

Q1 2026 Results

Talen Energy Corporation | May 5, 2026

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We include in this presentation Adjusted EBITDA and Adjusted Free Cash Flow, which we use as measures of our performance and liquidity, and which are not financial measures prepared under U.S. Generally Accepted Accounting Principles (“GAAP”). Non-GAAP financial measures, such as Adjusted EBITDA and Adjusted Free Cash Flow, do not have definitions under GAAP and may be defined differently by, and not be comparable to, similarly titled measures used by other companies or used in our credit facilities, the indentures governing our notes or any of our other debt agreements. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Management cautions investors not to place undue reliance on such non-GAAP measures, but to consider them along with their most directly comparable GAAP measures. Adjusted EBITDA and Adjusted Free Cash Flow have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP. Please see the Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail. Due to the difficulty in predicting certain components of Adjusted EBITDA and Adjusted Free Cash Flow for the Lawrenceburg, Waterford, and Darby assets with a reasonable degree of certainty, we are unable to reconcile these non-GAAP financial measures to the comparable GAAP measures without unreasonable efforts. Figures identified as “pro forma” in this presentation are calculated to give effect only to the adjustments specifically identified and have not been prepared in accordance with Article 11 of Regulation S-X.

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This presentation includes market data and other information from independent industry publications, as well as surveys and our own research and knowledge of the industry. Some data is also based on management’s estimates, which are derived from our review of internal sources, as well as the independent sources described above. Although we believe these sources are reliable, the third-party information contained in this presentation has not been independently investigated, verified or audited and, therefore, we cannot guarantee the accuracy or completeness of such information. As a result, you should be aware that market share, ranking and other similar data set forth in this presentation, and estimates and beliefs based on such data, may not be reliable.

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In addition to the specific factors discussed in the sections entitled “Cautionary Note Regarding Forward-Looking Information” and “Risk Factors” in our periodic reports and other filings with the SEC, the following are among the important factors that could cause actual results to differ materially from forward-looking statements: Talen’s or its subsidiaries’ levels of indebtedness; the terms and conditions of debt instruments that may restrict Talen’s ability to operate its business; operational, price and credit risks in the wholesale and retail electricity markets (including as a result of increases in the supply of electricity generally due to new power or intermittent renewable power generation); the effectiveness of Talen’s risk management techniques, including hedging, with respect to electricity and fuel prices, interest rates and counterparty and joint venture partner credit and non-performance risks; methods of accounting and developments in or interpretations of accounting requirements that may impact reported results, including with respect to, but not limited to, hedging activity; Talen’s ability to forecast and provide the actual load needed to perform sales contracts; the effects of transmission congestion due to line maintenance outages and the performance of transmission facilities and any changes in the structure and operation of, or the pricing limitations imposed by, the Regional Transmission Organizations and Independent System Operators that operate those facilities; blackouts due to disruptions in neighboring interconnected systems; the impacts of federal, state, local and market legislation, regulation, proceedings and other actions, including but not limited to those related to energy, the environment and tax, the outcomes thereof and the costs of compliance therewith; the impacts of new or revised United States and/or international trade tariffs, treaties, policies, and regulations; the costs of complying with environmental, social and related worker health and safety laws and regulations; the impacts of climate change, including changes in regulation or their enforcement; the availability and cost of emission allowances; the performance of Talen’s subsidiaries and affiliates, on which our ability to meet our debt obligations largely depend; the risks inherent with variable rate indebtedness; disruption in or adverse developments of financial markets; acquisition or divestiture activities, including Talen’s ability to realize expected synergies and other benefits from such business transactions; Talen’s ability to achieve anticipated cost savings; the execution and development of proposed future enterprises, including the ability to permit, develop, construct and operate proposed renewable energy, energy storage and/or data center facilities, realization of assumptions underlying the statements regarding future enterprises, and realization of estimates of valuations of future enterprises; Talen’s ability to optimize its competitive power generation operations and the costs associated with any capital expenditures; the proposed Lawrenceburg, Waterford, and Darby acquisition, including the financing, expected timing and completion (including required regulatory approvals), and anticipated impacts thereof; the integration of and anticipated benefits from the recent Freedom and Guernsey acquisitions; significant increases in operation and maintenance expenses, such as health care, and pension costs, including as a result of changes in interest rates; the loss of key personnel, the ability to hire and retain qualified employees, and the possibility of union strikes or work stoppages; war (including supply chain disruptions as a result of war, and including the effects of the Ukraine/Russia and Middle East conflicts, attendant sanctions and related disruptions in oil and natural gas production and the supply of nuclear fuel), armed conflicts or terrorist attacks, including cyber-based attacks; and pandemics, including COVID-19. 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Key Highlights

- ✓ Delivered \$473mm Adjusted EBITDA and \$350mm Adjusted Free Cash Flow in Q1 2026
- ✓ Fleet performed well; increased demand drove increased runtimes
- ✓ Announced acquisition of Cornerstone assets¹ and secured attractive financing
- ✓ Progressing several land development and contracting growth options
- ✓ Repurchased 300k shares for ~\$100mm² under Share Repurchase Program (“SRP”)
- ✓ Reaffirming 2026 guidance³ and providing preliminary view of 2027 and 2028 outlook

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow.

1. Lawrenceburg, Waterford and Darby assets (the “Cornerstone Acquisition”). Expected to close second half of 2026.

2. Excludes excise taxes and broker fees.

3. Excludes impact of the Cornerstone Acquisition.

Q1 2026 Financial and Operational Performance



Key Financial Metrics

\$473mm

Adjusted EBITDA

\$350mm

Adjusted Free Cash Flow

~\$1.9B

Liquidity¹

~3.1x

Net Debt /
2026E Adjusted EBITDA²



Key Operational Metrics

0.37

OSHA TRIR³

4.2%

Fleet EFOF⁴

~16 TWh

Total Generation

~55%

Capacity Factor⁵

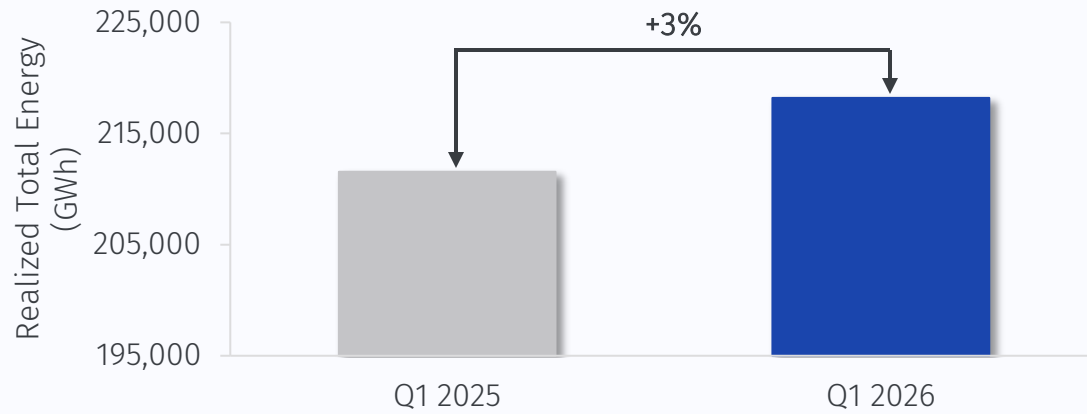
Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow. All metrics above as of 3/31/2026 and exclude the Cornerstone Acquisition and associated debt.

