Q2 2026 Results

Talen Energy Corporation | August 5, 2026

TALEN ENERGY™

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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 integration of and anticipated benefits from the recent Cornerstone acquisition and the 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

Executing on Core Business

- Delivered $374mm Adjusted EBITDA and $212mm Adjusted Free Cash Flow in Q2 2026
- Closed on Lawrenceburg, Waterford, and Darby asset acquisition (the "Cornerstone Acquisition")
- Repurchased 550k shares for ~$200mm; $1.7B SRP remaining through December 2028

Strengthening PJM Fundamentals

- 2027/2028 PJM West Hub sparks increasing by ~50% year-over-year
- ~3% load growth year-over-year[1], and growth forecasted to continue through 2030
- Strong 2028/2029 PJM Capacity Auction results; cleared over 10 GW at $325/MWd cap

Raising 2026 Guidance; Increasing 2027 and 2028 Outlooks

- Based on closing the Cornerstone Acquisition, increased sparks, and fundamentals

Advancing Growth through Talen Flywheel

- Progressing ~4 GW site development pipeline and new capacity projects to support data center contracts

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. Data from PJM; based on internal estimates of 10-year weather-adjusted data.

YTD 2026 Financial and Operational Performance

Key Financial Metrics

$847mm
Adjusted EBITDA

$562mm
Adjusted Free Cash Flow

~$1.9B
Liquidity[1]

$9.2B
Net Debt[2]

Key Operational Metrics

0.27
OSHA TRIR[3]

3.9%
Fleet EFOF[4]

~30 TWh
Total Generation

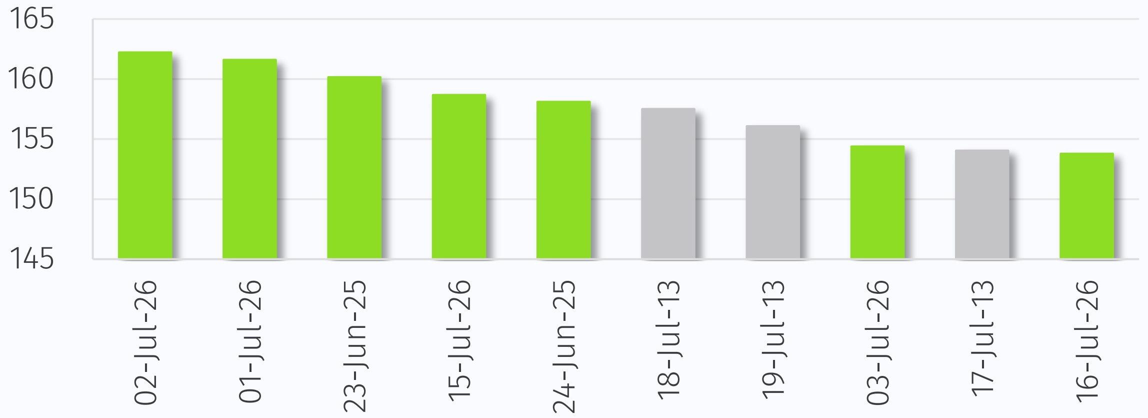
~51%
Capacity Factor[5]

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 include 6/15/2026 – 6/30/2026 contribution from the Cornerstone Acquisition.

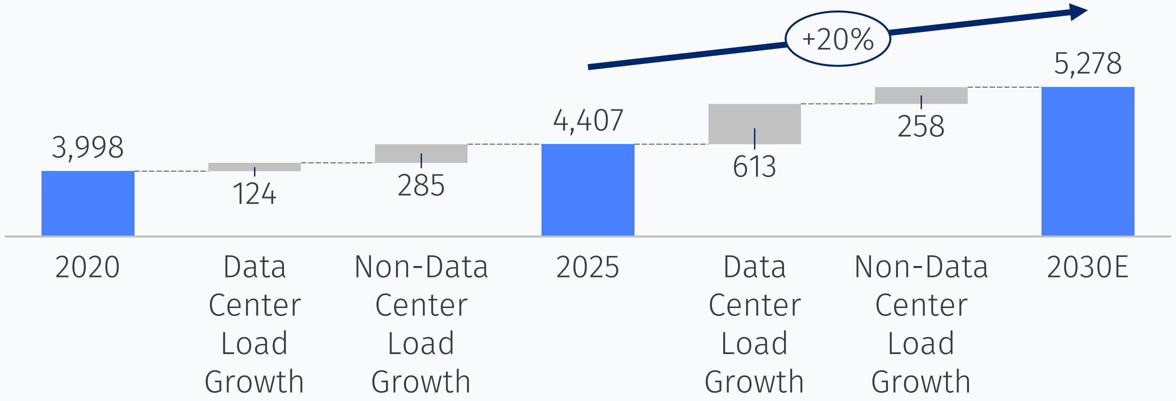
1. Calculated as ~$0.5B Unrestricted Cash plus $1.35B RCF availability as of 7/31/2026.
2. Calculated as Total Debt of $9.7B less Unrestricted Cash of $0.5B as of 7/31/2026.
3. OSHA Total Recordable Incident Rate ("OSHA TRIR"): The number of recordable incidents x 200,000 / total number of manhours worked. 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 Load Growth Materializing and Forecasted to Continue

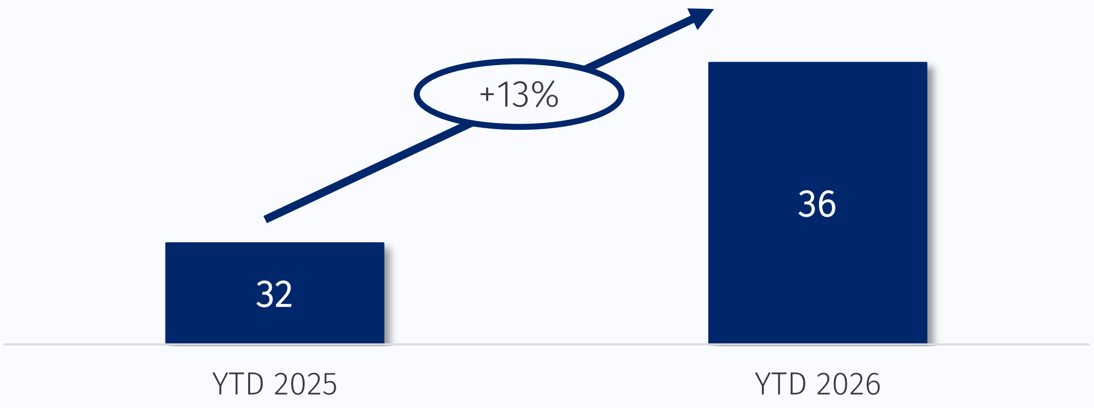
PJM Top 10 Peak Load Days Since 2013 (GW)[1]



