational structure, ownership, or operations since December 31, 2025.

On January 15, 2026, ECP signed an agreement to sell 100% of its ownership interest in Cornerstone. The transaction, which is expected to close in the second half of 2026, is subject to standard approvals, including from the Federal Energy Regulatory Commission. Also, the Indiana Utility Regulatory Commission must approve the sale of the Lawrenceburg power plant.

Additional information regarding the Company’s organization and operations is included in the Company’s audited financial statements as of and for the year ended December 31, 2025.

2. Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The condensed consolidated financial statements include the accounts and operations of Cornerstone and its subsidiaries. All intercompany transactions and balances have been eliminated. The results for interim periods are not necessarily indicative of results for the entire year because interim period results can be disproportionately influenced by operational developments, seasonality, and various other factors. The financial statements presented herein should be read in conjunction with the 2025 audited financial statements.

3. Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial reporting. There have been no material changes to the Company's significant accounting policies from those disclosed in the audited financial statements as of and for the year ended December 31, 2025.

Additional information regarding the Company's significant accounting policies is included in the audited financial statements. Accordingly, the disclosures below primarily reflect material interim balances and activity.

Use of Estimates

Management makes estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses to prepare the accompanying condensed consolidated financial statements in conformity with U.S. GAAP. Actual results could differ from those estimates.

Accounts Receivable

Cornerstone had receivables from sales to PJM of $18.6 million as of March 31, 2026. The Company has not experienced any write-off of receivables. Accordingly, the Company had no allowance for credit losses as of March 31, 2026.

Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of:

	Remaining Depreciable Life (In Years)	**March 31, 2026**
		(In Millions)
Land		**$ 17.0**
Property and equipment	20	**2,655.0**
		2,672.0
Less accumulated depreciation		**(82.3)**
Property, plant and equipment, net		**$ 2,589.7**

Depreciation expense was $31.7 million for the three months ended March 31, 2026.

Intangible Assets

Intangible assets relate to advance payments made under multi-year agreements, with amortization expected to be recognized predominantly in 2026 for $13.1 million and 2027 for $6.3 million. No amortization expense was recognized for the three months ended March 31, 2026.

Asset Retirement Obligation

Activity for the AROs is summarized in the table below.

	Three months ended March 31, 2026
	(In Millions)
Asset retirement obligations as of January 1, 2026	**$ 5.4**
Accretion expense	**0.1**
Asset retirement obligations at the end of the period	**$ 5.5**

There are no asset retirement obligations expected to be settled within the next twelve months; accordingly, all asset retirement obligations are classified as non-current.

Revenue Recognition

Other revenues represent net realized and unrealized gains and losses on derivative financial instruments used to manage market risks. See *Note 7. Derivative Instruments and Hedging Activities* for additional disclosures.

The following table represents the Company's disaggregation of revenue for the three months ended March 31, 2026:

	Three months ended March 31, 2026
	(In Millions)
Energy revenue	**$ 273.3**
Capacity revenue	**47.2**
Ancillary revenue	**5.8**
Other revenues:	
Loss on realized hedge settlements	**(55.1)**
Loss on unrealized hedge settlements	**(9.2)**
Total Operating revenues, net	**$ 262.0**

Remaining Unsatisfied Performance Obligations

As of March 31, 2026, the Company has future fixed fee performance obligations that are unsatisfied, or partially unsatisfied, relating to capacity contracts with PJM and other customers for which the total consideration is fixed and determinable at contract execution. The capacity contracts have remaining duration through 2035. See the table below for the remaining unsatisfied performance obligations as of March 31, 2026.

	2026	2027	2028	2029	2030	2031 and thereafter
	(In Millions)					
Remaining performance obligations	$ 169.7	$ 98.4	$ 30.6	$ 50.3	$ 56.4	$ 226.3

The Company has elected to not disclose the value of unsatisfied performance obligations for energy and ancillary revenue contracts, as these amounts are variable consideration allocated entirely to a wholly unsatisfied performance obligation that forms part of a single performance obligation.

Derivative Financial Instruments

The Company enters into derivative instruments to manage market and financial risks. All derivative instruments are recorded at fair value on the condensed consolidated balance sheet. The Company has not elected hedge accounting; therefore, all gains and losses are recognized in current period earnings. See *Note 7 - Derivative Instruments and Hedging Activities* for additional disclosures.

Commitments and Contingencies

The Company is party to claims and proceedings arising in the normal course of business. There have been no material changes in such matters since December 31, 2025.

Fair Value Measurements

The carrying amounts of financial instruments that are short-term in nature, including receivables and accounts payable, due to their short-term nature.

Cornerstone applies recurring fair value measurements to derivative assets and liabilities. See *Note 7 - Derivative Instruments and Hedging Activities* for additional disclosures.

4. Commitments and Contingencies

There have been no material changes to the Company's commitments and contingencies from those disclosed in the audited financial statements as of and for the year ended December 31, 2025, except as described below.

Contingencies

The Company from time to time is a party to certain other claims arising in the ordinary- course of business. Cornerstone is of the opinion that final disposition of these claims will not have a material adverse effect on the Company's condensed consolidated financial position, results of operations, or cash flows.

Related Party Commitments

Asset Management Agreements

Effective as of August 11, 2025, Cornerstone entered into an asset management agreement ("AMA") with Kindle Energy II LLC ("Kindle"). Under the AMA, Cornerstone pays Kindle for asset management services. Effective January 14, 2026, ECP amended its AMA with Kindle to terminate the arrangement. Pursuant to the amendment, Kindle will continue to provide all AMA services through the date of the sale.

Costs of the Kindle AMA, including pass through expenses, of $1.3 million are included in General and administration expenses on the accompanying condensed consolidated statement of operations and comprehensive income. Certain authorized signatories of the Company are also executive team members of Kindle and therefore are deemed to have the ability to exercise significant influence.

Other Related Party

As of March 31, 2026, the Company had a payable of $0.1 million owed to an entity under common control for an information technology cost sharing agreement (the "IT Cost Sharing Agreement"). Costs of the IT Cost Sharing Agreement of $0.4 million are included in Operating expenses on the accompanying condensed consolidated statement of operations and comprehensive income for the three months ended March 31, 2026.

Other Commitments

The Company is party to various long-term service, transportation, and interconnection agreements in the ordinary course of business. There have been no material changes to these arrangements since December 31, 2025.

Contractual Obligations

The Company has various long-term contractual and commercial commitments of which the significant contracts have been previously discussed in this note. The following table summarizes the significant contractual and commercial obligations as of March 31, 2026:

	2026	2027	2028	2029	2030
			(In Millions)		
Long-term and other service agreements	$ 6.0	$ 13.0	$ 0.4	$ 0.5	$ –
Total contractual obligations	$ 6.0	$ 13.0	$ 0.4	$ 0.5	$ –

5. Stock-based Compensation

Effective January 14, 2026, the Company terminated the Kindle AMA. In accordance with the terms of the award agreements, this termination resulted in the immediate vesting of 20% of the previously granted Class B Units, while all remaining unvested Class B Units were forfeited without consideration. As a result, the Company recognized $3.2 million in stock-based compensation expense, which is included within General and administration expense in the consolidated statement of operations and comprehensive loss.

On February 2, 2026 (the “Modification Date”), the Company entered into an agreement to reinstate 30% of the forfeited Class B Units (the “Bonus Class B Units”). The Bonus Class B Units vest upon the occurrence of a change in control event provided that participants remain in continuous service through the earlier of the transaction closing or the expiration of a specified transitional period, which extends through October 14, 2027, unless otherwise extended. As of the Modification Date and March 31, 2026, the total unrecognized stock-based compensation expense related to these awards was approximately $16.3 million. As of March 31, 2026, the Company did not recognize compensation expense related to these awards as the likelihood of a change in control event occurring is not probable until the change in control event occurs.

6. Credit and Financing Facilities

The schedule below summarizes the Company's outstanding debt:

	March 31 2026
	(In Millions)
Term loan B	**$ 1,345.8**
Revolving credit facility	–
Subtotal long-term debt	**1,345.8**
Less: issue discount, net	**(2.7)**
Less: deferred financing costs, net	**(26.2)**
Total long-term debt	**1,316.9**
Less: current portion of long-term debt	**(13.5)**
Non-current portion of long-term debt	**$ 1,303.4**

Outstanding loans are secured by all the assets and contract rights of the Company and its subsidiaries.

On February 24, 2026, the Company entered into Amendment No. 2 to its credit agreement ("Amendment No. 2"), which reduced the applicable margin on Term Loans from 3.25% to 2.25% for SOFR-based borrowings and from 2.25% to 1.25% for base rate borrowings. The amendment did not impact Revolving Loans, which continue to bear interest at SOFR plus 3.25% or the base rate plus 2.25%. The amendment also modified the Excess Cash Flow ("ECF") sweep provisions to include a post-closing deferral period, during which no ECF sweep is required. The amendment did not materially change the contractual maturity profile of the Company's debt.

Management evaluated Amendment No. 2 under Accounting Standards Codification Topic 470, *Debt* ("ASC 470") and determined that it resulted in a substantial modification for certain lenders, meeting the criteria for debt extinguishment accounting. Accordingly, the Company recognized a loss on extinguishment of debt of $7.4 million, representing the difference between the fair value of the newly issued debt and the net carrying amount of the existing debt immediately prior to Amendment No. 2. This loss is presented as Loss on extinguishment of debt in the condensed consolidated statement of operations and comprehensive income for the three months ended March 31, 2026.

As of March 31, 2026, the Company was in compliance with its covenants related to its debt obligations.

As of March 31, 2026, the Company had committed letters of credit totaling $125.0 million, of which $72.9 million was utilized and $52.1 million was available for use. Letters of credit issued under the RCF reduce availability on a dollar-for-dollar basis.

7. Derivative Instruments and Hedging Activities

The Company uses derivative instruments to manage exposure to market risks, including commodity prices and interest rates. The Company elected to present all derivative assets and liabilities on a net basis on the consolidated balance sheet as a right to set-off exists. There was no cash collateral received or pledged as of March 31, 2026 related to the Company's commodity derivative transactions.

Interest Rate Swaps

The Company enters into interest rate swap agreements to manage exposure to interest rate risk. As of March 31, 2026, the maximum remaining term of these agreements was 30 months.

Commodity Derivatives

The Company utilizes financially settled derivatives to manage exposure to commodity price volatility. These instruments include financially settled gas, power and spark spread transactions. Certain contracts extend through 2027, with capacity swaps extending through May 2033.

The Company has not elected hedge accounting for these derivative instruments. Accordingly, changes in fair value are recognized in earnings in the accompanying condensed consolidated statement of operations and comprehensive income.

As of March 31, 2026, the absolute notional amounts of commodity derivative instruments and interest rate hedging instruments were as follows:

Derivative Instruments	Unit of Measure	Notional Amounts 2026
Power	MWh	**15,698**
Natural gas	MMBtu	**109,880**
Interest rate hedging instruments	dollars in millions	**$ 683**

Fair Value Measurements

Derivative assets and liabilities are measured at fair value on a recurring basis. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value using the market approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the nature of the inputs to the valuation techniques.