1. Calculated as ~\$1.0B Unrestricted Cash plus \$900mm RCF availability as of 3/31/2026.
2. Calculated as ~\$6.9B Total Debt less ~\$1.0B Unrestricted Cash as of 3/31/2026, divided by 2026E Adjusted EBITDA Midpoint of \$1.9B. Total Debt excludes \$1.1B standalone LCF.
3. OSHA Total Recordable Incident Rate ("OSHA TRIR"): The number of recordable incidents x 200,000 / total number of manhours worked. Only includes Talen-operated generation facilities (i.e., excludes Conemaugh and Keystone).

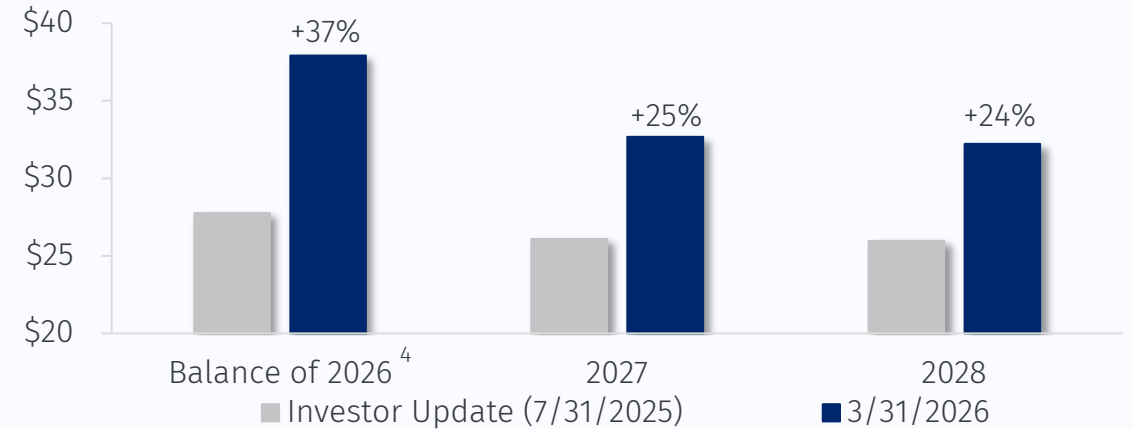
4. Fleet Equivalent Forced Outage Factor ("Fleet EFOF"): The percentage of a given period in which a generating unit is not available due to forced outages and forced derates. Represents Talen generation facilities, excluding RMR facilities (Brandon Shores and H.A. Wagner).
5. Capacity Factor: The ratio of the electrical energy produced by a generating unit for the period of time considered to the electrical energy that could have been produced at continuous full power operation during the same period.

PJM Market Fundamentals

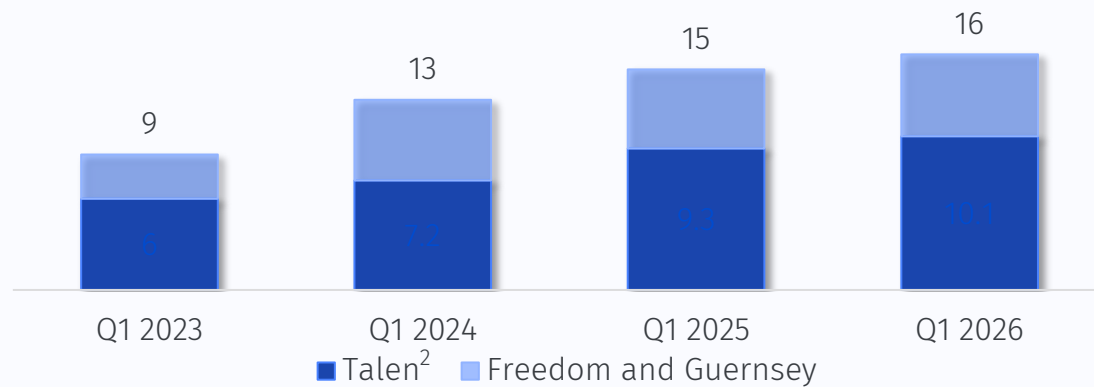
Q1 PJM Load Growth¹ (GWh)



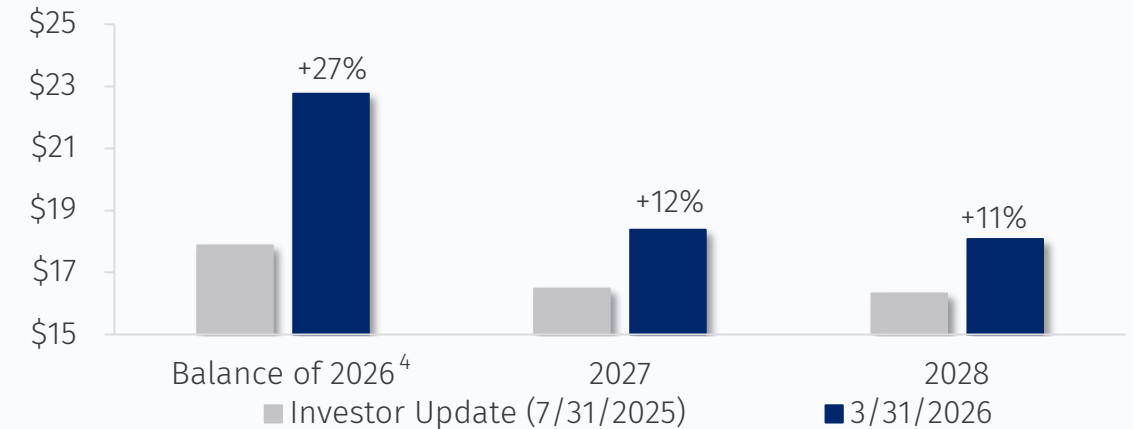
PJM WHUB ATC Spark Spreads (\$/MWh)³



Talen PJM Generation (TWh)



PPL Zone ATC Spark Spreads (\$/MWh)⁵



1. 3% of weather-normalized load growth in Q1 2026 compared to Q1 2025. Data from PJM; based on internal estimates of 10-year weather-adjusted data.
2. Includes Susquehanna, Martins Creek, Montour, Brunner Island, Brandon Shores, H.A. Wagner, Lower Mount Bethel, Conemaugh and Keystone.
3. PJM WHUB spark spreads are computed based on day-ahead West Hub ATC prices, TETCO M3 natural gas prices and a heat rate of 7 MMBtu/MWh.

4. "Balance of 2026" is April – December 2026.
5. PPL Zone spark spreads are computed based on day-ahead PJM PPL Zone ATC prices, TETCO M3 natural gas prices and a heat rate of 7 MMBtu/MWh.