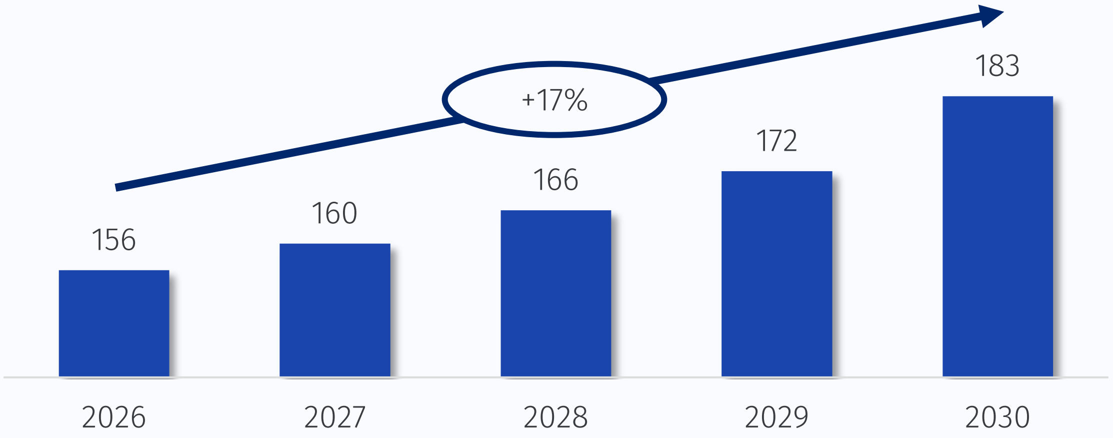
US Energy Demand Forecasted to Grow through 2030 (TWh)[2]



Talen PJM Generation (TWh)[3]



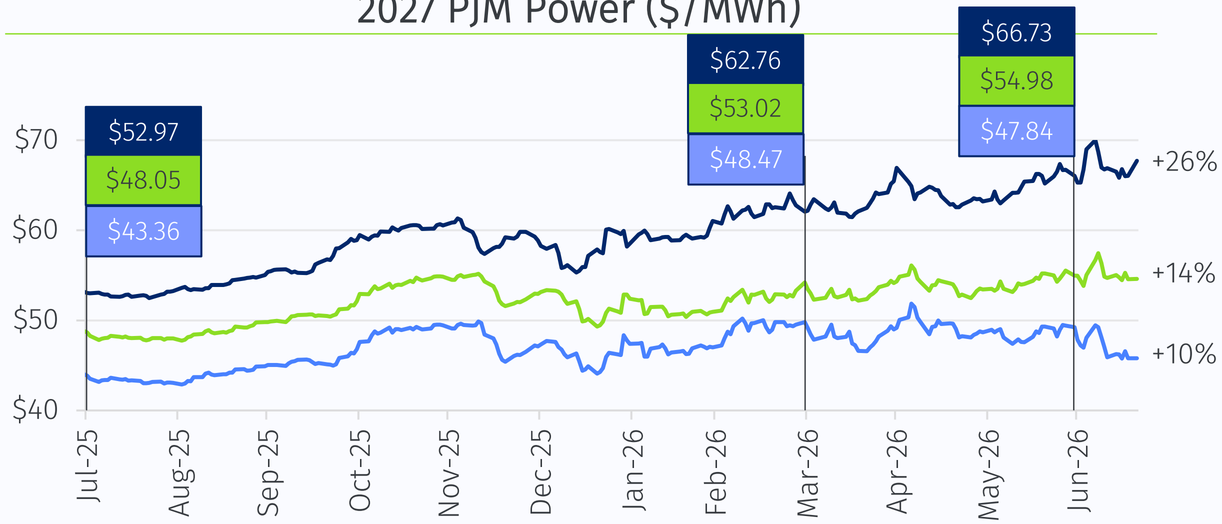
PJM Demand Growth (GW)[4]



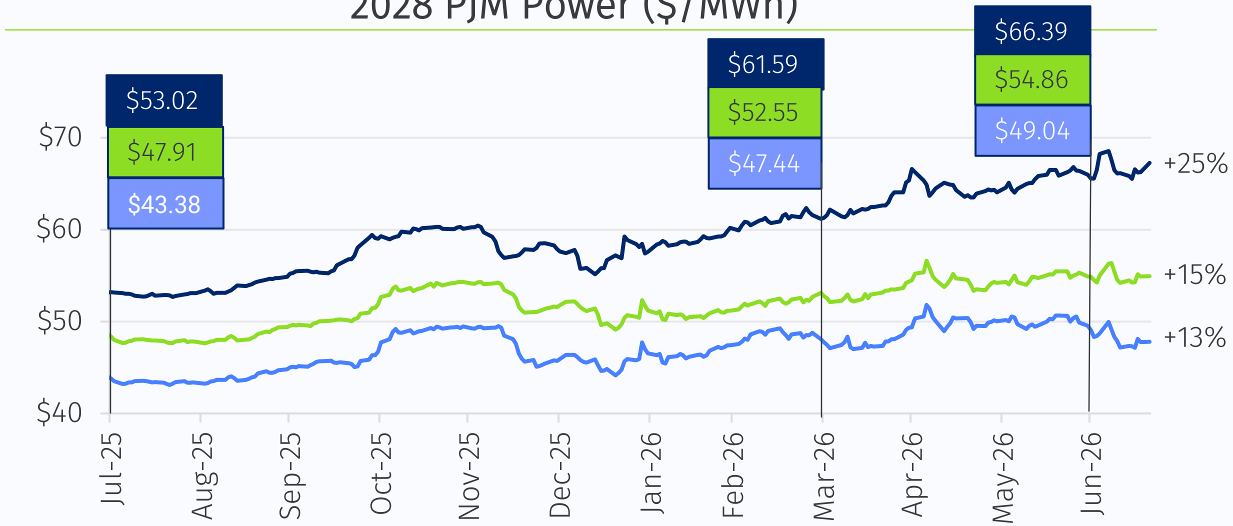
1. Represents peak hourly integrated loads from 2013–2026. PJM service territory remained nearly unchanged since the addition of East Kentucky Power Cooperative in 2013.
2. Bank of America, "Industrials/Multi-Industry, Power Gap: a Deep Dive into US Electricity Supply & Demand", (July 8, 2026).
3. YTD 2025 generation is pro-forma to include contribution from Guernsey, Freedom, and the Cornerstone Acquisition prior to ownership; excludes Camden and Dartmouth. YTD 2026 generation is pro-forma to include contribution from the Cornerstone Acquisition prior to ownership.
4. PJM Load Forecast Report (January 2026). PJM Summer Coincident Peak Load for PJM RTO.