Derivative assets and liabilities are classified within the fair value hierarchy based on the observability of inputs used in the valuation techniques:

Level 1 – Level 1 represents unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. This category includes energy derivative instruments that are exchange traded or that are cleared and settled through the exchange. The Company currently does not have any Level 1 derivative assets or liabilities.

Level 2 – Level 2 represents quoted market prices for similar assets or liabilities in active markets, quoted market prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. This category includes the Company's power and capacity swaps, natural gas forwards and interest rate swaps at March 31, 2026.

Level 3 – Level 3 includes energy derivative instruments whose fair value is estimated based on internally developed models and methodologies utilizing significant inputs that are generally less readily observable from objective sources (such as market heat rates, implied volatilities and correlations). Over the counter, complex, or structured derivative instruments that are transacted in less liquid markets with limited pricing information would be included in Level 3. The Company currently does not have any Level 3 derivative assets or liabilities.

Fair value measurements of the Company's derivative assets and liabilities are as follows:

	Level 1	Level 2	Level 3	Total Fair Value
		(In Millions)		
March 31, 2026				
Assets				
Power/gas swaps	$ –	$ –	$ –	$ –
Interest rate swaps	–	2.1	–	2.1
Total Assets	$ –	$ 2.1	$ –	$ 2.1
Liabilities				
Power/gas swaps	$ –	$ (114.5)	$ –	$ (114.5)
Interest rate swaps	–	–	–	–
Total Liabilities	$ –	$ (114.5)	$ – $	(114.5)

The following tables summarize the location and fair value of energy derivative instruments and interest rate swaps on Cornerstone's condensed consolidated balance sheet:

	March 31 2026
	(In Millions)
Current assets:	
Interest rate swap	**$ 1.6**
Power/gas swaps	–
	1.6
Long term assets:	
Interest rate swap	**0.5**
Power/gas swaps	**–**
	0.5
Total derivative assets	**$ 2.1**
Current liabilities:	
Interest rate swap	**$ -**
Power/gas swaps	**(80.7)**
	(80.7)
Long term liabilities:	
Interest rate swap	-
Power/gas swaps	**(33.8)**
	(33.8)
Total derivative liabilities	**$ (114.5)**

The fair values of current and long-term derivative assets as of March 31, 2026, would be $7.0 million and $1.7 million, respectively, if these transactions were recorded on a gross basis. The fair values of current and long-term derivative liabilities as of March 31, 2026, would be $86.1 million and $35.1 million, respectively, if these transactions were recorded on a gross basis.

The Company has realized hedge receivables of $2.1 million in Other receivables and realized hedge payables of $6.1 million in Accounts payable and other accrued liabilities on the accompanying condensed consolidated balance sheet as of March 31, 2026.

The following table presents the effects of derivative instruments on the Company's accompanying condensed consolidated statement of operations and comprehensive income (realized and unrealized gains and losses) for the three months ended March 31, 2026.

	Location	**March 31 2026**
		(In Millions)
Loss on power/capacity swaps	Operating revenues, net	**$ (64.3)**
Gain on gas swaps	Operating expense	**2.0**
Gain on interest rate swaps	Interest expense	**4.5**

8. Details of Certain Accounts

Accounts payable and other accrued liabilities consist of the following:

	March 31 2026
	(In Millions)
Trade accounts payable and other vendor accruals	**$ 7.9**
Hedge settlements payable	**6.1**
Property and other taxes payable	**11.4**
Other	**0.6**
Total Accounts payable and other accrued liabilities	**$ 26.0**

9. Subsequent Events

The Company has evaluated events and transactions for possible disclosure and recognition that occurred between March 31, 2026, and May 30, 2026, which is the date the accompanying condensed consolidated financial statements were available to be issued.

Gas Plant Business
(A Carve-Out of Lightstone Generation, LLC)
Combined Financial Statements

Period from January 1, 2025 through August 10, 2025

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Independent Auditor's Report

Board of Directors
Cornerstone Generation, LLC and Subsidiaries

Opinion

We have audited the combined financial statements of Gas Plant Business (A Carve-out of Lightstone Generation, LLC) (the Company), which comprise the combined statements of operations and comprehensive income, changes in net parent investment, and cash flows for the period from January 1, 2025 through August 10, 2025, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the period from January 1, 2025 through August 10, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the accompanying combined financial statements reflect the results of operations directly attributable to the carve out entity as well as allocations deemed reasonable by management, to present the results of operations and comprehensive income, changes in net parent investment, and cash flows in the combined financial statements. Our conclusion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ RSM US LLP
Houston, Texas
May 27, 2026

Gas Plant Business
(A Carve-Out of Lightstone Generation, LLC)
Combined Statement of Operations and Comprehensive Income

(In Thousands)

	Period from January 1, 2025 through August 10, 2025
Operating revenues, net	**$410,404**
Operating expenses[1]	**285,760**
General and administration expenses[2]	**4,373**
Depreciation and amortization	**28,045**
Total operating costs and expenses	**318,178**
Operating income	**92,226**
Interest expense, net	**97**
Net income	**92,129**
Comprehensive income	**$92,129**

See accompanying notes.

[1] These amounts include activities with related parties of $0.9 million. Refer to *Note 6 - Related Party Transactions* for further information on related party transactions and amounts.

[2] These amounts include activities with related parties of $3.6 million. Refer to *Note 6 - Related Party Transactions* for further information on related party transactions and amounts.

Gas Plant Business
(A Carve-Out of Lightstone Generation, LLC)
Combined Statement of Changes in Net Parent Investment

(In Thousands)

	Net Parent Investment
Balance, January 1, 2025:	**$1,153,570**
Net income	**92,129**
Change in net parent investment	**(119,444)**
Balance, August 10, 2025	**$1,126,255**

See accompanying notes.

Gas Plant Business
(A Carve-Out of Lightstone Generation, LLC)
Combined Statement of Cash Flows

(In Thousands)

	Period from January 1, 2025 through August 10, 2025
Operating activities	
Net income	**$92,129**
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation and amortization	**28,045**
Lower of cost or market adjustment	**75**
Net fair value changes related to derivatives	**33,176**
Asset retirement obligation accretion	**139**
Loss on disposal of fixed assets	**2,872**
Changes in operating assets and liabilities:	
Accounts receivable – trade	**(30,158)**
Other receivables	**3,284**
Fuel inventory	**1,172**
Prepaid expenses and other current assets	**(7,519)**
Spare parts inventory	**(964)**
Accounts payable and other accrued liabilities	**14,951**
Net cash provided by operating activities	**137,202**
Investing activities	
Capital expenditures	**(17,758)**
Net cash used in investing activities	**(17,758)**
Financing activities	
Net parent investment	**(119,444)**
Net cash used in financing activities	**(119,444)**
Net decrease in cash, cash equivalents and restricted cash	**-**
Cash, cash equivalents and restricted cash beginning of period	**-**
Cash, cash equivalents and restricted cash end of period	**$ -**
Supplemental Cash Flow Information:	
Interest paid	**$97**
Non-cash investing and financing activities:	
Accrued property, plant, and equipment additions	**$6,513**

See accompanying notes.

1. Organization

The accompanying combined carve-out financial statements present the historical results of operations for the natural gas-fired power generation business (the "Company" or the "Gas Plant Business") carved out from Lightstone Generation, LLC and its subsidiaries (collectively, "Lightstone").

The Company is a power generation business engaged in the ownership and operation of three gas-fired power plants, Lawrenceburg, Waterford, and Darby (collectively, the "Gas Plants") located in the region served by PJM Interconnection, LLC ("PJM"). The Company sells power, capacity and ancillary services to its customers. The Company purchases primarily natural gas and some fuel oil as fuel for its power plants and engages in related fuel transportation and storage transactions. Additionally, consistent with the Company's risk management policy, the Company may enter into natural gas, power and other commodity contracts to hedge certain business risks and optimize the portfolio of power plants.

As of August 10, 2025, the Company owned the following natural gas-fired power generation facilities:

	Year Operational	**Size in MWs**	**Ownership Percentage**
Lawrenceburg	2004	1,196	100%
Waterford	2003	893	100%
Darby	2001/2002	427	100%

Lawrenceburg is a 1,196-megawatt nameplate combined-cycle natural gas-fired facility located in Dearborn County, Indiana, serving the PJM region. The gas fired project consists of 2 steam turbines and 4 gas turbines. The facility has an interconnection to Texas Gas Transmission LLC.

Waterford is a 893-megawatt nameplate combined-cycle natural gas-fired facility located in Washington County, Ohio, serving the PJM region. It is comprised of one steam turbine and three gas turbines. The facility has a gas interconnection to Texas Eastern Transmission LP.

Darby is a 427-megawatt nameplate natural gas-fired combustion turbine located in Pickaway County, Ohio, serving the PJM region. It is comprised of six independent combustion turbines. The facility has a gas interconnection to Columbia Gas Transmission LLC.

The Company was wholly owned by Lightstone, a joint venture owned by Blackstone Inc. (“Blackstone”) and ArcLight Burgundy Holdings, LLC (“ArcLight”). On August 30, 2024, Blackstone and Arclight entered into a Purchase and Sale Agreement pursuant to which the Gas Plant Business was sold as part of a larger transaction to entities controlled by Energy Capital Partners, LLC (“ECP”). The transaction closed on August 11, 2025, at which time the Gas Plant Business ceased to be owned by Lightstone. These combined carve-out financial statements represent the historical predecessor operations of the Gas Plant Business prior to ECP’s acquisition.

On January 15, 2026, ECP and Talen Energy Corporation (“Talen”) executed an Agreement and Plan of Merger (the “Merger Agreement”) pursuant to which ECP will sell its interests in the Company to Talen. As of the date the combined carve-out financial statements were available to be issued, the sale and related change in control had not closed and remained subject to regulatory approval.

2. Basis of Presentation

The combined carve-out financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These combined carve-out financial statements have been prepared on a “carve-out” basis from Lightstone’s consolidated financial statements and reflect the historical results of operations and cash flows related to the Company. The baseline for the combined carve-out financial statements are the accounting records of the legal entities that own the Gas Plant Business, supplemented by reasonable and supportable allocations and adjustments, to reflect the revenues and expenses attributable to the Company. The combined carve-out financial statements do not include other operations of Lightstone that are not allocable to the Gas Plants.

The combined carve-out financial statements are presented on a combined basis, as the legal entities comprising the Company were not historically organized under a single parent entity that is included within the carve-out perimeter.

These combined carve-out financial statements were prepared in connection with the requirements of Rule 3-05 of Regulation S-X arising from ECP’s sale of the Gas Plant Business to Talen. As such, a balance sheet of the Gas Plant Business has not been presented. The required balance sheet under Rule 3-05 is reflected in the separate successor consolidated financial statements.