PJM Summer Outlook

PJM WHUB ATC Summer Spark Spreads (\$/MWh)¹



- Fundamentally tight market conditions continue to drive sparks higher
- Market prices suggest that demand driven scarcity events will continue to push sparks higher over time

Cornerstone Transaction Remains on Track

Regulatory Approvals and Timing

Federal Energy Regulatory Commission ("FERC")

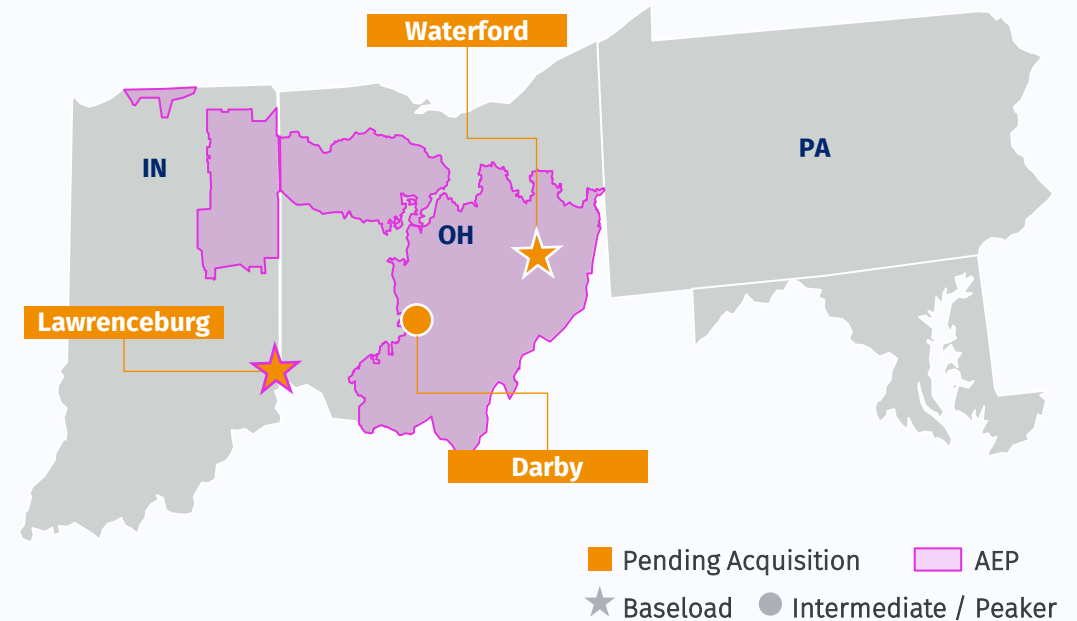
- Anticipate approval by summer
- 203 application submitted on January 30th

Hart-Scott-Rodino ("HSR")

- ✓ 30 day waiting period expired in March

Indiana and Other Filings

- Indiana Utility Regulatory Commission approval anticipated by summer; hearing was conducted in April
- Unopposed final order submitted



Flywheel in Motion: Enabling Existing Gen and 'Hybrid' PPAs

Site Development: Enabling Existing Gen PPA

Several 1+ GW opportunities for long-term PPAs

Locations	Across Pennsylvania
Acres	2,000 – 3,000
DC Capacity ¹	3,000 – 4,000 MW
Initial Grid Connect	Across 2028 – 2029
Development	Varies from fully zoned to 'in progress'
New Gen Potential	500 – 1,000 MW per site

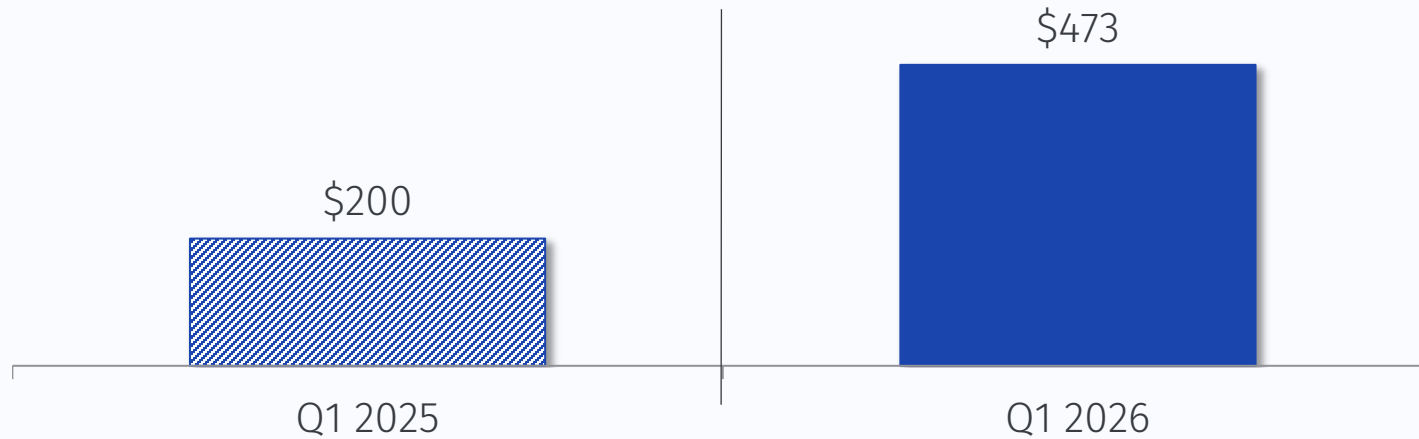
Advancing potential opportunities in Western PJM

Supporting Load Growth Beyond 2030

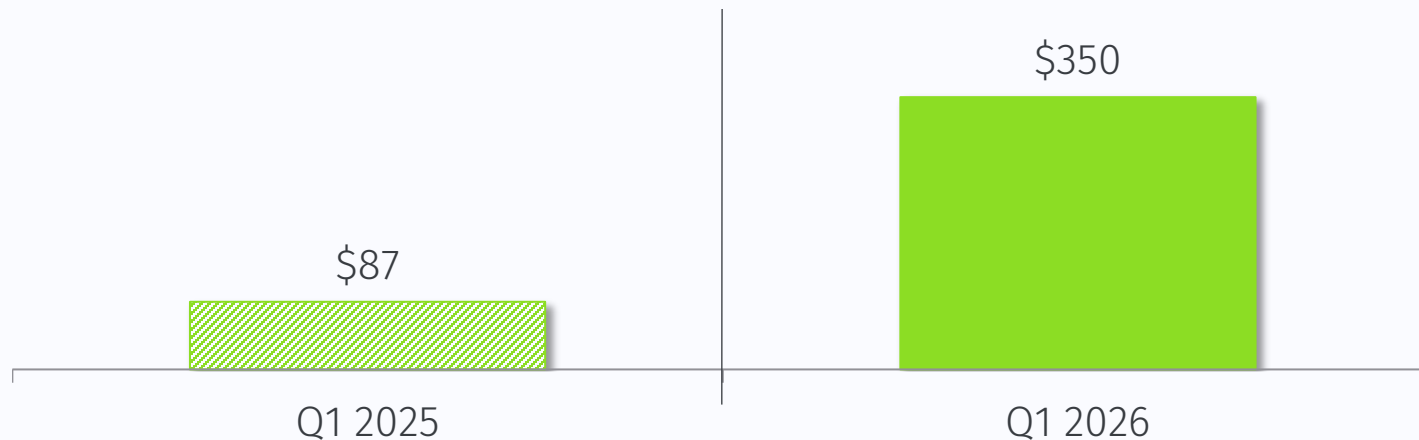
- Paths to new generation, with continued commitment to share buybacks as primary use of capital
 - Long-term data center off-take agreement
 - PJM RBP (likely Battery Storage or CT)
- New generation potentially supported by 'hybrid' PPAs (combining existing generation with new build)
- Advancing 2+ GW PJM interconnection submissions and additional early-stage development projects
 - Mix of generation solutions
 - Adjacent to existing interconnections
- Initial generation development is capital-light
 - No material capital required during initial stages
 - Likely project financing structure targeting at least high-teens returns