...Leading to Increased PJM Pricing

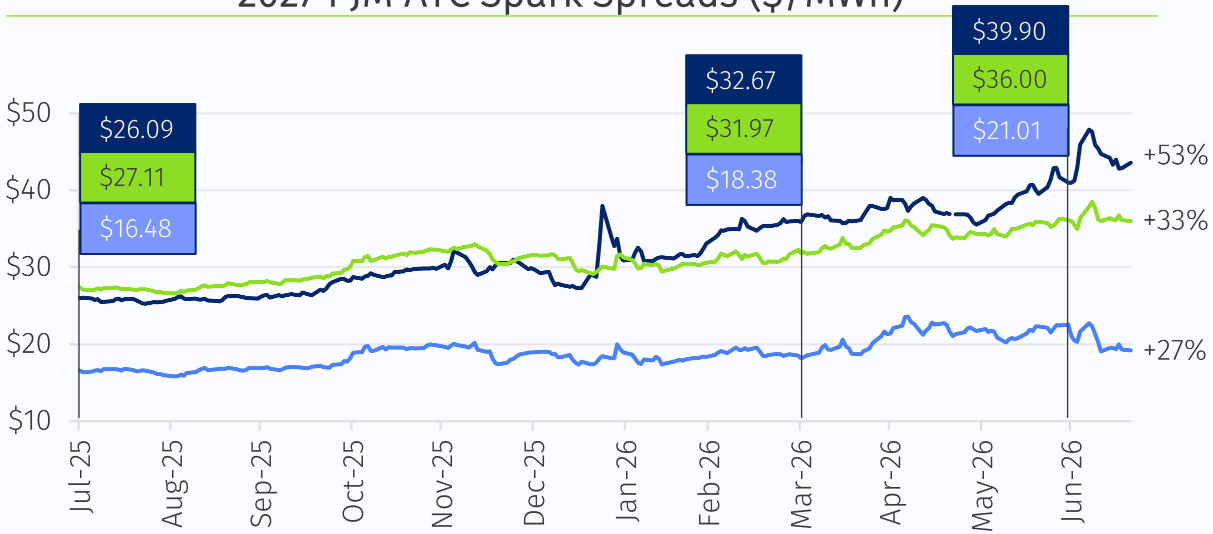
2027 PJM Power ($/MWh)



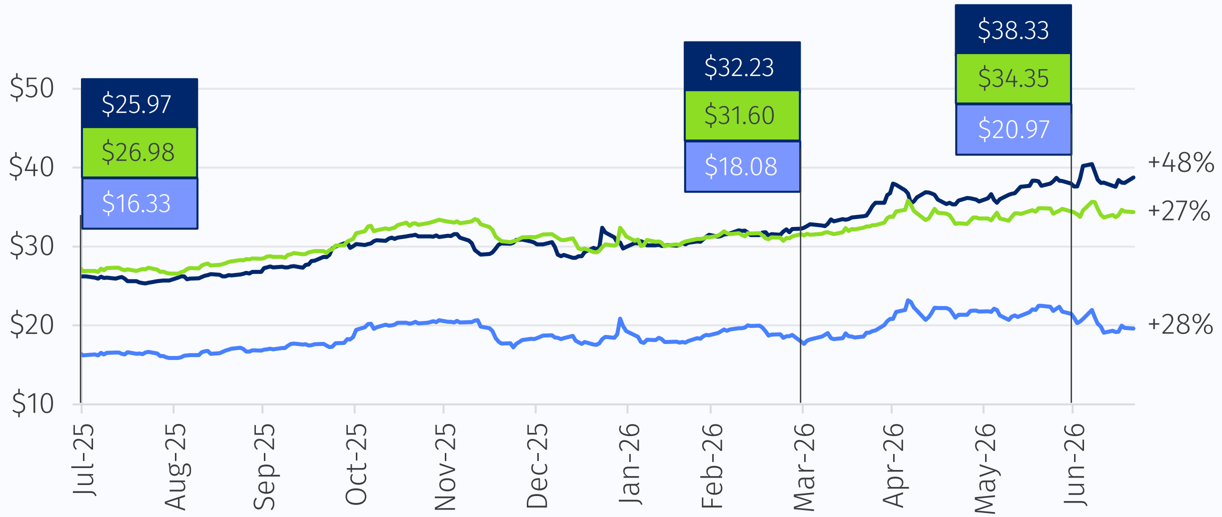
2028 PJM Power ($/MWh)



2027 PJM ATC Spark Spreads ($/MWh)[1]



2028 PJM ATC Spark Spreads ($/MWh)[1]



PJM WHUB   ADHUB Zone   PPL Zone

Note: Percentages calculated between 2025 Investor Day prices (7/31/2025) and 6/30/2026 prices.

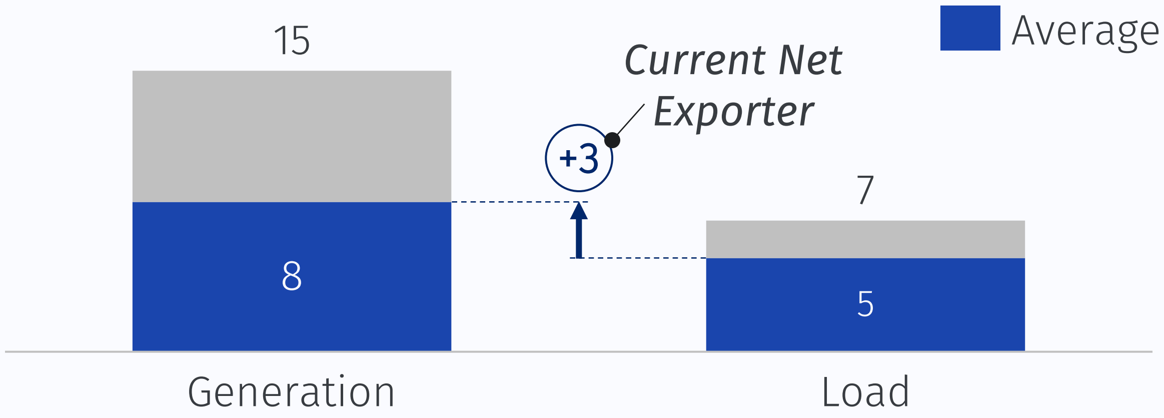
1. PJM WHUB spark spreads are computed based on day-ahead West Hub ATC prices and TETCO M3 natural gas prices. PPL Zone spark spreads are computed based on day-ahead PJM PPL Zone ATC prices and TETCO M3 natural gas prices. ADHUB sparks spreads are computed based on day-ahead PJM ADHUB ATC prices, and TETCO M2 natural gas prices. All spark spreads are based on a heat rate of 7 MMBtu/MWh.