Carve-out Methodology

Lightstone utilized a centralized treasury management function for financing the operations of its affiliates. All bank accounts of the Company were zero-balance accounts swept into Lightstone's centralized accounts. The cash generated and used by the Company's operations was commingled with the cash of other entities controlled by Lightstone. The cash and cash equivalents held by Lightstone have not been assigned to the Company for the period presented as the balances are not directly attributable to the Company. In addition to the revenues generated through its subsidiaries' operations, Lightstone utilized third-party debt to finance the operations of all affiliates, including the Company. The legal entities of the Company were listed as guarantors of the debt, they were not jointly and severally liable. As such, the third-party debt, related interest expense, collateral deposits, restricted cash, and interest rate derivatives have not been allocated to the Company's combined carve-out financial statements for the period presented. Further, Lightstone did not require actual intercompany cash settlement from the Company for any financing support. As a result, the combined carve-out financial statements did not include any related party debt obligations.

Historically, Lightstone and its affiliates provided a variety of services to the Company. The combined statement of operations and comprehensive income includes expense allocations for services and certain support functions that are provided and recorded on a centralized basis by Lightstone and its affiliates such as treasury, accounting, information technology, human resources, operational oversight, and legal services. Expenses that are specifically identifiable to the Company are directly recorded to the combined statement of operations and comprehensive income. The remaining expenses are primarily allocated on the basis of megawatts . The Company believes the basis from which the expenses have been allocated are a reasonable reflection of the utilization of services provided to, or the benefit received by, the Company during the period presented. These allocated amounts, however, are not necessarily indicative of the actual amounts that might have been incurred or realized had the Company operated as a separate stand-alone entity during the period presented. Consequently, these combined carve-out financial statements do not necessarily represent the results the Company would have achieved if it had operated as a separate stand-alone entity during the period presented.

Energy commodity derivative instruments that were historically executed and recorded at affiliated entities but were economically attributable to the risk management activities of the Gas Plants have been included in the combined carve-out financial statements based on specific identification using contractual terms and the underlying exposure. The related unrealized gains and losses and realized gains and losses have been reflected in the Company's combined carve-out financial statements.

The predecessor of Lightstone was acquired by Blackstone and ArcLight in 2017 in a business combination that generated goodwill on the opening balance sheet. Historically, the goodwill was recorded at Lightstone and not allocated to the Company. A portion of the original goodwill value based on the relative fair value of the 2017 opening balance sheet has been included in the combined carve-out financial statements and was subjected to impairment testing.

Equity is presented as a single line item, Net parent investment, which represents Lightstone's cumulative investment in the Company, in the combined statement of changes in net parent investment. Net parent investment includes the historical net earnings or losses of the Company, capital contributions, distributions, and the net effect of intercompany transactions that were not historically settled in cash. All intercompany transactions and balances between the legal entities included in the Company have been eliminated.

3. Summary of Significant Accounting Policies

Accounts Receivable

Accounts receivable primarily consist of amounts owed to the Company, net of discounts
and allowances, for power, capacity and ancillary services delivered to PJM in the United States. Amounts due from PJM are received weekly in accordance with PJM's published billing schedule. The Company reviews outstanding accounts receivable and writes off uncollectable balances as necessary. The Company has not experienced any write-off of receivables.

Other Receivables

Other receivables include realized settlement amounts owed to the Company under its commodity derivative agreements. The Company reviews these and writes off uncollectable balances as necessary. The Company has not experienced any write-off of receivables.

Deposits

Deposits are amounts paid by the Company as collateral against letters of credit issued and held by service providers in accordance with contractual terms.

Fuel Inventory

Fuel inventory primarily consists of fuel oil and other raw materials used to generate electricity as well as surplus emission allowances. Fuel inventory is valued at the lower of cost or net realizable value and is expensed as it is used in the production of electricity under the weighted average cost method. Emission allowances are valued at the lower of cost or net realizable value and are expensed as surrendered under the first-in first-out method.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of insurance premiums, contractual service agreement fees and other miscellaneous fees. Amounts are amortized as expenses are incurred or services are rendered.

Property, Plant and Equipment, Net

Property, plant and equipment, net is stated at cost less accumulated depreciation and comprises land, property and equipment and construction in progress. Depreciation is computed on a straight-line basis over the estimated useful life of the assets. The remaining depreciable life of property, plant and equipment was 1 to 34 years as of August 10, 2025. Additions and improvements extending assets' lives are capitalized, while repairs and maintenance are charged to expense as incurred.

Depreciation expense was $28.0 million for the period from January 1, 2025 through August 10, 2025.

Spare Parts Inventory

Spare parts inventory includes materials and supplies held for use and are consumed in the maintenance and operating activities of the generating facilities. Materials and supplies are charged to spare parts inventory when purchased and are expensed or capitalized, as appropriate, when issued. Materials and supplies are valued using the average costing method. Inventory is required to be valued at lower of cost and net realizable value. Obsolete materials and supplies are expensed.

Goodwill

The Company is required to test goodwill for impairment on an annual basis and, if current events or circumstances require, on an interim basis. The Company performs its annual test of goodwill for impairment in its fiscal first quarter. In preparing the combined carve-out financial statements, the Company's goodwill was evaluated for potential impairment on a standalone basis.

Goodwill is allocated to reporting units, which are an operating segment or one level below the operating segment. The Company was determined to be a single reporting unit.

To test goodwill for impairment, the Company performs a qualitative assessment to determine if it is more likely than not that the carrying amount of its reporting unit exceeds its fair value. If it is, a quantitative assessment is required. Alternatively, the Company may bypass the qualitative assessment and perform a quantitative test.

The qualitative assessment requires the consideration of factors such as macroeconomic and industry specific conditions, and changes in projected reporting unit future cash flows.

The quantitative assessment compares the fair value of the reporting unit to its carrying amount, and, to the extent the carrying amount exceeds the fair value, an impairment of goodwill is recognized for the excess up to the total amount of goodwill.

The Company performed a qualitative goodwill impairment assessment for fiscal year 2025 and evaluated for triggering events requiring an impairment test from January 1, 2025 through August 10, 2025. Based on the review performed, no impairment charges were recorded to goodwill.

Impairment of Long-Lived Assets

ASC 360, *Property, Plant and Equipment*, requires both long-lived assets and intangible assets with determinable useful lives be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to its expected future undiscounted cash flows. If the carrying amount of the asset is greater than the assets undiscounted cash flows, the asset is considered impaired. In such circumstances, the impairment recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. The impairment is charged to earnings. No impairments were recognized during the period from January 1, 2025 through August 10, 2025.

Asset Retirement Obligation

ASC 410, *Asset Retirement and Environmental Obligations*, requires legal obligations associated with the retirement of long-lived assets ("AROs") to be recognized at their fair value at the time the obligation is incurred. An ARO is initially recognized by increasing the carrying amount of the related long-lived asset. Subsequent to initial recognition and up to settlement of the ARO, the liability is accreted to income while the corresponding increase to long-lived assets is depreciated over its respective useful life.

The Company's AROs relate to the restoration of lands to their original state. Changes in the estimate of timing and cost to settle the obligation are recognized in the period of change as an increase or decrease in the carrying amount of the ARO and the related asset retirement cost. Accretion expense was $0.1 million for the period from January 1, 2025 through August 10, 2025.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The comprehensive revenue recognition standard supersedes all pre-existing revenue recognition guidance. The core principle of ASU 2014-09 is that a company will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Operating revenues from contracts with customers are comprised of energy generation sales, capacity sales and ancillary services related to the Company's electric power generation facilities.

Energy and capacity sales and services are sold at market-based prices through PJM. The Company has the right to participate in the PJM markets pursuant to the Market Participant Agreement. Revenues also include net realized and unrealized gains and losses on derivative financial instruments used to manage market risks based on ASC 815, *Derivatives and Hedging (Note 5).*

Energy Revenue

Energy revenues are recognized over time using the output method based on megawatt hours delivered or other applicable performance measurements and cash is settled shortly after invoicing. Energy revenues are delivered as a series of distinct services and are accounted for as a single performance obligation.

Capacity Revenue

The Company offers generation capacity into competitive PJM auctions in exchange for revenue from awarded capacity offers. Capacity ensures installed generation and demand response is available to satisfy system integrity and reliability requirements. Capacity revenues are recognized when the performance obligation is satisfied ratably over time as the power generation facilities stand ready to deliver power to PJM. Penalties are assessed by PJM against generation facilities if the facility is not available during the capacity period and are recorded as a reduction to revenue.

Ancillary Revenue

Ancillary revenues are recognized over time using the output method based on applicable performance measurements and cash is settled shortly after invoicing. These revenues relate to additional contractual requirements from PJM that support the grid reliability, such as emergency response and voltage control. Ancillary revenues are delivered as a series of distinct services and are accounted for as a single performance obligation.

Other Revenue

Other revenues, as included in the tables of disaggregated revenue below, represent amounts accounted for under ASC 815, Derivatives and Hedging, and are comprised of net realized and unrealized gains and losses on derivative financial instruments used to manage market risks (see *Note 5 - Derivative Instruments and Hedging Activities).*

The following table represents the Company's disaggregation of revenue from contracts with customers for the period from January 1, 2025 through August 10, 2025:

	Period from January 1, 2025 through August 10, 2025
	(In Millions)
Revenue from contracts with customers:	
Energy revenue	**$ 379.1**
Capacity revenue	**45.8**
Ancillary revenue	**15.8**
Other revenues:	
Loss on realized hedge settlements	**(10.6)**
Loss on unrealized hedge settlements	**(19.7)**
Total Operating revenues, net	**$ 410.4**

Remaining Unsatisfied Performance Obligations

As of August 10, 2025, the Company has future fixed fee performance obligations that are unsatisfied, or partially unsatisfied, relating to capacity contracts with PJM for which the total consideration is fixed and determinable at contract execution. The capacity contracts have remaining duration through May 2035. See the table below for the remaining unsatisfied performance obligations as of period end.

	2025	2026	2027	2028	2029	2030 and thereafter
			(In Millions)			
Remaining performance obligations	$76.9	$215.6	$96.6	$30.6	$50.3	$282.7

The Company has elected to not disclose the value of unsatisfied performance obligations for energy and ancillary revenue contracts, as these amounts are variable consideration allocated entirely to a wholly unsatisfied performance obligation that forms part of a single performance obligation.

Derivative Financial Instruments

The Company enters into agreements that meet the definition of a derivative in accordance with ASC 815. These agreements are entered into to mitigate or eliminate market and financial risks.

ASC 815 provides for three different ways to account for derivative instruments: (i) as an accrual agreement, if the criteria for the "normal purchase normal sale" exception are met and documented; (ii) as a cash flow or fair value hedge, if the specified criteria are met and documented; or (iii) as a mark-to-market agreement with changes in fair value recognized in current period earnings.

The Company has not elected hedge accounting for its derivative instruments. Therefore, all gains and losses resulting from changes in the market value of the derivative instruments contracts are recorded in the accompanying combined statement of operations and comprehensive income in the current period.

Leases

The Company evaluates its contracts for lease accounting at the contract inception and assesses the lease classification at the commencement date. The Company did not recognize any right-ofuse (“ROU”) assets or lease liabilities during the period from January 1, 2025 through August 10, 2025, as none of its lease arrangements required recognition under ASC 842, *Leases*. The Company has an accounting policy not to recognize lease assets and liabilities for leases with a term of twelve months or less.