Q1 2026 Financial Results

Adjusted EBITDA (\$mm)



Adjusted Free Cash Flow (\$mm)



Q1 2026 results are substantially higher, driven by:

- Higher capacity prices, RMR revenues, higher sparks and AWS ramp
- Contribution from Freedom and Guernsey assets

Reaffirming 2026 Guidance

	2026E ¹
Adjusted EBITDA	\$1,750 - \$2,050 million
Adjusted Free Cash Flow	\$980 - \$1,180 million

Guidance to be revised upon Cornerstone closing

Leverage and Liquidity Snapshot

Capitalization Summary *(\$mm unless otherwise noted)* March 31, 2026

Unrestricted Cash	\$1,025
Secured Debt	\$4,082
Total Debt ¹	\$6,903
Net Debt ²	\$5,878

Credit Metrics

2026E Adjusted EBITDA Midpoint	\$1,900
Net Debt / 2026E Adjusted EBITDA ³	~3.1x
Total Liquidity ⁴	\$1,925

Maintaining Balance Sheet Strength

- Talen is committed to net leverage target of <3.5x
- Moody's upgraded outlook to stable
- Secured and unsecured ratings notched up by both S&P and Moody's

Balance Sheet Strength Provides Strategic Flexibility

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow. Metrics as of 3/31/2026 and exclude Cornerstone Acquisition and debt.

1. Total Debt excludes \$1.1B standalone LCF.
2. Calculated as Total Debt less Unrestricted Cash.
3. Calculated as \$6.9B Total Debt less \$1.0B Unrestricted Cash as of 3/31/2026, divided by 2026E Adjusted EBITDA Midpoint of \$1.9B.
4. Calculated as Unrestricted Cash plus \$900mm RCF availability as of 3/31/2026.

Optimizing Balance Sheet Post Financing

Recent Financing Details

- Raised \$4 billion unsecured notes in 4(a)(2) private placement at attractive interest rates
 - \$1.5 billion 5-year notes @ 6.125%¹
 - \$2.5 billion 7-year notes @ 6.375%¹
- Proceeds primarily used to:
 - Fund Cornerstone Acquisition (upon closing)
 - Redeem \$1.2 billion of 8.625% Senior Secured Notes²
- Received commitments to upsize existing RCF and LCF upon closing the Cornerstone Acquisition
 - RCF from \$900 million to \$1.35 billion
 - LCF from \$1.1 billion to \$1.5 billion, and extend until December 2029

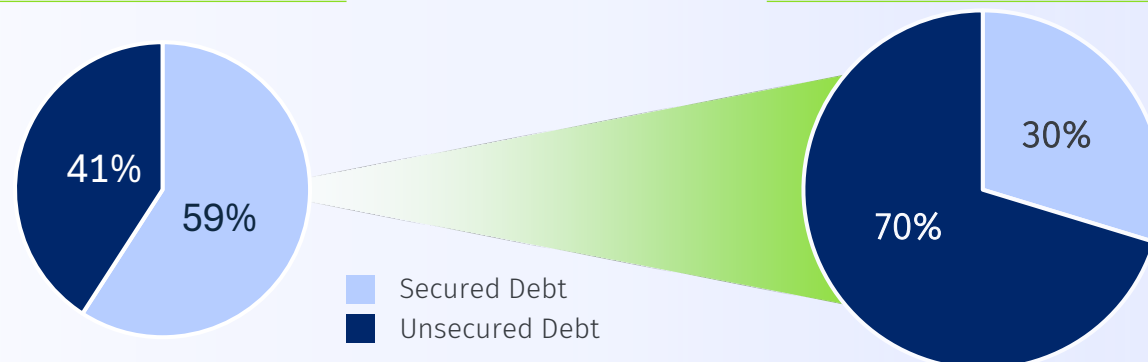
Takeout of Senior Secured Notes reduces interest expense of existing debt by over \$40 million per year³

1. \$1.05B of the 2031 Notes and \$1.75B of the 2033 Notes are contingent upon Cornerstone Acquisition closing.
2. Redeemed on 4/30/2026.
3. Includes impacts of reduction in interest rates across all TLBs upon submission of Q2 Compliance Certificate by 50 bps due to first lien leverage based step-downs.

(\$mm)	3/31/2026	Adjustments	4/30/2026
2030 TLB	846		846
2031 TLB	839		839
2032 TLB	1,197		1,197
2030 Secured Notes	1,200	(1,200)	-
Total Secured Debt	\$4,082	(\$1,200)	\$2,882
2034 Unsecured Notes	1,400		1,400
2036 Unsecured Notes	1,290		1,290
PEDFA B and C Bonds	131		131
New 2031 Unsecured Notes		1,500	1,500
New 2033 Unsecured Notes		2,500	2,500
Total Unsecured Debt	\$2,821	\$4,000	\$6,821
Total Debt	\$6,903	\$2,800	\$9,703