PPL Basis Changing Over Time

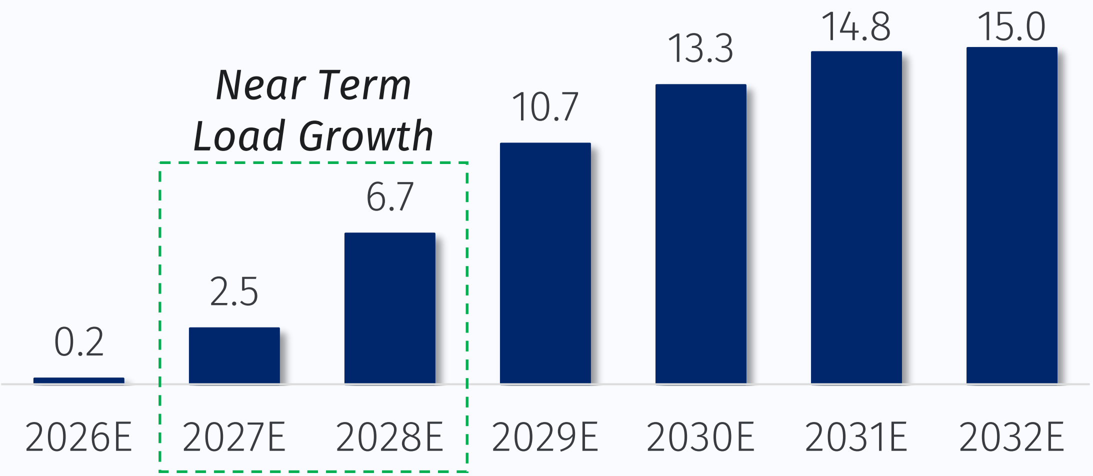
PPL Basis

- PPL zonal price in recent years[1] < $10 negative basis to WHUB (80%)
  - Widening since Q4 2025 to ~$20 (70%)
- Recent widening driven by:
  - Transmission work to support new system upgrades – expected to be completed in phases
  - Forward marks on zonal pricing are driven by near-term recency bias
- Basis could improve to better than historical levels due to:
  - New transmission upgrades scheduled to come online over next several years
  - Load growth materializes within zone

PPL Zone – Peak Load (GW)[2]



PPL Load Growth Under ESA (GWs)[3]



1. Average monthly West Hub to PPL zonal price January 2024 – September 2025.
2. Based on 2025 ICAP generation data from PJM, 2025 peak and average demand from PJM, and internal estimated 2024 and 2025 total generation reported to EIA.
3. "PPL Electric Utilities – Large Load Adjustment Request for 2026 PJM Load Forecast", (September 16, 2025).

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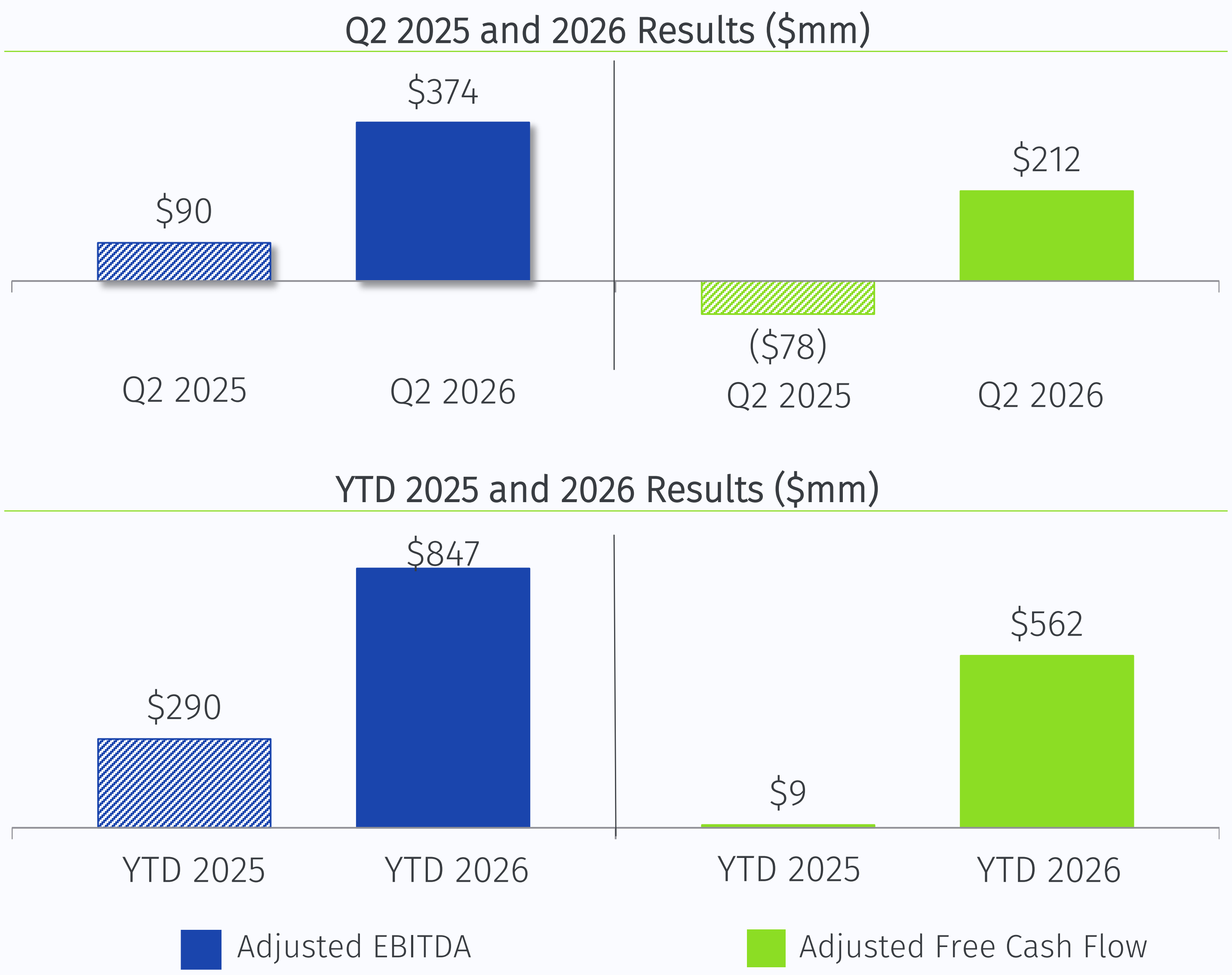
Q2 and YTD 2026 Financial Results