All of the Company’s lease expense relates to short-term leases with variable payments based on usage. Variable lease expense is included within short-term lease expense. The short-term lease expense for the period ended August 10, 2025, was $2.1 million.

Income Taxes

Historically, Lightstone and its affiliates were disregarded entities under the provisions of the Internal Revenue Code ("IRC"). Therefore, all income or loss related to the Company was included in the federal and state income tax returns of the partnership members. As such, no federal or state income tax provision has been recognized in the combined carve-out financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade receivables and derivative financial instruments.

Trade receivables represent amounts due from PJM and are concentrated within the energy industry. This industry concentration may impact the Company’s overall exposure to credit risk, either positively or negatively, in that PJM may be similarly affected by changes in economic, industry or other conditions. The Company performs ongoing evaluations of its customers’ financial condition as well as general economic conditions and, generally, requires no collateral from its customers. For the period from January 1, 2025 through August 10, 2025, the majority of revenues, excluding hedge transactions, were derived from PJM.

The Company does not enter into financial instruments for trading or speculative purposes. The Company enters into derivative instrument contracts with high credit quality financial institutions. The counterparties to the Company’s derivative instrument contracts are major financial institutions, and there is no significant concentration of exposure with any one counterparty.

Risks and Uncertainties

As with any power generation facility, operation of Lawrenceburg, Waterford and Darby involves risk, including the performance of the facilities below expected levels of efficiency and output, shutdowns due to the breakdown or failure of equipment or processes, violations of permit requirements, operator error, labor disputes, public health threats or communicable diseases, pandemics, or catastrophic events such as fires, earthquakes, floods, explosions, or other similar occurrences affecting a power generation facility or its power purchasers. In addition, the power generation facilities operate as merchant plants and are impacted by changes in natural gas and regional power market conditions, weather, as well as changes in the rules and regulations governing these markets. The occurrence of any of these events could significantly reduce or eliminate certain revenues generated by the Company or significantly increase the expenses of the Company.

Environmental and Regulatory Matters

The Company operates in a highly regulated industry and is subject to federal and state laws and regulations affecting the power generation industry. The Company is subject to numerous environmental laws that govern the ownership and operation of power plants. These laws generally require that governmental permits and approvals be obtained and maintained during operation of power plants. Federal and state environmental requirements concerning air quality, greenhouse gas emissions, combustion byproducts, and water discharge and use have become more stringent over time. Future laws may require the addition of emissions controls or other environmental controls or impose additional restrictions on the Company's operations.

A number of regulations that affect the Company have been and continue to be revised by the Environmental Protection Agency (“EPA”), including requirements regarding national ambient air quality standards revisions and implementation, and effluent limitation guidelines. The Company will evaluate the impact of these regulations as they are revised or new rules promulgated but cannot fully predict the impact of proposed revisions or new rules until the final rules are promulgated and any legal challenges to such rules are finally resolved in a court of competent jurisdiction.

As of August 10, 2025, the Company has not received notifications from the EPA regarding potential breaches of regulation.

Commitments and Contingencies

The Company is party to claims and proceedings arising in the normal course of business. Management assesses each matter and determines the likelihood a loss has been incurred and the amount of such loss if it can be reasonably estimated in accordance with ASC 450, *Contingencies*. Management reviews such matters on an ongoing basis. Contingencies are evaluated based on estimates and judgments made by management with respect to the likely outcome of such matters. Management's estimates could change based on new information. During the period presented, there are no unresolved claims or contingencies that would have a material adverse effect on the combined carve-out financial statements of the Company.

Fair Value Measurements

Fair value, as defined in ASC 820, *Fair Value Measurements and Disclosures,* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying amounts of trade accounts receivable, other receivables and accounts payable are equal to, or approximate, their fair values due to the short-term maturity of those instruments.

The Company applies recurring fair value measurements to derivative assets and liabilities. In determining fair value, the Company generally uses the market approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable internally developed inputs.

Recently Adopted Accounting Pronouncements

There have been no recently adopted accounting pronouncements that had a material effect on the Company's financial statements and (or) disclosures.

Recent Accounting Pronouncements Not Yet Adopted

The combined carve-out financial statements relate to a predecessor entity that will not issue financial statements for future reporting periods. Accordingly, the effects of recently issued accounting standards with effective dates subsequent to the reporting date will not affect the combined carve-out financial statements and have not been disclosed.

4. Facility Contract Commitments

Fuel Transportation Agreements

On January 30, 2017, Lawrenceburg Power, LLC entered into a Firm Gas Transportation agreement with a maximum delivery quantity of 180,000 Dth/d. This agreement has a fixed price component as well as variable usage charges. Both charges are based on tariff rate schedules and are in force through May 31, 2026.

On October 1, 2015, Darby Power, LLC entered into an agreement to have gas delivered to the facility. Service under this agreement commenced on April 1, 2016. The contract specifies maximum daily quantities to be delivered to the facility. The fees charged are based on a tariff rate schedule as defined in the contract. The contract, as amended, expires on October 31, 2031 There is no automatic renewal clause in the contract.

Electric Interconnection

Waterford

Waterford is party to an Interconnection Service Agreement with PJM and Ohio Power Company. The agreement provides interconnection services. The agreement requires that each party is responsible for their own interconnection facilities up to defined interconnection points and provides interconnection of Waterford with the dual 345kV transmission system. This agreement will remain active throughout the operational life of the plant.

Darby

Darby is party to an Interconnection Service Agreement with PJM and Ohio Power Company. The agreement provides interconnection services. The agreement requires that each party is responsible for their own interconnection facilities up to defined interconnection points and provides interconnection of Darby with the 345kV transmission system. This agreement will remain active throughout the operational life of the plant.

Lawrenceburg

Lawrenceburg is party to an Interconnection Service Agreement with PJM and Indiana Michigan Power Company. The agreement provides interconnection services. The agreement requires that each party is responsible for their own interconnection facilities up to defined interconnection points and provides interconnection of Lawrenceburg with the 345kV transmission system. This agreement will remain active throughout the operational life of the plant.

Other Long-Term Service Agreements

The Company's facilities are party to long-term service agreements with established counterparties, pursuant to which the counterparties will provide parts, inspection and maintenance services with respect to the units covered under these agreements. The agreements extend through 2026 for Darby, 2034 for Waterford and 2037 for Lawrenceburg.

Contractual Obligations

The Company has various long-term contractual and commercial commitments of which the significant contracts have been previously discussed in this note. The following table summarizes the significant contractual and commercial obligations as of August 10, 2025:

	2025	**2026**	**2027**	**2028**	**2029**
	(In Millions)				
Long-term and other service agreements	$ 2.0	$ 6.9	$ 11.5	$ 0.4	$ 0.5
Total contractual obligations	$ 2.0	$ 6.9	$ 11.5	$ 0.4	$ 0.5

5. Derivative Instruments and Hedging Activities

The Company is exposed to financial risks resulting from fluctuations in commodity prices. To manage the volatility relating to these exposures, the Company uses a variety of derivative instruments, including forward contracts, options, futures contracts and swaps. The derivatives are used for risk management purposes.

The Company's derivative instruments expose the Company to credit risk to the extent counterparties may be unable to meet the terms of the contractual arrangements. The Company seeks to mitigate such risk by transacting with a group of creditworthy financial institutions and through the use of master netting arrangements. There was no cash collateral received or pledged as of August 10, 2025, related to the Company's commodity derivative transactions.

Commodity Derivatives

The Company utilizes financially settled derivatives to manage its exposure to volatility in commodity prices. The Company's risk policy does not allow derivatives to be used for speculative or trading purposes.

In order to manage the fluctuations in gross margin due to commodity prices, the Company entered into various derivative instruments, which include financially settled gas, power and spark spread transactions to economically hedge revenue and fuel costs. The Company entered into various financial power and gas transactions during 2025, some of which extend through December 2026 as well as several capacity swaps extending through May 2033.

The Company has not elected hedge accounting for its derivative instruments and therefore mark-to-market movement is included in the accompanying combined statement of operations and comprehensive income.

As of August 10, 2025, the absolute notional amounts of commodity derivative instruments that did not qualify or were not designated under the normal purchase/normal sale exemption were as follows:

Derivative Instruments	Unit of Measure	Notional Amounts August 10, 2025
Power	MWh	**12,180**
Natural gas	MMBtu	**84,017**

The Company applies recurring fair value measurements to derivative assets and liabilities. In determining fair value, the Company generally uses the market approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated or are generally unobservable internally developed inputs. Derivative assets and liabilities are classified depending on how readily observable the inputs used in the valuation techniques are, as follows:

Level 1 – Level 1 represents unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. This category includes energy derivative instruments that are exchange traded or that are cleared and settled through the exchange. The Company currently does not have any Level 1 derivative assets or liabilities.

Level 2 – Level 2 represents quoted market prices for similar assets or liabilities in active markets, quoted market prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. This category includes the Company's power and capacity swaps and natural gas forwards at August 10, 2025.

Level 3 – Level 3 includes energy derivative instruments whose fair value is estimated based on internally developed models and methodologies utilizing significant inputs that are generally less readily observable from objective sources (such as market heat rates, implied volatilities and correlations). Over the counter, complex, or structured derivative instruments that are transacted in less liquid markets with limited pricing information would be included in Level 3. The Company did not have any Level 3 derivative assets or liabilities.

The following table presents the effects of derivative instruments on the Company's accompanying combined statement of operations and comprehensive income (realized and unrealized gains and losses) for the period ended August 10, 2025:

	Location	**Period from January 1, 2025 through August 10, 2025**
		(In Millions)
Loss on power/capacity swaps	Operating revenues, net	**$ 30.3**
Loss on gas swaps	Operating expenses	**$ 22.6**

6. Related Party Transactions

Energy Commodity Derivatives

As described in *Note 5. Derivative Instruments and Hedging Activities*, the Company utilized derivative instruments to economically hedge revenue and cost exposure to the fluctuation of commodity prices. These derivatives were contracted and settled by Lightstone on behalf of the Company.

Shared Support Costs

Historically, the Company has been managed and operated as part of a larger organization under common control. Accordingly, certain shared services and corporate support functions have been provided by affiliates of Blackstone and ArcLight. The costs associated with these services have been allocated to the Company and reflected as expenses in the accompanying combined carve-out financial statements. Management considers the allocation methodologies used to be reasonable and to reflect the historical costs attributable to the Company for purposes of the combined carve-out financial statements. However, the expenses reflected herein may not be reflective of arm's-length transactions, and therefore not indicative of the costs that would have been incurred had the Company operated as a standalone entity during the period presented. The following categories of costs were allocated to the Company during the periods presented.

Kindle Asset Management Agreement

Effective as of January 30, 2017, Lightstone entered into an asset management agreement ("AMA") with Kindle Energy Management Company LLC ("Kindle"), an affiliate of Blackstone. Lightstone and Kindle were affiliated companies during the period from January 1, 2025 through August 10, 2025. Under the terms of the AMA, Lightstone paid Kindle for asset management services, including operations oversight, finance, accounting and treasury back-office services as well as executive management oversight to the Lightstone power generation facilities.

