The Henry Fund
Henry B. Tippie College of Business
Cade Rounds [cade-rounds@uiowa.edu]

CONSTELLATION ENERGY CORPORATION (CEG)

April 21, 2026

Utilities - Independent Power Producers

Stock Rating **BUY**

Investment Thesis

We initiate coverage on Constellation Energy Corporation (NYSE:CEG) with a BUY rating and an intrinsic price target of $320, representing an implied upside of roughly 15% from current trading levels.

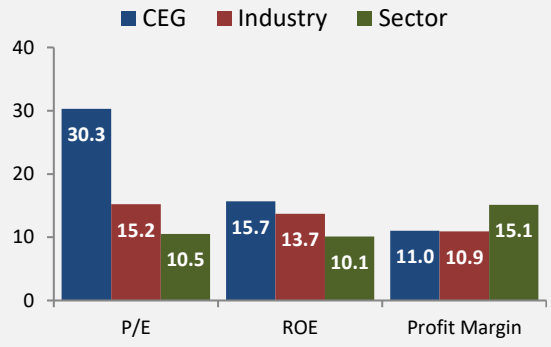
Drivers of Thesis

- **Data Center Colocation & Tech Premiums –** The twenty-year Microsoft contract proves tech giants will pay a premium for carbon-free power, securing high-margin revenue and long-term pricing power.
- **Calpine Acquisition Transforms the Platform —** Nearly doubles the top line in 2026, absorbs fixed costs across a larger base, and drives NOPAT margin expansion.
- **Operating Leverage & Margin Expansion –** Low variable nuclear fuel costs allow revenue growth to scale faster than expenses.

Risks to Thesis

- **Regulatory Hurdles & FERC Rulings** – Recent rejections of PJM tariff changes create uncertainty for behind-the-meter connections, potentially capping near-term valuation multiples.
- **Macroeconomic & Interest Rate Pressures** – Sustained high interest rates increase the cost of capital for hyperscalers, which could slow the pace of data center buildouts.
- **Execution Risk & Restart Delays** – Potential technical delays or cost overruns at the Crane Clean Energy Center (TMI Unit 1) restart pose a risk to forecasted cash flow timelines.

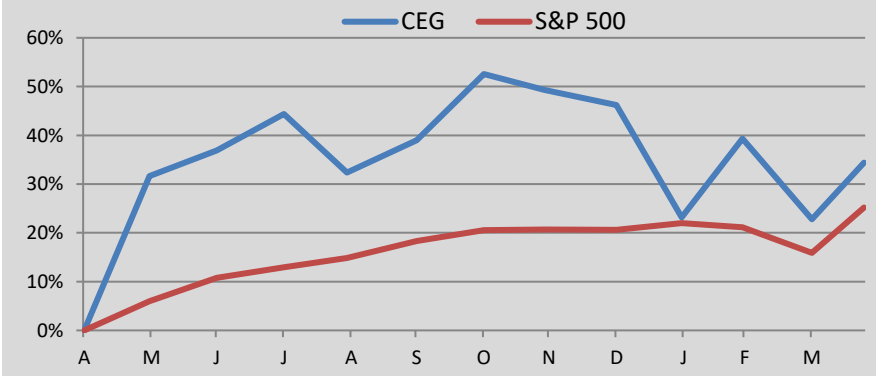
Target Price	$320
Henry Fund DCF	$320.08
Henry Fund DDM	$165.77
Relative Multiple	$177
Price Data	
Current Price	$279.46
52wk Range	$188.01 – 412.58
Consensus 1yr Target	$383.67
Key Statistics	
Market Cap (B)	107.31
Shares Outstanding (M)	362.3
Institutional Ownership	70.56%
Beta	0.87
Dividend Yield	0.53%
Est. 5yr Growth	9.5%
Price/Earnings (TTM)	30.26
Price/Earnings (FY1)	25.9
Price/Sales (TTM)	3.86
Price/Book (mrq)	7.82
Profitability	
Operating Margin	12.09%
Profit Margin	8.11%
Return on Assets (TTM)	4.2%
Return on Equity (TTM)	15.72%



Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	$7.43	$6.55	$6.58			
HF est.				$11.55	$12.52	$14.51
growth				*75.44%*	*8.45%*	*15.88%*

12 Month Performance



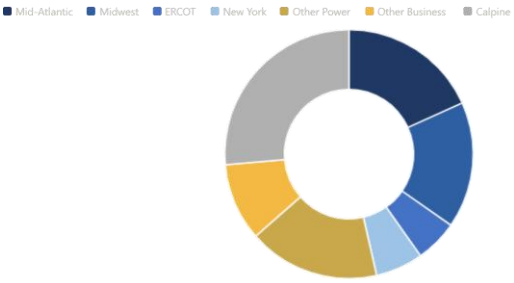
Company Description

Constellation Energy Corporation was established as an independent entity in 2022 and has become the nation's largest producer of carbon-free energy, headquartered in Baltimore, Maryland. Constellation serves a diverse customer base ranging from local residential households to global technology firms, providing the constant, reliable power required for data centers and artificial intelligence infrastructure across the Mid-Atlantic, Midwest, and Texas.