Key Q2 Drivers:

- Contribution of Freedom and Guernsey assets
- Higher capacity prices
- Higher generation volumes at Susquehanna and fossil plants

Key YTD Drivers:

- Consistent with Q2 drivers
- Plus, the effect of higher realized market prices

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.

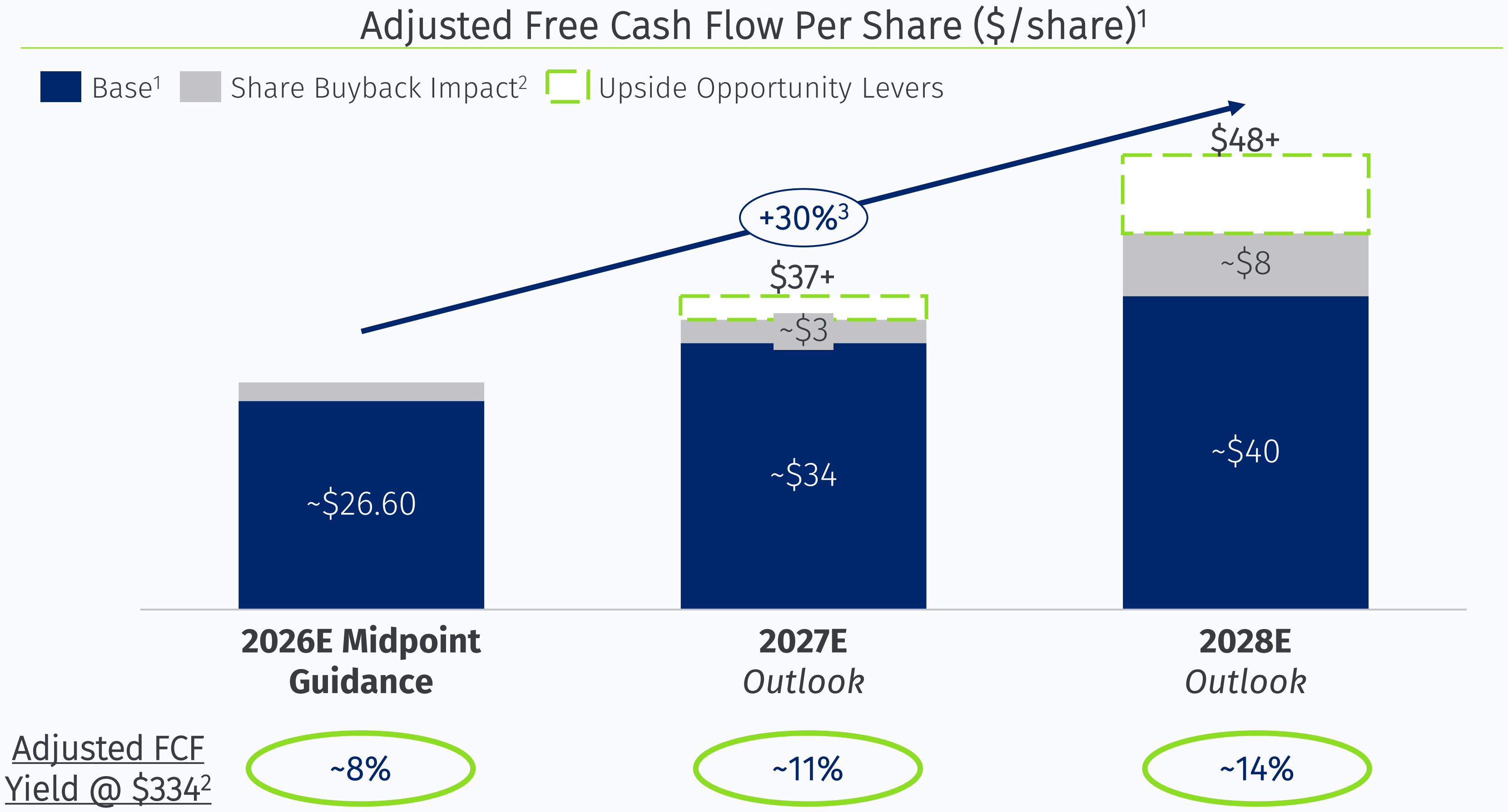
Raising 2026 Guidance

	Initial Guidance	Revised Guidance[1]
Adjusted EBITDA	$1,750 - $2,050 million	$2,025 - $2,225 million
Adjusted Free Cash Flow	$980 - $1,180 million	$1,200 - $1,350 million

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. Excludes Keystone as of 7/1/2026.