These costs were allocated to the Company based on megawatt capacity. Costs of the Kindle AMA for the period January 1, 2025 through August 10, 2025 were $3.1 million, and are included in General and administration expenses on the accompanying combined statement of operations and comprehensive income.

Arctos Asset Management Agreement

Effective as of January 30, 2017, Lightstone entered into an AMA with Arctos Energy Management, LLC ("Arctos"). Lightstone and Arctos were related parties during the period from

January 1, 2025 through August 10, 2025. Under the terms of the AMA, Lightstone paid Arctos for asset management services, including day-to-day management, monitoring and operational oversight to the Lightstone power generation facilities.

These costs were allocated to the Company based on megawatt capacity. Costs of the Arctos AMA for the period January 1, 2025 through August 10, 2025 were $0.4 million, and are included in General and administration expenses on the accompanying combined statement of operations and comprehensive income.

CAMS Operations and Maintenance Service Agreements

Lightstone has operations and maintenance agreements ("O&M Agreements") with Consolidated Asset Management Services (Ohio), LLC and Consolidated Asset Management Services (Indiana), LLC ("CAMS"), affiliates of ArcLight. Pursuant to the agreements, CAMS provides administrative, operating and maintenance services to the Lightstone power generation facilities. In exchange, the Company is required to pay fixed monthly management fees and to reimburse the service providers for all labor costs, including payroll and taxes, subcontractor costs and other costs deemed reimbursable under the O&M Agreements.

These costs were allocated to the Company based on megawatt capacity. Costs of the CAMS O&M agreements for the period January 1, 2025 through August 10, 2025 were $1.0 million, of which $0.9 million are included in Operating expenses and $0.1 million are included in General and administration expenses on the accompanying combined statement of operations and comprehensive income.

Lightstone Debt Guarantee

The Company was historically a guarantor of certain indebtedness of Lightstone under a third-party credit agreement. The guarantee was provided in favor of the lenders and related to borrowings primarily incurred by Lightstone as long as the debt was outstanding. The Company was a co-guarantor with other affiliates of Lightstone, and the maximum exposure as of August 10, 2025 was $1.4 billion in the event of default.

The Company did not record an accrual related to these guarantees, as they qualified for the scope exception for guarantees between entities under common control in accordance with ASC 460, *Guarantees*. No conditions existed would trigger a loss under the guarantee as of August 10, 2025.

7. Subsequent Events

The Company has evaluated events and transactions for possible disclosure and recognition that occurred between August 10, 2025 and May 27, 2026, which is the date the accompanying combined carve-out financial statements were available to be issued. There are no subsequent events, other than what has been described previously, which required recognition, adjustment to or disclosure in the combined carve-out financial statements.

Talen Energy Corporation
Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information of Talen Energy Corporation (the “Pro Forma Financial Information”) consists of the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2025 and the six months ended June 30, 2026, and the accompanying notes thereto. An unaudited pro forma condensed combined balance sheet as of June 30, 2026 has not been presented because the effects of the transactions reflected in the Pro Forma Financial Information were reflected in Talen’s quarterly report on Form 10-Q for the six months ended June 30, 2026, filed with the U.S. Securities and Exchange Commission (the “SEC”) on August 5, 2026. Such Pro Forma Financial Information has been prepared to illustrate the transactions described herein in accordance with Article 11 of Regulation S-X.

“TEC” refers to Talen Energy Corporation. “TES,” a direct wholly owned subsidiary of TEC, refers to Talen Energy Supply, LLC. The terms “Talen,” the “Company,” “we,” “us,” and “our” refer to TEC and its consolidated subsidiaries (including TES), unless the context clearly indicates otherwise. Capitalized terms and abbreviations appearing in the Pro Forma Financial Information are defined herein. Dollars are in millions, unless otherwise noted.

Transactions Completed in 2026

Cornerstone Acquisition

On January 15, 2026, the Company entered into an Agreement and Plan of Merger with affiliates of Energy Capital Partners (“ECP”), pursuant to which the Company agreed to acquire certain entities that own and operate natural gas fired power generation facilities and related commercial operations (the “Cornerstone Acquisition”). On June 15, 2026 (the “Closing Date”), the Company consummated the Cornerstone Acquisition. The $3.5 billion purchase price was comprised of (i) $2.6 billion in cash, subject to working capital and other customary adjustments, and (ii) 2,399,998 shares of TEC common stock, par value $0.001 per share, valued at $927 million at the Closing Date.

The acquired operating business consists principally of (i) Lawrenceburg Power, LLC, which owns a 1,207 megawatt (“MW”) (summer rating) generation facility located in Lawrenceburg, Indiana, (ii) Waterford Power, LLC, which owns a 880 MW (summer rating) generation facility located in Waterford, Ohio, (iii) Darby Power, LLC, which owns a 475 MW (summer rating) generation facility located in Mount Sterling, Ohio, (iv) Cornerstone Generation Marketing, LLC which performs commercial activities on behalf of such generation facilities (collectively, the “Operating Companies”), and (v) Cornerstone Generation, LLC, the direct parent company of the Operating Companies. In addition, the Company acquired three non-operating entities (the “HoldCos”), which indirectly owned the Operating Companies, and three corporate entities that captured a portion of the income tax attributes (the “Blockers”) associated with the Operating Companies, Cornerstone Generation, LLC, and the HoldCos.

Financing Transactions

Senior Unsecured Notes and Senior Secured Notes. In April 2026, TES issued, at par, in private placement transactions not involving a public offering (i) $1.5 billion in aggregate principal amount of 6.125% senior unsecured notes due 2031; and (ii) $2.5 billion in aggregate principal amount of 6.375% senior unsecured notes due 2033 (collectively, the “Senior Unsecured Notes”). The net proceeds from the issuance and sale of the senior unsecured notes were used to fund the cash portion of the Cornerstone Acquisition and to redeem in full TES’s outstanding $1.2 billion aggregate principal amount of 8.625% senior secured notes due 2030 (the “Senior Secured Notes”), subject to a make-whole premium of $54 million.

Credit Facilities. In connection with the Cornerstone Acquisition, in June 2026, TES (i) upsized its existing revolving credit facility (“RCF”), including its revolving letter of credit capacity, from $900 million to $1.35 billion; and (ii) upsized its existing letter of credit facility (“LCF”) from $1.1 billion to $1.5 billion and extended its maturity from December 2027 to December 2029 (collectively, the “Credit Facility Amendments”).

The issuance of the Senior Unsecured Notes, the redemption of the Senior Secured Notes, and the Credit Facility Amendments are collectively referred to herein as the “Financing Transactions.”

Transactions Completed in 2025

Prior Talen Transactions

On November 25, 2025, the Company completed the acquisitions of: (i) Moxie Freedom, LLC (“Freedom”), which owns the Freedom Energy Center, a 1,049 MW (summer rating) natural gas fired combined cycle generation plant located in Luzerne County, Pennsylvania, and (ii) Guernsey Power Holdings, LLC (“Guernsey”), which indirectly owned the Guernsey Power Station, a 1,771 MW (summer rating) natural gas fired combined cycle generation plant located in Guernsey County, Ohio. In connection with these acquisitions, in October and November 2025, TES completed several financing transactions to finance the $3.8 billion purchase price, including: (i) the issuance of $1.4 billion aggregate principal amount of 6.250% senior unsecured notes due 2034 and $1.29 billion 6.500% senior unsecured notes due 2036; and (ii) the issuance of a $1.2 billion of a senior secured term loan B facility (collectively with the acquisitions, the “Prior Talen Transactions”).

For purposes of the Pro Forma Financial Information, the historical results of operations of Talen for the year ended December 31, 2025 and of Freedom and Guernsey for the nine months ended September 30, 2025 and for the period from October 1, 2025 to November 24, 2025 have been adjusted to reflect the Prior Talen Transactions as if they had occurred on January 1, 2025. The effects of the Prior Talen Transactions are presented in the Adjusted Historical Talen results of operations for the year ended December 31, 2025 included in Note 4 to the Pro Forma Financial Information. The transaction accounting adjustments associated with the acquisitions of Freedom and Guernsey and the related financing transactions reflected in Note 4 to the Pro Forma Financial Information include acquisition accounting effects, financing-related impacts, and accounting policy alignment adjustments.

Prior ECP Transaction

On August 11, 2025, certain affiliates of ECP completed the acquisition of Lightstone Generation, LLC, including its subsidiary, Lightstone HoldCo LLC, pursuant to which ECP acquired the three power generation facilities and related commercial operations subsequently acquired by the Company as part of the Cornerstone Acquisition (the “Gas Plant Business”). ECP subsequently contributed the Gas Plant Business to Cornerstone Generation, LLC, and the operations of Cornerstone Generation, LLC consisted solely of the Gas Plant Business. To finance the acquisition, Cornerstone Generation, LLC issued $1.4 billion in acquisition-related indebtedness and drew approximately $21 million on its revolving line of credit.

For purposes of the Pro Forma Financial Information, the historical results of operations of the Gas Plant Business for the period from January 1, 2025 to August 10, 2025 (“Predecessor”) and the historical results of operations of the Operating Companies for the period from January 1, 2025 to December 31, 2025 (“Successor”) have been adjusted to reflect the contribution of the Gas Plant Business and the related financing transactions (collectively, the “Prior ECP Transaction”) as if they had occurred on January 1, 2025.

The effects of the Prior ECP Transaction are presented in the Historical Cornerstone as Adjusted results of operations included in Note 5 to the Pro Forma Financial Information. The transaction accounting adjustments associated with the acquisition of the Gas Plant Business and related financing transactions reflected in Note 5 include acquisition accounting effects and financing-related impacts.

For purposes of this Pro Forma Financial Information, "Cornerstone" refers to the combined historical operating results of (i) Cornerstone Generation, LLC and Subsidiaries (Successor), after giving effect to the Prior ECP Transaction adjustments reflected in Note 5, and (ii) the Gas Plant Business (Predecessor), as applicable, unless the context otherwise requires.

Pro Forma Financial Information

The Pro Forma Financial Information reflects the Cornerstone Acquisition and Financing Transactions as if they had occurred on January 1, 2025.

The historical financial information included within the Pro Forma Financial Information reflects the effects of the Prior Talen Transactions and the Prior ECP Transaction through the adjusted historical statements of operations for the year ended December 31, 2025 presented in Notes 4 and 5, respectively, to the Pro Forma Financial Information.

The Pro Forma Financial Information is based on and should be read in conjunction with the following historical financial statements:

- The historical audited consolidated financial statements and related notes of Talen Energy Corporation and Subsidiaries for the year ended December 31, 2025, included in Talen’s annual report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 26, 2026.
- Talen’s historical unaudited condensed consolidated financial statements and related notes for the six months ended June 30, 2026, included in Talen’s quarterly report on Form 10-Q for the six months ended June 30, 2026, filed with the SEC on August 5, 2026.
- Freedom’s historical unaudited condensed financial statements and related notes for the three and nine months ended September 30, 2025, attached as Exhibit 99.2 to the Form 8-K/A filed with the SEC on February 9, 2026 as an amendment to the Form 8-K originally filed and dated November 25, 2025.
- Guernsey’s historical unaudited condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2025, attached as Exhibit 99.4 to the Form 8-K/A filed with the SEC on February 9, 2026 as an amendment to the Form 8-K originally filed and dated November 25, 2025.
- The historical audited consolidated financial statements and related notes of Cornerstone Generation, LLC and Subsidiaries for the year ended December 31, 2025, attached as Exhibit 99.1 in Talen’s Form 8-K/A filed with the SEC on August 12, 2026 as an amendment to the Form 8-K originally filed and dated June 15, 2026.