March 31, 2026

April 30, 2026

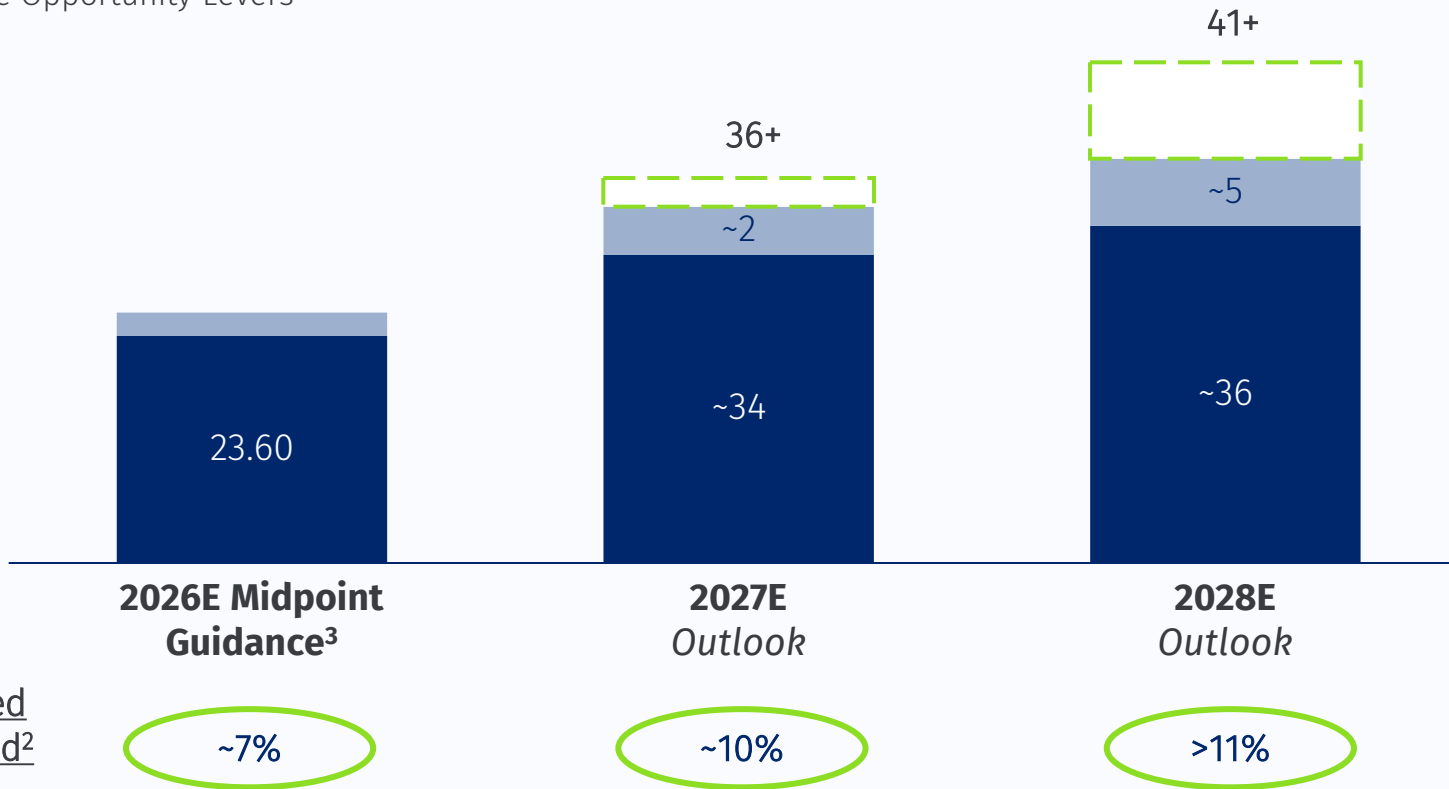


Attractive Growth: Preliminary Outlook for 2027 and 2028

Adjusted Free Cash Flow Per Share (\$/share)

- Base¹
- Share Buyback Impact²
- Upside Opportunity Levers

Growth CAGR⁵: >20% Base and >30% w/ SRP



2027 and 2028 impacts¹ include:

- ✓ Cornerstone Acquisition
- ✓ Spark spread expansion since Investor Day⁴
- ✓ Balance sheet optimization
- ✓ Continued Execution of SRP²

Upside Opportunity Levers

Potential 10%+ additional Adjusted Free Cash Flow per Share growth per lever

- + Accretive M&A
- + Existing PPA acceleration
- + New DC PPA(s)
- + Continued spark expansion
- + PPL basis normalizes⁶ ~\$5/MWh

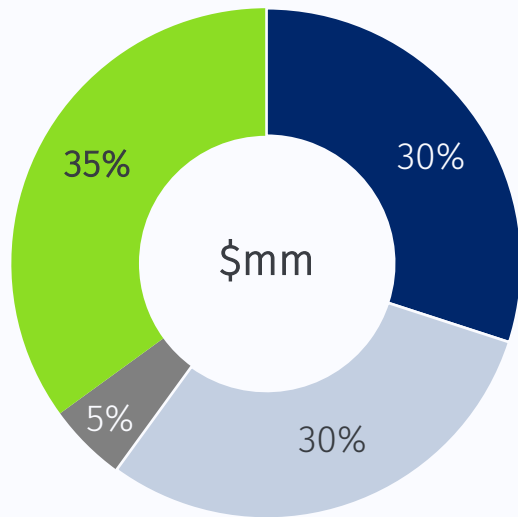
Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted Free Cash Flow.

1. Updated from 2025 Investor Day with impacts outlined; assumes 48.5 million shares outstanding for 2027 and 2028.
2. Represents impacts of future share buybacks using 70% of annual Adjusted Free Cash Flow; assumes share price as of 5/1/2026.
3. Excludes any impact of Cornerstone acquisition for 2026.
4. Pricing as of 3/31/2026.
5. Calculated between 2026 Base and 2028.
6. Return to PPL basis as of 9/30/2025 versus 3/31/2026.