Attractive Growth: Increasing 2027 and 2028 Outlooks



~$1.3B additional cash generation available for allocation through 2028

Upside Opportunity Levers

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

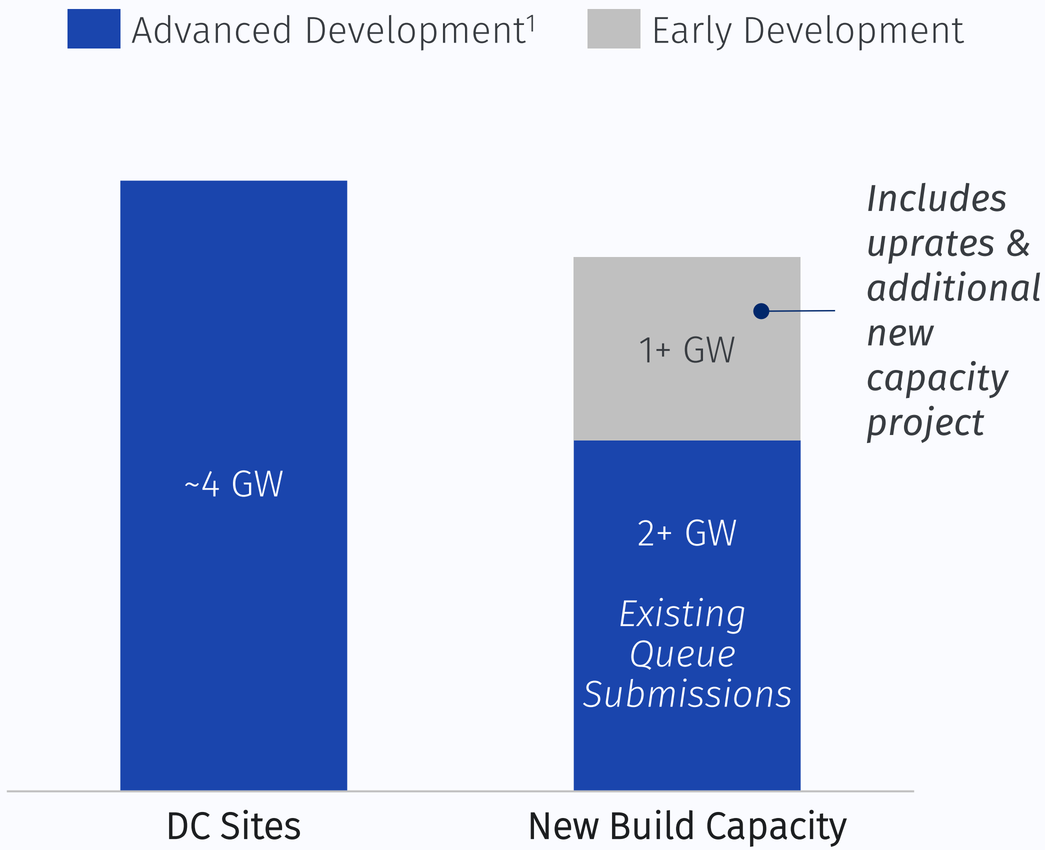
- Accretive M&A
- Existing PPA acceleration
- New data center PPA(s)
- Continued spark expansion[4]
- Zonal basis partially normalizes

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 including Cornerstone Acquisition; assumes 47.9 million shares outstanding for 2027 and 2028. Excludes Keystone as of 7/1/2026..
2. Represents impacts of future share buybacks using ~70% of annual Adjusted Free Cash Flow; assumes $334.10 share price as of 7/31/2026.
3. Calculated between 2026 Base and 2028 Share Buyback Impact. Calculated as ~20% excluding SRP.
4. Pricing as of 6/30/2026.

Flywheel in Motion: Enabling Data Center PPAs

Multi GW Development Pipeline



Pipeline of several 1+ GW speed-to-market opportunities for long-term PPAs

Data Center Powering Solutions

Priority solutions

PPA Powering Solution via Grid	*Solution Timing*	*Illustrative Counterparty*
Existing baseload generation portfolio *(energy & capacity)*	*Now - 2040+*	*Hyperscaler, Co-locator, Neo-cloud, Large C&I*
Hybrid solution *pairs existing baseload gen portfolio with batteries and/or CTs*	*2028 - 2040+*	
New Build CCGTs *(existing gen required until online)*	*2032 - 2040+*	*Hyperscaler*

Focus is on providing a variety of grid-connected, long-term, durable customer solutions backed by existing Talen portfolio

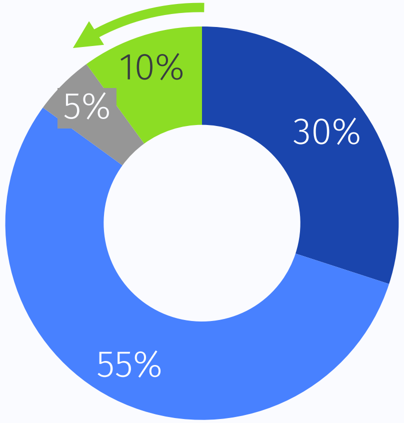
1. Advanced Development includes data center sites with utility load commitment and other developmental milestones; Advanced New Build Capacity backed with interconnection queue positions

Progression to Significantly Contracted Portfolio

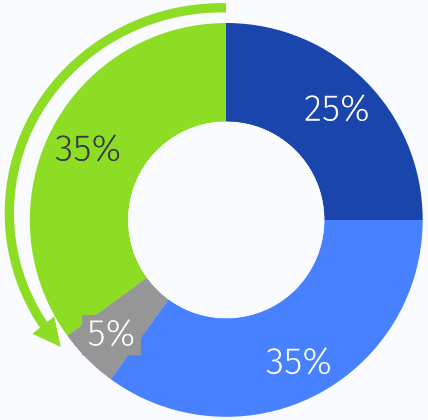
Gross Margin[1] Mix

LT Contracted | RMR[2] | PJM Energy | PJM Capacity

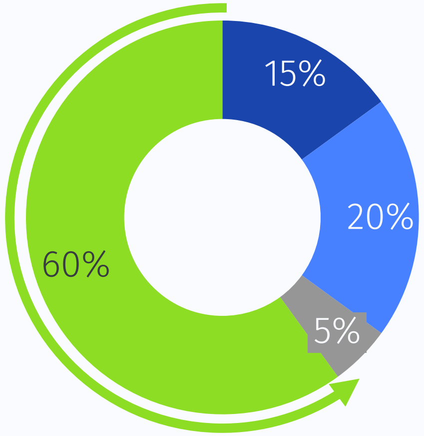
2028 Outlook



Full Contract Ramp[3] (2028-2030)



Illustrative Portfolio Mix[4] (2030+)



LT Contract: 480 MW | 1,920 MW | 4,000 MW

- ✓ Existing contract at minimum ramp schedule; locked in capacity
- ✓ Exposure to widening spark spreads

- ✓ Full value of existing contract by 2030; line of sight for contracted capacity into 2030
- ✓ Continued exposure to widening spark spreads

- ✓ Assumes additional premium contracts with mix of long-term counterparties
- ✓ Would significantly reduce reliance on capacity markets beyond 2030

1. 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, and (iv) expected hedge settlements. Margin excludes nuclear fuel amortization. Rounded to nearest 5%. Excludes Keystone.
2. Brandon Shores and H.A. Wagner RMR extension through 5/31/2031 is pending FERC approval.
3. Based on existing 1.9 GW PPA terms and structure.
4. Assumes additional PPAs with similar terms and structure to existing 1.9 GW PPA.