- The historical unaudited consolidated financial statements and related notes of Cornerstone Generation, LLC and Subsidiaries for the three months ended March 31, 2026, attached as Exhibit 99.2 in Talen's Form 8-K/A filed with the SEC on August 12, 2026 as an amendment to the Form 8-K originally filed and dated June 15, 2026.
- The historical audited consolidated financial statements and related notes of Gas Plant Business (A Carve-out of Lightstone Generation, LLC) for the period from January 1, 2025 through August 10, 2025, attached as Exhibit 99.3 in Talen's Form 8-K/A filed with the SEC on August 12, 2026 as an amendment to the Form 8-K originally filed and dated June 15, 2026.

The financial information of Freedom and Guernsey for the period from October 1, 2025 through November 24, 2025 and of Cornerstone Generation, LLC for the period from April 1, 2026 through June 15, 2026 are based on unaudited accounting records of the respective entities.

Pursuant to relief granted by the staff of the SEC under Rule 3-13 of Regulation S-X, separate historical financial statements of the Blockers and HoldCos in the Cornerstone Acquisition have been omitted, notwithstanding that such financial statements may otherwise have been required by Rule 3-05 of Regulation S-X. The effects of the income tax attributes acquired through the Blockers are reflected in the provisional purchase price allocation for the Cornerstone Acquisition and the balance sheet as of June 30, 2026 included in the Company's quarterly report on Form 10-Q for the six months ended June 30, 2026. As the acquired income tax attributes are reflected through the provisional purchase price allocation and do not give rise to a separate incremental effect on the statements of operations presented herein, no separate pro forma adjustment related to such income tax attributes has been presented. See Note 1 to the Pro Forma Financial Information for additional information on the tax attributes associated with the Blockers.

The Pro Forma Financial Information has been prepared using the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States, referred to as GAAP, in accordance with Accounting Standards Codification ("ASC") 805, Business Combinations ("ASC 805"). Under the acquisition method of accounting, Talen has provisionally allocated the purchase price to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the Closing Date using information currently available, with no goodwill or bargain purchase gain recognized. Adjustments to the provisional amounts may be made in subsequent periods, up to one year from the Closing Date, as information necessary to complete the analysis is obtained. The pro forma adjustments are based on currently available information and certain assumptions that the Company believes are reasonable and factually supportable. The final valuation of assets acquired and liabilities assumed in the Cornerstone Acquisition may be materially different from the estimated values assumed in the Pro Forma Financial Information.

In accordance with Article 11 of Regulation S-X, the Pro Forma Financial Information has been prepared for illustrative and informational purposes only and is not intended to represent what Talen's results of operations would have been had the transactions occurred on the date indicated, or what they will be for any future periods or as of any future date. The Pro Forma Financial Information does not reflect the realization of any expected cost savings or other synergies or dis-synergies that may be realized as a result of the transactions.

Talen Energy Corporation
Unaudited Pro Forma Condensed Combined Statement of Operations
for the Six Months Ended June 30, 2026

(Millions of Dollars, except share data)	Historical Talen	Adjusted Historical Cornerstone (1)	Acquisition Accounting Adjustments		Other Accounting Adjustments		Pro Forma Combined
Energy and other revenues	$ 1,756	$ 331	$ —		$ —		$ 2,087
Capacity revenues	444	87	—		—		531
Unrealized gain (loss) on derivative instruments	(324)	(24)	—		—		(348)
Operating Revenues	**1,876**	**394**	**—**		**—**		**2,270**
Fuel and energy purchases	(920)	(191)	—		—		(1,111)
Nuclear fuel amortization	(46)	—	—		—		(46)
Unrealized gain (loss) on derivative instruments	(41)	(28)	—		—		(69)
Energy Expenses	**(1,007)**	**(219)**	**—**		**—**		**(1,226)**
Operating Expenses							
Operation, maintenance and development	(375)	(74)	—		—		(449)
General and administrative	(122)	(8)	—		—		(130)
Depreciation, amortization and accretion	(195)	(58)	(52)	3(a)	—		(305)
Other operating income (expense), net	(39)	8	—		—		(31)
Operating Income (Loss)	**138**	**43**	**(52)**		**—**		**129**
Nuclear decommissioning trust funds gain (loss), net	112	—	—		—		112
Interest expense and other finance charges	(333)	(38)	38	3(c)	(54)	3(g)	(387)
Other non-operating income (expense), net	35	(7)	7	3(d)	60	3(h)	95
Income (Loss) Before Income Taxes	**(48)**	**(2)**	**(7)**		**6**		**(51)**
Income tax benefit (expense)	19	—	2	3(e)	(1)	3(i)	20
Net Income (Loss) Attributable to Stockholders	**$ (29)**	**$ (2)**	**$ (5)**		**$ 5**		**$ (31)**
Per Common Share							
Net Income (Loss) Attributable to Stockholders - Basic	$ (0.63)						$ (0.65)
Net Income (Loss) Attributable to Stockholders - Diluted	$ (0.63)						$ (0.65)
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	45,759		2,200	3(f)			47,959
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	45,759		2,200	3(f)			47,959

(1) See Note 2 to the Pro Forma Financial Information.

Talen Energy Corporation
Unaudited Pro Forma Condensed Combined Statement of Operations
for the Year Ended December 31, 2025

(Millions of Dollars, except share data)	Adjusted Historical Talen [1]	Adjusted Historical Cornerstone [2]	Acquisition Accounting Adjustments		Other Accounting Adjustments		Pro Forma Combined
Energy and other revenues	$ 2,802	$ 658	$ —		$ —		$ 3,460
Capacity revenues	592	127	—		—		719
Unrealized gain (loss) on derivative instruments	(48)	(52)	—		—		(100)
Operating Revenues	**3,346**	**733**	**—**		**—**		**4,079**
Fuel and energy purchases	(1,209)	(385)	—		—		(1,594)
Nuclear fuel amortization	(97)	—	—		—		(97)
Unrealized gain (loss) on derivative instruments	(61)	(27)	—		—		(88)
Energy Expenses	**(1,367)**	**(412)**	**—**		**—**		**(1,779)**
Operating Expenses							
Operation, maintenance and development	(673)	(69)	—		—		(742)
General and administrative	(624)	(10)	—		—		(634)
Depreciation, amortization and accretion	(388)	(129)	(112)	3(a)	—		(629)
Other operating income (expense), net	(82)	(3)	(6)	3(b)	—		(91)
Operating Income (Loss)	**212**	**110**	**(118)**		**—**		**204**
Nuclear decommissioning trust funds gain (loss), net	182	—	—		—		182
Interest expense and other finance charges	(513)	(131)	131	3(c)	(155)	3(g)	(668)
Gain (loss) on sale of assets, net	34	—	—		—		34
Other non-operating income (expense), net	10	—	—		(60)	3(h)	(50)
Income (Loss) Before Income Taxes	**(75)**	**(21)**	**13**		**(215)**		**(298)**
Income tax benefit (expense)	(71)	—	2	3(e)	45	3(i)	(24)
Net Income (Loss) Attributable to Stockholders	**$ (146)**	**$ (21)**	**$ 15**		**$ (170)**		**$ (322)**
Per Common Share							
Net Income (Loss) Attributable to Stockholders - Basic	$ (3.20)						$ (6.70)
Net Income (Loss) Attributable to Stockholders - Diluted	$ (3.20)						$ (6.70)
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	45,692		2,400	3(f)			48,092
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	45,692		2,400	3(f)			48,092

(1) See Note 4 to the Pro Forma Financial Information.
(2) See Note 2 to the Pro Forma Financial Information.

Notes to the Unaudited Pro Forma Financial Information

1. Basis of Presentation

The Pro Forma Financial Information has been prepared in accordance with Article 11 of Regulation S-X. The historical information included in the Pro Forma Financial Information reflects the effects of the Prior Talen Transactions and the Prior ECP Transaction through the Adjusted Historical Talen and Historical Cornerstone as Adjusted columns presented in Notes 4 and 5, respectively.

The Adjusted Historical Talen and Historical Cornerstone as Adjusted information incorporated into the Pro Forma Financial Information includes the effects of the Prior Talen Transactions and the Prior ECP Transaction, respectively, including applicable acquisition accounting adjustments, financing-related adjustments and accounting policy conforming adjustments. Accordingly, the unaudited pro forma condensed combined statements of operations do not include separate Article 11 transaction accounting adjustment columns related to such transactions because their effects have already been reflected in the historical information utilized in the Pro Forma Financial Information.

The acquisition accounting adjustments reflected in Note 4 are based on the Company's preliminary purchase price allocation for the Prior Talen Transactions. Any adjustments to the preliminary amounts could have a significant impact on the Pro Forma Financial Information and Talen's future results of operations and financial position. There can be no assurance that the final allocation of the purchase price will not result in material changes.

The historical results of operations of Talen included in the Pro Forma Financial Information reflect the results of Freedom and Guernsey from November 25, 2025, the date such acquisitions were completed, through December 31, 2025 and for the six months ended June 30, 2026. In addition, the historical results of operations of Talen reflect the results of Cornerstone from June 15, 2026, the Closing Date of the Cornerstone Acquisition, through June 30, 2026. Accordingly, the Pro Forma Financial Information includes pro forma adjustments only for the portions of the periods presented prior to the respective acquisition dates that are not reflected in Talen's historical results of operations.

The Cornerstone Acquisition is accounted for as a business combination using the acquisition method of accounting under U.S. GAAP, in accordance with the provisions of ASC 805, which requires assets acquired and liabilities assumed to be recorded at their acquisition date fair value. ASC 820, Fair Value Measurements, defines the term “fair value” as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value measurements can be highly subjective, and it is possible the application of reasonable judgment could develop different assumptions resulting in a range of alternative estimates based on the same facts and circumstances.

Talen has provisionally allocated the purchase price to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the Closing Date using information currently available, with no goodwill or bargain purchase gain recognized. Adjustments to the provisional amounts may be made in subsequent periods, up to one year from the Closing Date, as information necessary to complete the analysis is obtained. Any adjustments to the provisional amounts could have a significant impact on the Pro Forma Financial Information and Talen's future results of operations and financial position. There can be no assurance that the final allocation of the purchase price will not result in material changes.

Additionally, subsequent identification of historical accounting policy differences between Talen and Cornerstone could require conforming adjustments that have a material effect on the Pro Forma Financial Information. See Note 2 to the Pro Forma Financial Information for additional information on accounting policy differences.

There were no balances or transactions between Talen and Cornerstone during the six months ended June 30, 2026 or the year ended December 31, 2025 that required elimination in the Pro Forma Financial Information.