Significantly Contracted Portfolio

Gross Margin¹ at Full Contract Ramp²

■ LT Contracted
 ■ RMR
 ■ Merchant - Capacity
 ■ Merchant Energy



LT Contract % Sensitivity:
 +1GW PPA³

+15%

Growing Infrastructure-like Cash Flows

1.9 GW PPA ensures stability to Talen's gross margin through long-term contract with AA rated counterparty

30%



35% of gross margin¹ protected under long-term contract



Remaining long-term merchant exposure split between capacity and energy markets

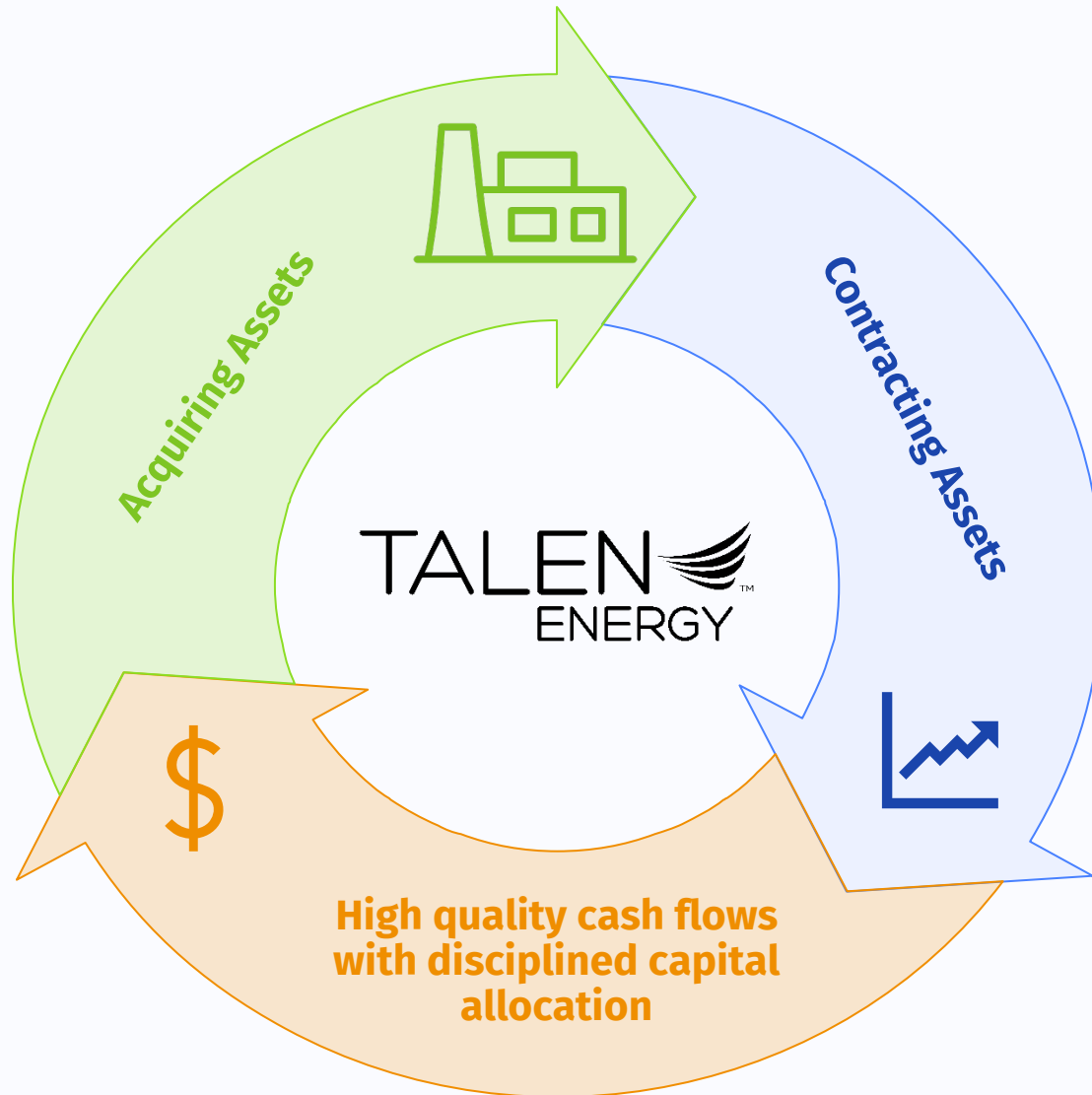


Significant impact potential for additional long-term PPA(s)

Note: Illustrative of 2028 at full ramp of existing 1.92 GW PPA structure, including pro forma impacts of the Cornerstone Acquisition and pricing as of 3/31/2026.

1. Margin is comprised of: (i) capacity revenue, (ii) margin associated with electric generation, (iii) bilateral physical electricity sales, RMR payments, and other contracts, and (iv) expected hedge settlements. Margin excludes nuclear fuel amortization.
2. Rounded to nearest 5%.
3. Based on existing 1.92 GW PPA terms and structure.

Executing the Talen Flywheel Strategy



- ✓ Multiple transactions delivering strong and immediate Adjusted FCF/Share accretion
- ✓ Reshaping fleet by adding baseload MWs that are the equivalent to two more nuclear plants
- ✓ Diversified portfolio across Pennsylvania, Ohio and Indiana within PJM
- ✓ Locked-in ~2 GW of long-term contracts
- ✓ Talen is committed to net leverage target of <3.5x

Appendix

Pro Forma Generation Portfolio Summary

Asset	State	Primary Fuel Type(s)	Plant Type	Ownership	Owned Capacity (MW) ¹	Commercial Operations Date	Region
Talen Assets							
Susquehanna ²	PA	Nuclear	Baseload	90%	2,245	1983 – 1985	PJM-PPL/MAAC
Guernsey	OH	Natural Gas	Baseload	100%	1,771	2023	PJM-AEP/RTO
Martins Creek	PA	Natural Gas	Peaker	100%	1,710	1975 – 1977	PJM-PPL
Montour	PA	Natural Gas	Peaker	100%	1,505	1972 – 1973	PJM-PPL
Brunner Island ^{3, 4}	PA	Coal / Natural Gas	Intermediate	100%	1,419	1961 – 1969	PJM-PPL
Brandon Shores ⁵	MD	Coal	RMR	100%	1,273	1984 – 1991	PJM-BGE
Freedom	PA	Natural Gas	Baseload	100%	1,049	2018	PJM-PPL/MAAC
H.A. Wagner ^{5, 6}	MD	Oil	RMR	100%	702	1966 – 1972	PJM-BGE
Lower Mount Bethel	PA	Natural Gas	Baseload	100%	607	2004	PJM-PPL
Conemaugh ^{2, 4}	PA	Coal	Intermediate	22%	392	1970 – 1971	PJM-PN/MAAC
Colstrip Unit 3 ²	MT	Coal	Baseload	30%	222	1984 – 1986	WECC
Keystone ^{2, 4}	PA	Coal	Intermediate	12%	213	1967 – 1968	PJM-PN/MAAC
Talen Total					13,108		
Pending Acquisition⁷							
Lawrenceburg	IN	Natural Gas	Baseload	100%	1,120	2004	PJM-AEP/RTO
Waterford	OH	Natural Gas	Baseload	100%	875	2003	PJM-AEP/RTO
Darby	OH	Natural Gas / Oil	Peaker	100%	456	2001	PJM-AEP/RTO
Pending Acquisition + Talen Total⁷					15,559		

1. Generation capacity (summer rating, where applicable) is based on factors, among others, such as operating experience and physical conditions, which may be subject to revision.
2. See Note 7 to the FY 2025 Financial Statements for additional information on jointly owned facilities.
3. Coal-fired electric generation is restricted during the EPA Ozone Season, which is May 1 to September 30 of each year.

4. Coal-fired electric generation is required to cease at Brunner Island by December 31, 2028 and at Keystone and Conemaugh by December 31, 2034.
5. See Note 3 to the FY 2025 Financial Statements for additional information on the Brandon Shores and H.A. Wagner RMR arrangements.
6. Includes H.A. Wagner Units 3 and 4.
7. Cornerstone Acquisition pending close.

Hedging Program as of 3/31/2026

Market Price Summary	Balance of 2026 ¹	2027	2028
PJM West Hub ATC (\$/MWh)	\$57.85	\$62.76	\$61.59
PJM West Hub ATC Spark Spreads ² (\$/MWh)	\$37.92	\$32.67	\$32.23
TETCO M3 (\$/MMBtu)	\$2.85	\$4.30	\$4.19

Total Fleet Hedge Position ^{4, 5}	Balance of 2026 ¹	2027	2028
% Hedged of Expected Generation	~85%	~65%	~20%
Hedge Value vs Market	\$(120)mm	\$(105)mm	\$(5)mm

Total Fleet Power Price Sensitivities ^{3, 4, 6}		Balance of 2026 ¹	2027	2028
Margin Impact from Change in Power Price	+\$10/MWh	+\$75mm	+\$245mm	+\$435mm
	+\$5/MWh	+\$40mm	+\$125mm	+\$215mm
	\$(5)/MWh	\$(40)mm	\$(125)mm	\$(210)mm
	\$(10)/MWh	\$(80)mm	\$(250)mm	\$(410)mm

1. "Balance of 2026" is April – December 2026.

2. Spark spreads are computed based on day-ahead West Hub ATC prices, TETCO M3 natural gas prices and a heat rate of 7 MMBtu/MWh.

3. Where applicable, natural gas prices are adjusted to maintain consistent heat rate relationships with corresponding power prices. Figures rounded to nearest \$5mm.