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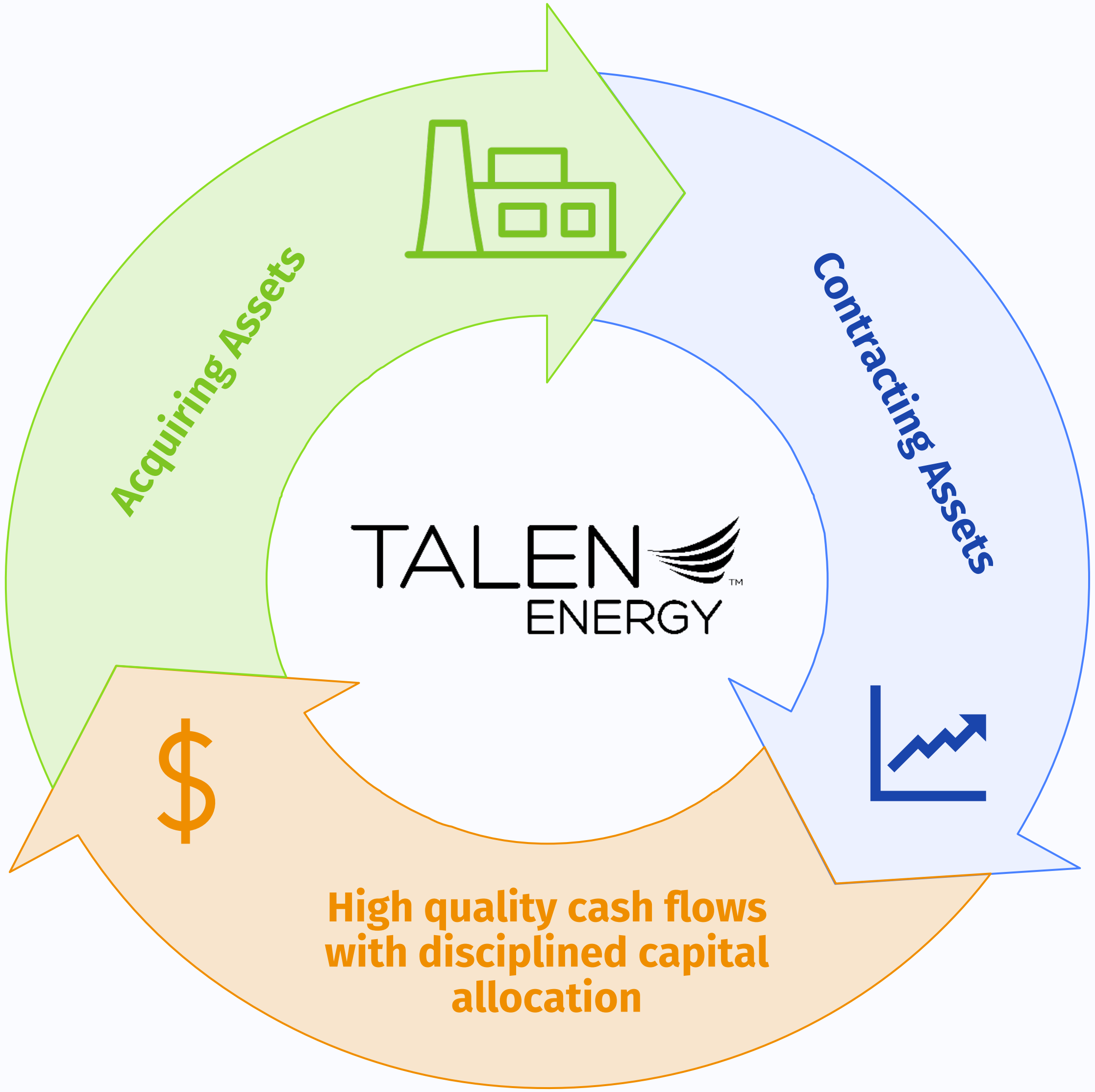
Executing the Talen Flywheel Strategy



- 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
- Continuing to progress several land development options and new capacity opportunities

Appendix

Generation Portfolio Summary

Asset	State	Primary Fuel Type(s)	Plant Type	Ownership	Owned Capacity (MW)[1]	Commercial Operations Date	Region
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	Intermediate	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
Lawrenceburg	IN	Natural Gas	Baseload	100%	1,207	2004	PJM-AEP/RTO
Freedom	PA	Natural Gas	Baseload	100%	1,049	2018	PJM-PPL/MAAC
Waterford	OH	Natural Gas	Baseload	100%	880	2003	PJM-AEP/RTO
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
Darby	OH	Natural Gas / Oil	Peaker	100%	475	2001	PJM-AEP/RTO
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, 7]	PA	Coal	Intermediate	12%	213	1967 – 1968	PJM-PN/MAAC
Talen Total					15,670		

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 9 in the Q2 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. Currently held for sale. See Note 17 to the Q2 2026 Financial Statements for additional information on acquisitions and divestitures.

Hedging Program as of 6/30/2026

Market Price Summary	Balance of 2026[1]	2027	2028
PJM West Hub ATC ($/MWh)	$71.08	$66.73	$66.39
PJM West Hub ATC Spark Spreads[2] ($/MWh)	$50.04	$39.90	$38.33
TETCO M3 ($/MMBtu)	$3.01	$3.83	$4.01

Total Fleet Hedge Position	Balance of 2026[1]	2027	2028
% Hedged of Expected Generation[4]	~85%	~70%	~30%
Hedge Value vs Market[3]	$(345)mm	$(210)mm	$(20)mm

Total Fleet Power Price Sensitivities[3, 5]		Balance of 2026[1]	2027	2028
Margin Impact from Change in Power Price	+$10/MWh	+$55mm	+$235mm	$450mm
	+$5/MWh	+$30mm	+$120mm	$225mm
	$(5)/MWh	$(30)mm	$(130)mm	$(220)mm
	$(10)/MWh	$(60)mm	$(260)mm	$(440)mm

1. "Balance of 2026" is July – 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. Figures rounded to the nearest 5%, excludes Keystone.
5. 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, and (iv) expected hedge settlements. Margin excludes nuclear fuel amortization. Figures rounded to the nearest $5mm, excludes Keystone.

Leverage and Liquidity Snapshot

Capitalization Summary *($mm unless otherwise noted)*	July 31, 2026
Unrestricted Cash	$525
Secured Debt	$2,875
Total Debt[1]	**$9,696**
Net Debt[2]	**$9,171**
Credit Metrics	
2026E Adjusted EBITDA Midpoint[3]	$2,125
Total Liquidity[4]	$1,875

Maintaining Balance Sheet Strength

- Completed financing transactions to:
  - Increase existing Revolving Credit Facility to $1.35B
  - Upsize existing Letter of Credit Facility to $1.5B and extend maturity
- Talen is committed to net leverage target of <3.5x

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.