Tax Attributes of The Blockers

Prior to the Closing Date: (i) each of the Operating Companies, Cornerstone Generation, LLC, and HoldCos was treated as a pass-through entity for income tax purposes; accordingly, no provision for income taxes was historically recognized at any of these entities, and (ii) each Blocker was a corporation that historically recognized its share of partnership income associated with the Operating Companies, Cornerstone Generation, LLC, and HoldCos; accordingly, each Blocker captured a corresponding share of tax attributes. As part of the Cornerstone Acquisition, the Company acquired net operating loss carryforwards (“NOLs”) associated with the Blockers that had an aggregate Closing Date provisional value of approximately $442 million. Pursuant to U.S. GAAP, such NOLs are presented net and are included in the Company’s provisional purchase price allocation of the Cornerstone Acquisition, which resulted in a net deferred tax liability fair value estimate of $457 million on the Closing Date. Such amount is subject to revision during the one-year measurement period permissible under ASC 805.

2. Reclassifications and Policy Alignments

The historical financial statements of TEC, Cornerstone Generation, LLC and Subsidiaries, and the Gas Plant Business were each prepared in accordance with U.S. GAAP. Certain reclassifications have been identified to align the Cornerstone financial statement presentations to Talen's for purposes of presenting the Pro Forma Financial Information. While we believe we have identified all material adjustments necessary to conform the historical Cornerstone accounting policies to those of Talen, we expect to perform additional accounting policy assessments as necessary as more information becomes available. Accordingly, the adjustments described below represent the best estimates based upon the information currently available to us and we may identify further accounting policy differences that could require conforming adjustments that have a material effect to the Pro Forma Financial Information.

The following table presents a summary of reclassification and policy alignment adjustments made to present Cornerstone's statement of operations for the period from January 1, 2026 to June 14, 2026:

Presentation in Unaudited Pro Forma Condensed Combined Financial Statements (Millions of Dollars)	Cornerstone Historical: Three Months Ended March 31, 2026	Cornerstone Historical: Period from April 1, 2026 to June 14, 2026	Reclassification Adjustments		Policy Alignment Adjustments		Adjusted Historical Cornerstone
Energy and other revenues	$ 262	$ 132	$ (63)	(1)	$ —		$ 331
Capacity revenues	—	—	87	(1)	—		87
Unrealized gain (loss) on derivative instruments	—	—	(24)	(1)	—		(24)
Operating Revenues	**262**	**132**	**—**		**—**		**394**
Fuel and energy purchases	—	—	(191)	(2)	—		(191)
Unrealized gain (loss) on derivative instruments	—	—	(28)	(2)	—		(28)
Energy Expenses	**—**	**—**	**(219)**		**—**		**(219)**
Operating Expenses							
Operation, maintenance and development	(164)	(124)	211	(2)	3	(3)	(74)
Other operating income (expense), net	—	—	8	(2)	—		8
General and administrative	(5)	(3)	—		—		(8)
Depreciation, amortization and accretion	(32)	(26)	—		—		(58)
Operating Income (Loss)	**61**	**(21)**	**—**		**3**		**43**
Interest expense and other finance charges	(20)	(18)	—		—		(38)
Other non-operating income (expense), net	(7)	—	—		—		(7)
Net Income (Loss) Attributable to Stockholders	**$ 34**	**$ (39)**	**$ —**		**$ 3**		**$ (2)**

(1) Reclassifications from "Energy and other revenues" are comprised of: (i) $87 million of capacity revenues to "Capacity revenues" and (ii) $(24) million of unrealized net mark-to-market activity to "Unrealized gain (loss) on derivative instruments" presented within "Operating Revenues."

(2) Reclassifications from "Operation, maintenance and development" are comprised of: (i) $(191) million primarily related to gas purchases to "Fuel and energy purchases," (ii) $(28) million of unrealized net mark-to-market activity to "Unrealized gain (loss) on derivative instruments" presented within "Energy Expenses," and (iii) $8 million of insurance proceeds to "Other operating income (expense), net."

(3) Accounting policy adjustment to remove expensed amounts related to long-term service agreements that qualify for capitalization to "Property, plant and equipment, net" in conformity with Talen's accounting policies.

The following table presents a summary of reclassification and policy alignment adjustments made to present Cornerstone's statement of operations for the year ended December 31, 2025:

Presentation in Unaudited Pro Forma Condensed Combined Financial Statements (Millions of Dollars)	**Historical Cornerstone as Adjusted** (1)	**Reclassification Adjustments**		**Policy Alignment Adjustments**		**Adjusted Historical Cornerstone**
Energy and other revenues	$ 733	$ (75)	(2)	$ —		$ 658
Capacity revenues	—	127	(2)	—		127
Unrealized gain (loss) on derivative instruments	—	(52)	(2)	—		(52)
Operating Revenues	**733**	**—**		**—**		**733**
Fuel and energy purchases	—	(385)	(3)	—		(385)
Unrealized gain (loss) on derivative instruments	—	(27)	(3)	—		(27)
Energy Expenses	**—**	**(412)**		**—**		**(412)**
Operating Expenses						
Operation, maintenance and development	(490)	415	(3)	6	(4)	(69)
General and administrative	(10)	—		—		(10)
Depreciation, amortization and accretion	(129)	—		—		(129)
Other operating income (expense), net	—	(3)	(3)	—		(3)
Operating Income (Loss)	**104**	**—**		**6**		**110**
Interest expense and other finance charges	(131)	—		—		(131)
Net Income (Loss) Attributable to Stockholders	**$ (27)**	**$ —**		**$ 6**		**$ (21)**

(1) See Note 5 to the Pro Forma Financial Information.
(2) Reclassifications from "Energy and other revenues" are comprised of (i) $127 million of capacity revenues to "Capacity revenues" and (ii) $(52) million of unrealized net mark-to-market activity to "Unrealized gain (loss) on derivative instruments" presented within "Operating Revenues."
(3) Reclassifications from "Operation, maintenance and development" comprised of (i) $(385) million of expenses primarily related to gas purchases to "Fuel and energy purchases," (ii) $(27) million of unrealized net mark-to-market activity to "Unrealized gain (loss) on derivative instruments" presented within "Energy Expenses," and (iii) $(3) million of loss on fixed asset disposals to "Other operating income (expense), net."
(4) Accounting policy adjustment to remove expensed amounts related to long-term service agreements that qualify for capitalization to "Property, plant and equipment, net" in conformity with Talen's accounting policies.

3. Unaudited Pro Forma Adjustments

Acquisition Accounting Adjustments

(a) *Depreciation, amortization, and accretion.* Reflects the impact on depreciation expense resulting from the preliminary purchase price allocation for the Cornerstone Acquisition. The property, plant and equipment is being depreciated over an estimated weighted-average useful life of 17 years, with useful lives ranging from 15 to 18 years.

	Six Months Ended June 30, 2026	**Year Ended December 31, 2025**
Removal of historical depreciation expense	$ 58	$ 129
Estimated pro forma depreciation expense	(110)	(241)
Total adjustments to Depreciation, amortization and accretion	**$ (52)**	**$ (112)**

(b) *Other operating income (expense), net.* Reflects estimated aggregate non-recurring acquisition-related transaction expenses that were not recognized in the historical financial statements through June 30, 2026, which include legal, banker, advisory, and other professional fees related to the Cornerstone Acquisition. Such amounts are not expected to affect the combined statement of operations following the Closing Date. Transaction expenses recognized in Talen's historical financial statements were $29 million and $3 million for the six months ended June 30, 2026 and the year ended December 31, 2025, respectively, while no transaction expenses were recognized by Cornerstone.

(c) *Interest expense and other finance charges.* Reflects the removal of interest expense and other finance charges related to historical Cornerstone debt and associated interest rate swaps that were not assumed in the Cornerstone Acquisition. The pro forma adjustments are summarized below.

	Six Months Ended June 30, 2026	**Year Ended December 31, 2025**
Removal of interest expense related to the historical Cornerstone debt	$ 41	$ 130
Removal of historical (gain) loss on Cornerstone interest rate swaps	(3)	1
Total adjustments to Interest expense and other finance charges	**$ 38**	**$ 131**

(d) *Other non-operating income (expense), net.* Reflects removal of the loss on extinguishment of debt related to the historical Cornerstone debt not assumed.

(e) *Income tax benefit (expense).* Reflects the estimated income tax effects of the pro forma adjustments related to the Cornerstone Acquisition for the six months ended June 30, 2026 and the year ended December 31, 2025, calculated using a 21% federal statutory tax rate. As Cornerstone historically operated as a pass-through entity, its historical results did not include an entity-level income tax provision.

(f) *Basic/diluted weighted average shares outstanding.* Reflects the weighted-average impact of shares issued as consideration in the Cornerstone Acquisition.

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
TEC weighted average shares outstanding - basic	45,759	45,692
TEC shares issued to ECP shareholders (1)	2,200	2,400
Pro forma weighted average shares outstanding - basic	**47,959**	**48,092**
TEC weighted average shares outstanding - diluted	45,759	45,692
TEC shares issued to ECP shareholders (1)	2,200	2,400
Pro forma weighted average shares outstanding - diluted (2)	**47,959**	**48,092**

(1) Reflects an adjustment to weighted-average shares outstanding to give effect to the shares issued as consideration in the Cornerstone Acquisition as if such shares had been outstanding for the entire period presented.
(2) For the six months ended June 30, 2026 and the year ended December 31, 2025, the pro forma condensed combined statement of operations shows a net loss. As a result, the diluted loss per share is the same as basic, as any dilutive securities would reduce loss per share.

Other Accounting Adjustments

(g) *Interest expense and other finance charges.* Reflects the impact of the Financing Transactions on interest expense and other finance charges. The pro forma adjustments are summarized below.

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Estimated interest expense associated with the Senior Unsecured Notes	$ (84)	$ (251)
Amortization of deferred financing costs associated with the Senior Unsecured Notes	(3)	(8)
Removal of historical interest expense associated with the redeemed Senior Secured Notes	34	104
Removal of amortization of deferred financing costs associated with the redeemed Senior Secured Notes	—	1
Amortization of deferred financing costs associated with the Credit Facility Amendments	(1)	(1)
Total adjustments to Interest expense and other finance charges	**$ (54)**	**$ (155)**

(h) *Other non-operating income (expense), net.* Reflects the impact of non-recurring debt extinguishment costs associated with the redemption of the Senior Secured Notes in connection with the Financing Transactions, including the make-whole premium and write-off of unamortized deferred financing costs. As these charges are directly attributable to the Financing Transactions and are not expected to have a continuing impact on the combined company's results of operations, they are excluded from the six months ended June 30, 2026 and reflected in the year ended December 31, 2025 as if the Financing Transactions had occurred on January 1, 2025.

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Make-whole premium upon redemption of Senior Secured Notes	$ 54	$ (54)
Write-off of unamortized deferred financing costs associated with the redemption of Senior Secured Notes	6	(6)
Total adjustments to Other non-operating income (expense), net	**$ 60**	**$ (60)**

(i) *Income tax benefit (expense).* Reflects the estimated income tax effects of the pro forma adjustments related to the Financing Transactions for the six months ended June 30, 2026 and the year ended December 31, 2025, calculated using a 21% federal statutory tax rate.