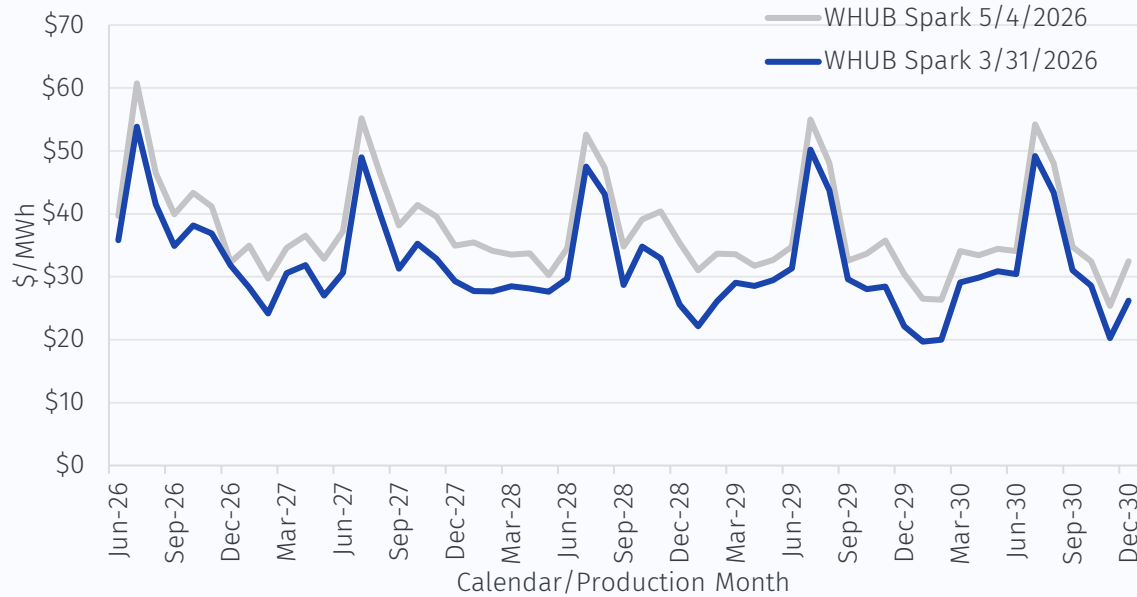
4. Excludes impact of the Cornerstone Acquisition.

5. Figures rounded to the nearest 5%.

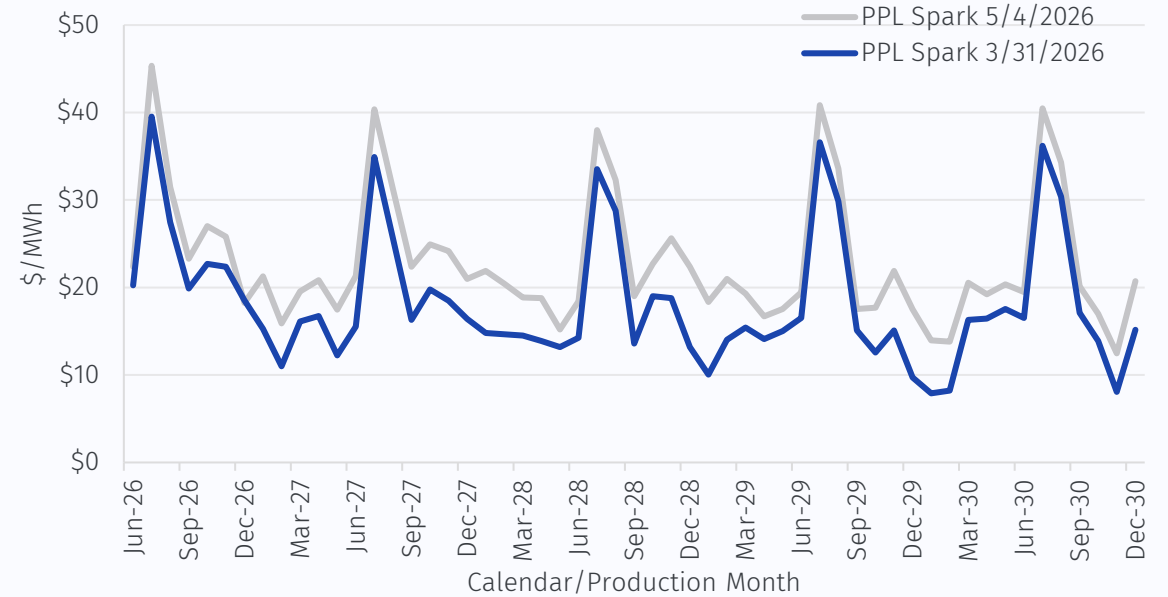
6. Margin is comprised of: (i) capacity revenue, (ii) margin associated with electric generation, (iii) bilateral physical electricity sales, RMR annual fixed-cost payments, and other contracts, (iv) expected hedge settlements, and (v) Nuclear PTC revenue. Margin excludes nuclear fuel amortization. Figures rounded to the nearest \$5mm.

Commodities Pricing - Power

PJM WHUB ATC Spark Spreads¹



PPL Zone ATC Spark Spreads²



PJM WHUB ATC Spark Spread ¹ Cal-Strips			
Strip	3/31/2026	5/4/2026	Δ to 3/31/26
Bal-26	\$33.28	\$38.91	\$5.63
Cal-27	\$32.39	\$37.97	\$5.58
Cal-28	\$31.89	\$37.52	\$5.63
Cal-29	\$30.07	\$35.30	\$5.24
Cal-30	\$26.51	\$31.25	\$4.74

PPL Zone ATC Spark Spread ² Cal-Strips			
Strip	3/31/2026	5/4/2026	Δ to 3/31/26
Bal-26	\$24.39	\$27.65	\$3.26
Cal-27	\$18.21	\$23.37	\$5.17
Cal-28	\$17.68	\$22.80	\$5.12
Cal-29	\$17.01	\$21.78	\$4.77
Cal-30	\$16.97	\$21.04	\$4.06

PPL Zone Basis

PJM PPL Zone ATC Basis (\$/MWh)¹



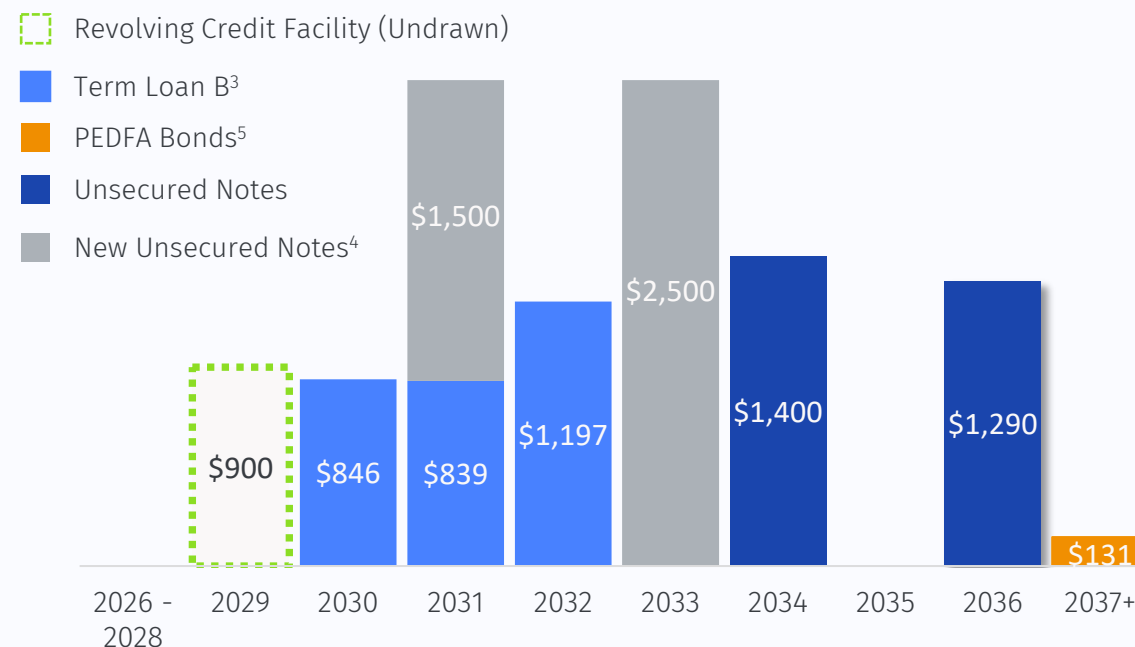
1. Basis is calculated as the difference between the day-ahead PJM PPL Zone ATC forward price less the day-ahead PJM Western Hub ATC forward price.