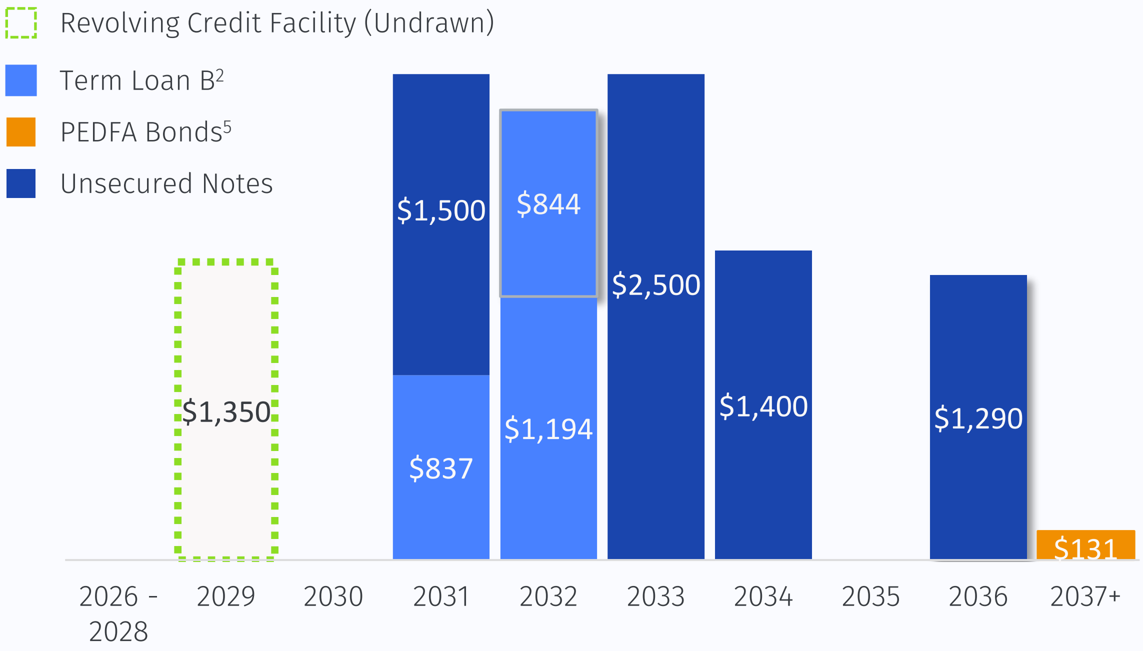
1. Total Debt excludes $1.5B standalone LCF.
2. Calculated as Total Debt less Unrestricted Cash.
3. Only includes partial year (6/15/2026 – 12/31/2026) of the Cornerstone Acquisition.
4. Calculated as Unrestricted Cash plus $1.35B RCF availability as of 7/31/2026.

Long-Dated Debt Maturities

Debt Overview[1]

Tranche	Maturity	Principal ($mm)	Interest Rate
RCF	Dec 2029	-	SOFR + 150bps
2031 TLB[2]	Dec 2031	837	SOFR + 175bps
2032 TLB-1[2]	Nov 2032	844	SOFR + 175bps
2032 TLB-2[2,3]	Nov 2032	1,194	SOFR + 200bps
Secured Debt		$2,875	
2031 Unsecured Notes	May 2031	1,500	6.125%
2033 Unsecured Notes	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[4]	Dec 2037	81	5.25%
PEDFA 2009C Bonds[4]	Dec 2038	50	5.25%
Unsecured Debt		$6,821	
Total Debt[5]		$9,696	

Debt Maturity Summary[1] ($mm)



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

1. As of 7/31/2026.
2. Subject to mandatory 1% annual amortization, not shown in graph.
3. Subject to a reduction in margin upon submission of Q2 2026 Compliance Certificate by 50 bps due to first lien leverage based step-downs.
4. Subject to mandatory remarketing in 2027.
5. Total Debt excludes $1.5B standalone LCF.

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Reconciliation of Non-GAAP Financial Measures

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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 June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net Income (Loss)	$ (92)	$ 72	$ (29)	$ (63)
Adjustments				
Interest expense and other finance charges	214	62	333	136
Income tax (benefit) expense	(37)	25	(19)	(27)
Depreciation, amortization and accretion[1]	88	67	151	137
Nuclear fuel amortization[1]	22	18	46	44
Unrealized (gain) loss on commodity derivative contracts	211	(92)	365	90
Nuclear decommissioning trust funds (gain) loss, net	(134)	(80)	(112)	(68)
Stock-based and other long-term incentive compensation expense	71	18	73	31
Acquisition and divestiture activities[2]	28	(3)	37	4
Other	3	3	2	6
Total Adjusted EBITDA	$ 374	$ 90	$ 847	$ 290
Capital expenditures, net	(56)	(35)	(123)	(99)
Interest and finance charge payments	(102)	(84)	(154)	(107)
Income taxes	2	(42)	6	(51)
Pension contributions	(6)	(7)	(14)	(24)
Total Adjusted Free Cash Flow	$ 212	$ (78)	$ 562	$ 9

1. Includes the periodic amortization of fair value adjustments associated with acquired fuel supply contract liabilities 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.

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:

	2026E[1] (initial)		2026E (revised)[2]	
($mm)	Low	High	Low	High
Net Income (Loss)	$ 875	$ 1,125	$ 1,010	$ 1,180
Adjustments				
Interest expense and other finance charges	460	480	460	480
Income tax (benefit) expense	15	45	10	20
Depreciation, amortization and accretion	300	300	445	445
Nuclear fuel amortization	100	100	100	100
Adjusted EBITDA	$ 1,750	$ 2,050	$ 2,025	$ 2,225
Capital expenditures, net	(280)	(300)	(330)	(340)
Interest and finance charge payments	(460)	(480)	(460)	(480)
Income taxes	(15)	(45)	(10)	(20)
Pension contributions	(15)	(45)	(25)	(35)
Adjusted Free Cash Flow	$ 980	$ 1,180	$ 1,200	$ 1,350

Note: Figures are rounded to the nearest $5mm.
1. Excludes impact of the Cornerstone Acquisition.
2. Excludes Keystone as of 7/1/2026.