4. Adjusted Historical Talen Statement of Operations

The following table reflects Talen historical adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 assuming the Prior Talen Transactions had occurred on January 1, 2025.

(Millions of Dollars, except share data)	Historical Talen	Adjusted Historical Freedom and Guernsey (1)	Acquisition Accounting Adjustments		Other Accounting Adjustments		Adjusted Historical Talen
Energy and other revenues	$ 2,141	$ 661	$ —		$ —		$ 2,802
Capacity revenues	485	107	—		—		592
Unrealized gain (loss) on derivative instruments	(45)	(3)	—		—		(48)
Operating Revenues	**2,581**	**765**	**—**		**—**		**3,346**
Fuel and energy purchases	(908)	(391)	90	(a)	—		(1,209)
Nuclear fuel amortization	(97)	—	—		—		(97)
Unrealized gain (loss) on derivative instruments	(61)	—	—		—		(61)
Energy Expenses	**(1,066)**	**(391)**	**90**		**—**		**(1,367)**
Operating Expenses							
Operation, maintenance and development	(620)	(58)	5	(b)	—		(673)
General and administrative	(624)	—	—		—		(624)
Depreciation, amortization and accretion	(279)	(67)	(42)	(c)	—		(388)
Other operating income (expense), net	(82)	—	—		—		(82)
Operating Income (Loss)	**(90)**	**249**	**53**		**—**		**212**
Nuclear decommissioning trust funds gain (loss), net	182	—	—		—		182
Interest expense and other finance charges	(302)	(102)	102	(d)	(211)	(f)	(513)
Gain (loss) on sale of assets, net	34	—	—		—		34
Other non-operating income (expense), net	10	—	—		—		10
Income (Loss) Before Income Taxes	**(166)**	**147**	**155**		**(211)**		**(75)**
Income tax benefit (expense)	(53)	—	(63)	(e)	45	(g)	(71)
Net Income (Loss) Attributable to Stockholders	**$ (219)**	**$ 147**	**$ 92**		**$ (166)**		**$ (146)**
Per Common Share							
Net Income (Loss) Attributable to Stockholders - Basic	$ (4.79)						$ (3.20)
Net Income (Loss) Attributable to Stockholders - Diluted	$ (4.79)						$ (3.20)
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	45,692						45,692
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	45,692						45,692

(1) Refer to the Reclassification and Accounting Policy Alignment table below.

Reclassifications and Accounting Policy Alignment

The historical financial statements of Freedom and Guernsey are prepared in accordance with U.S. GAAP. In connection with the preparation of the Pro Forma Financial Information, the Company performed a preliminary analysis on the financial information associated with each Freedom and Guernsey to identify accounting policy and financial statement presentation differences between the Company and Freedom and Guernsey. At the time of the preparation of the Pro Forma Financial Information, Talen believes it has identified all material adjustments necessary to conform Freedom's and Guernsey's accounting and financial statement presentation policies to Talen's. The adjustments described below represent Talen's best estimates based upon the information currently available to Talen and could be subject to change once more detailed information is available.

(Millions of Dollars)	Nine Months Ended September 30, 2025 Historical Freedom	Historical Guernsey	Historical Freedom and Guernsey October 1, 2025 to November 24, 2025	Reclassifications		Accounting Policy Adjustment		Adjusted Historical Freedom and Guernsey
Energy and other revenues	$ 247	$ 437	$ 81	$ (104)	(1)	$ —		$ 661
Capacity revenues	—	—	—	107	(1)	—		107
Unrealized gain (loss) on derivative instruments	—	—	—	(3)	(1)	—		(3)
Operating Revenues	**247**	**437**	**81**	**—**		**—**		**765**
Fuel and energy purchases	(120)	(242)	(36)	2	(2)	5	(5)	(391)
Energy Expenses	**(120)**	**(242)**	**(36)**	**2**		**5**		**(391)**
Operating Expenses								
Operation, maintenance and development	(22)	(23)	(13)	(9)	(2)(3)	9	(5)	(58)
General and administrative	(3)	(4)	—	7	(3)	—		—
Depreciation, amortization and accretion	(20)	(36)	(11)	—		—		(67)
Operating Income (Loss)	**82**	**132**	**21**	**—**		**14**		**249**
Interest expense and other finance charges	(27)	(56)	(12)	(7)	(4)	—		(102)
Deferred financing cost amortization expense	(3)	(4)	—	7	(4)	—		—
Income (Loss) Before Income Taxes	**$ 52**	**$ 72**	**$ 9**	**$ —**		**$ 14**		**$ 147**

(1) Reclassifications from "Energy and other revenues" are comprised of $107 million of capacity revenues to "Capacity revenues" and $(3) million of unrealized net mark-to-market activity to "Unrealized gain (loss) on derivative instruments" presented within "Operating Revenues."
(2) Reclassification of certain consumables from "Fuel and energy purchases" to "Operation, maintenance and development."
(3) Reclassification of generation facility expenses from "General and administrative" to "Operation, maintenance and development."
(4) Reclassification of deferred financing costs from "Deferred financing costs amortization expense" to "Interest expense and other finance charges."
(5) Adjustment to capitalize certain long-term agreement expenditures within "Property, plant, and equipment" in conformity with Talen's accounting policies. Such amounts were comprised of $9 million presented as "Operation, maintenance and development" and $5 million presented as "Fuel and energy purchases."

Acquisition Accounting Adjustments

(a) *Fuel and energy purchases.* Reflects the recognition of the periodic amortization, which reduces the carrying value of liabilities associated with long-term natural gas purchase agreements, that is expected to occur in future periods through contract expiry. Freedom and Guernsey are each party to a long-term natural gas purchase agreement with third parties. Under the terms of the arrangements, the suppliers each provide a significant amount of the natural gas required to generate power at the facilities and expire in July 2028 for Freedom and February 2033 for Guernsey. The price paid for natural gas under each contract is variable based on changes to their respective market prices earned for electric generation. Accordingly, as the wholesale price of power at each facility increases or decreases, the price paid for fuel under the long-term contracts result in corresponding changes. As the acquired fuel supply arrangements meet executory contract accounting requirements, their acquisition fair values were measured as of November 25, 2025 and presented as long-term liabilities. Such liabilities are amortized as reductions to fuel expense through expiry. As the fair value of each fuel supply contract resulted in a liability on November 25, 2025, it reflects favorable long term wholesale market power prices for electric generation at each facility.

Fuel supply contracts amortization	**Year Ended December 31, 2025**
Fuel and energy purchases	$ 90

(b) *Operation, maintenance and development.* Reflects the elimination of costs associated with asset management service agreements between Freedom and Guernsey and their affiliate as such service agreements were not assumed by Talen.

	Year Ended December 31, 2025
Asset management agreements	$ 5

(c) *Depreciation, amortization and accretion.* Reflects the elimination of the historical Freedom and Guernsey depreciation of property, plant and equipment and estimated periodic depreciation measured at the estimated fair value allocated to such assets.

	Year Ended December 31, 2025	
Removal of historical depreciation expense	$	67
Estimated pro forma depreciation expense		(109)
Total adjustments to Depreciation, amortization and accretion	**$**	**(42)**

(d) *Interest expense and other finance charges.* Reflects the elimination of the historical Freedom and Guernsey interest expense and debt financing costs as the debt agreements of Freedom and Guernsey were not assumed in the Prior Talen Transactions and adjustments to eliminate the net unrealized and realized gains and losses associated with interest rate swaps as such agreements were not assumed by Talen.

	Year Ended December 31, 2025	
Removal of historical interest expense	$	88
Removal of historical amortization of deferred financing costs		7
Unrealized (gain) loss on interest rate swaps		26
Realized (gain) loss on interest rate swaps		(19)
Total adjustments to Interest expense and other finance charges	**$**	**102**

(e) *Income tax benefit (expense).* Reflects the adjustment to the income tax benefit (expense) related to the historical income (loss) before income taxes and the resulting pro forma acquisition adjustments, which were tax-effected using a statutory rate of 21%.

Other Accounting Adjustments

(f) *Interest expense and other finance charges.* Reflects the pro forma adjustments to interest expense as a result of the Prior Talen Transactions utilizing the interest rates at the time of the preparation of this pro forma information. Additionally, it is assumed that borrowings occur on January 1, 2025 and remain outstanding throughout the periods presented.

	Year Ended December 31, 2025	
Interest expense associated with Prior Talen Transactions	$	(205)
Amortization of deferred financing costs associated with Prior Talen Transactions		(6)
Total adjustments to Interest expense and other finance charges	**$**	**(211)**

The following table represents the effect on pro forma interest expense from the results of a hypothetical change to assumed interest rates on the variable interest debt:

Increase (decrease) in Interest expense and other finance charges	Year Ended December 31, 2025	
0.125% increase in interest rate	$	1
0.125% decrease in interest rate		(3)

(g) *Income tax benefit (expense).* Reflects the pro forma adjustments to income tax benefit (expense) related to the income (loss) before income taxes resulting from the other accounting pro forma adjustments at an estimated statutory rate of 21%.

5. Adjusted Historical Cornerstone Statement of Operations

The following table reflects Cornerstone historical adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 assuming the Prior ECP Transaction had occurred on January 1, 2025.

	Successor	Predecessor					
(Millions of Dollars)	Cornerstone Generation, LLC and Subsidiaries January 1, 2025 through December 31, 2025	Gas Plant Business January 1, 2025 through August 10, 2025	Acquisition Accounting Adjustments		Other Accounting Adjustments		Historical Cornerstone as Adjusted
Operating revenues, net	**$ 323**	**$ 410**	**$ —**		**$ —**		**$ 733**
Operating expenses	(204)	(286)	—		—		(490)
General and administration expenses	(6)	(4)	—		—		(10)
Depreciation and amortization	(50)	(28)	(51)	(a)	—		(129)
Total operating expenses	**(260)**	**(318)**	**(51)**		**—**		**(629)**
Operating income	**63**	**92**	**(51)**		**—**		**104**
Interest expense, net	(66)	—	—		(65)	(b)	(131)
Net income (loss)	**$ (3)**	**$ 92**	**$ (51)**		**$ (65)**		**$ (27)**

Acquisition Accounting Adjustments

(a) *Depreciation and amortization.* Reflects the impact on depreciation expense resulting from the purchase price allocation for the Prior ECP Transaction.

	Year Ended December 31, 2025
Removal of historical depreciation and amortization expense	$ 28
Estimated pro forma depreciation and amortization expense	(79)
Total adjustment to Depreciation and amortization	**$ (51)**

Other Accounting Adjustments

(b) *Interest expense, net.* Reflects the estimated increase in interest expense associated with the debt financing incurred in connection with the Prior ECP Transaction based on the August 11, 2025 variable interest rate of 7.59%. Additionally, it is assumed that borrowings occur on January 1, 2025 and remain outstanding throughout the periods presented.

The following table represents the effect on pro forma interest expense from the results of a hypothetical change to assumed interest rates on the variable interest debt:

Increase (decrease) in Interest expense, net	**Year Ended December 31, 2025**
0.125% increase in interest rate	$ (1)
0.125% decrease in interest rate	1