Long-Dated Debt Maturities

Debt Overview¹

Tranche	Maturity	Principal (\$mm)	Interest Rate ²
RCF	Dec 2029	-	SOFR + 200bps
2030 TLB ³	May 2030	846	SOFR + 250bps
2031 TLB ³	Dec 2031	839	SOFR + 250bps
2032 TLB ³	Nov 2032	1,197	SOFR + 200bps
Secured Debt		\$2,882	
2031 Unsecured Notes ⁴	May 2031	1,500	6.125%
2033 Unsecured Notes ⁴	May 2033	2,500	6.375%
2034 Unsecured Notes	Feb 2034	1,400	6.25%
2036 Unsecured Notes	Feb 2036	1,290	6.50%
PEDFA 2009B Bonds ⁵	Dec 2038	50	5.25%
PEDFA 2009C Bonds ⁵	Dec 2037	81	5.25%
Unsecured Debt		\$6,821	
Total Debt⁶		\$9,703	

Debt Maturity Summary¹ (\$mm)



Agency	IDR / Secured Debt Rating	Outlook
S&P	BB- / BB+	Stable
Moody's	Ba3 / Baa3	Stable
Fitch	BB- / BB+	Negative

1. As of 4/30/2026.

2. TLBs subject to a reduction in margin upon submission of Q2 2026 Compliance Certificate by 50 bps due to first lien leverage based step-downs.

3. Subject to mandatory 1% annual amortization, not shown in graph.

4. \$1.05B of the 2031 Notes and \$1.75B of the 2033 Notes are contingent upon Cornerstone Acquisition closing.

5. Subject to mandatory remarketing in 2027.

6. Total Debt excludes \$1.1B standalone LCF.

Reconciliation of Non-GAAP Financial Measures

Definitions of Non-GAAP Financial Measures

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted Free Cash flow, which we use as measures of our performance and liquidity, are not financial measures prepared under GAAP. Non-GAAP financial measures do not have definitions under GAAP and may be defined and calculated differently by, and not be comparable to, similarly titled measures used by other companies. Non-GAAP measures are not intended to replace the most comparable GAAP measures as indicators of performance. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Management cautions readers not to place undue reliance on the following non-GAAP financial measures, but to also consider them along with their most directly comparable GAAP financial measures. Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP.

Adjusted EBITDA

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

Adjusted EBITDA is computed as net income (loss) adjusted, among other things, for certain: (i) nonrecurring charges; (ii) non-recurring gains; (iii) non-cash and other items; (iv) unusual market events; (v) any depreciation, amortization, or accretion; (vi) mark-to-market gains or losses; (vii) gains and losses on the nuclear facility decommissioning trust (“NDT”); (viii) gains and losses on asset sales, dispositions, and asset retirement; (ix) impairments, obsolescence, and net realizable value charges; (x) interest expense; (xi) income taxes; (xii) legal settlements, liquidated damages, and contractual terminations; (xiii) development expenses; (xiv) noncontrolling interests, except where otherwise noted; and (xv) other adjustments. Such adjustments are computed consistently with the provisions of our indebtedness to the extent that they can be derived from the financial records of the business. Pursuant to TES’s debt agreements, Cumulus Digital contributes to Adjusted EBITDA beginning in the first quarter 2024, following termination of the Cumulus Digital credit facility and associated cash flow sweep.

Additionally, we believe investors commonly adjust net income (loss) information to eliminate the effect of nonrecurring restructuring expenses and other non-cash charges, which can vary widely from company to company and from period to period and impair comparability. We believe Adjusted EBITDA is useful to investors and other users of our financial statements to evaluate our operating performance because it provides an additional tool to compare business performance across companies and between periods. Adjusted EBITDA is widely used by investors to measure a company’s operating performance without regard to such items described above. These adjustments can vary substantially from company to company and period to period depending upon accounting policies, book value of assets, capital structure, and the method by which assets were acquired.

Adjusted Free Cash Flow

Adjusted Free Cash Flow is utilized by our chief operating decision makers to evaluate cash flow activities. Adjusted Free Cash Flow is computed as Adjusted EBITDA reduced by capital expenditures (including nuclear fuel but excluding development, growth, and (or) conversion capital expenditures), cash payments for interest and finance charges, cash payments for income taxes (excluding income taxes paid from the NDT, taxes paid or deductions taken as a result of strategic asset sales, and benefits of the Nuclear PTC utilized to reduce income taxes paid), and pension contributions.

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

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation (Unaudited)

The reconciliation from “Net Income (Loss)” presented on the Consolidated Statements of Operations to Adjusted EBITDA and Adjusted Free Cash Flow for:

(\$mm)	Three Months Ended March 31,	
	2025	2026
Net Income (Loss)	\$ (135)	\$ 63
Adjustments		
Interest expense and other finance charges	74	119
Income tax (benefit) expense	(52)	18
Depreciation, amortization and accretion ¹	70	63
Nuclear fuel amortization ¹	26	24
Unrealized (gain) loss on commodity derivative contracts	182	154
Nuclear decommissioning trust funds (gain) loss, net	12	22
Stock-based and other long-term incentive compensation expense	13	2
Acquisition and divestiture activities ²	7	1
Operational and other restructuring activities ³	2	9
Other	1	(2)
Total Adjusted EBITDA	\$ 200	\$ 473
Capital expenditures, net	(64)	(67)
Interest and finance charge payments	(23)	(52)
Income taxes	(9)	4
Pension contributions	(17)	(8)
Total Adjusted Free Cash Flow	\$ 87	\$ 350

1. Includes the periodic amortization of fair value adjustments associated with acquired executory contracts and intangible assets.
2. Includes the non-recurring: (i) advisory fees associated with completed acquisitions and divestitures; (ii) remaining settlements on contracts of divested assets; and (iii) non-recurring finance fees charged to the Consolidated Statement of Operations associated with acquisition financing fee arrangements.
3. Non-recurring severance and retention costs and strategic initiative costs.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation: 2026E Guidance

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

(\$mm)	2026E ¹	
	Low	High
Net Income (Loss)	\$ 875	\$ 1,125
Adjustments		
Interest expense and other finance charges	460	480
Income tax (benefit) expense	15	45
Depreciation, amortization and accretion	300	300
Nuclear fuel amortization	100	100
Adjusted EBITDA	\$ 1,750	\$ 2,050
Capital expenditures, net	(280)	(300)
Interest and finance charge payments	(460)	(480)
Income taxes	(15)	(45)
Pension contributions	(15)	(45)
Adjusted Free Cash Flow	\$ 980	\$ 1,180