COMPANY DESCRIPTION

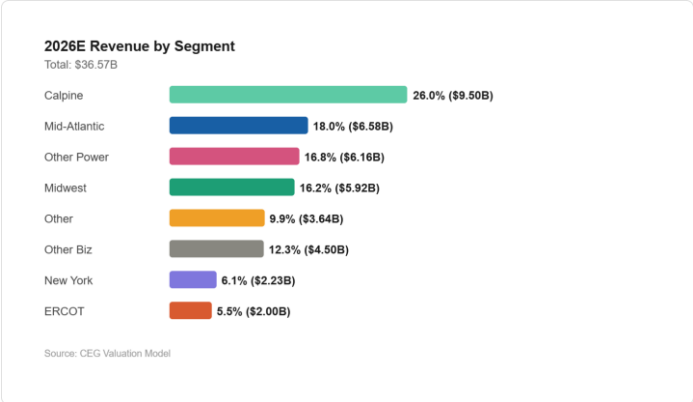
Constellation Energy Corporation is the nation's largest producer of carbon-free electricity, operating a fleet of 21 nuclear power plants across the United States with roughly 32,400 megawatts of generating capacity. Unlike traditional utilities that rely on fossil fuels or intermittent renewables, Constellation's baseload nuclear generation runs around the clock at capacity factors above 94%, making it uniquely positioned to serve the exploding demand for reliable, around-the-clock clean power that the AI data center buildout requires. The company operates through six primary revenue segments: Mid-Atlantic, Midwest, New York, ERCOT, Other Power Regions, and Other Business Activities, with most of its value derived from the nuclear generation fleet.

FIGURE 6



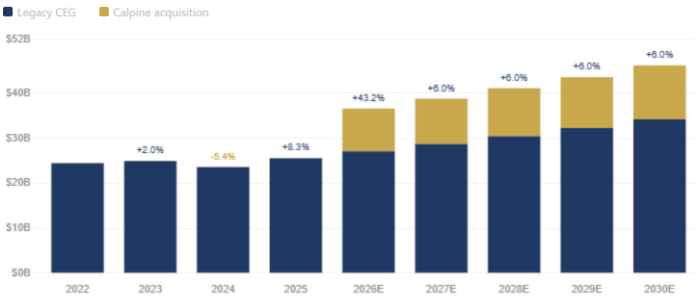
Source: CEG Valuation Model

Looking at the revenue breakdown, Constellation generated $25.53 billion in total operating revenue in 2025, up from $23.57 billion in 2024. The core business continues to perform well, with nuclear generation holding above 182 TWh annually and capacity factors remaining at industry-leading levels. The 2025 results were somewhat impacted by the wind-down of federal Production Tax Credit subsidies, which had contributed $2.03 billion in net nuclear subsidies in 2024 and stepped down sharply to $195 million in 2025 before rolling off entirely. Despite that headwind, the underlying energy and capacity sales pillar grew to $21.77 billion in 2025, demonstrating the strength of the contracted commercial and industrial book that underpins the revenue base.



The forward revenue picture changes dramatically beginning in 2026 because of the pending Calpine acquisition. Total operating revenues are projected to jump to $36.57 billion in 2026 as Calpine's roughly $9.50 billion in annual revenue consolidates onto the income statement. By 2030, total revenues are forecasted to reach $46.16 billion, representing a compound annual growth rate of roughly 16% from 2025 levels, though much of that step-up is acquisition-driven rather than organic.

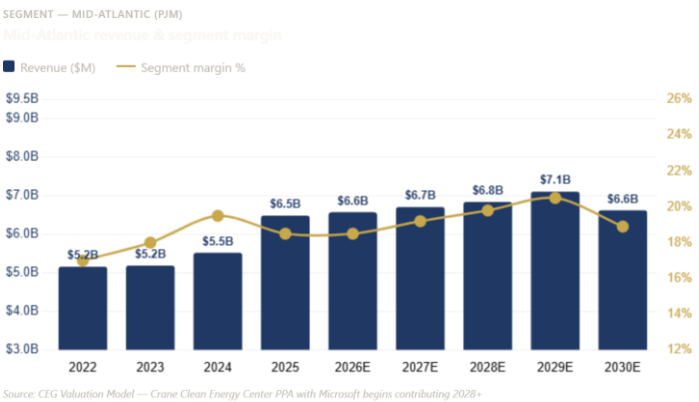
FIGURE 1

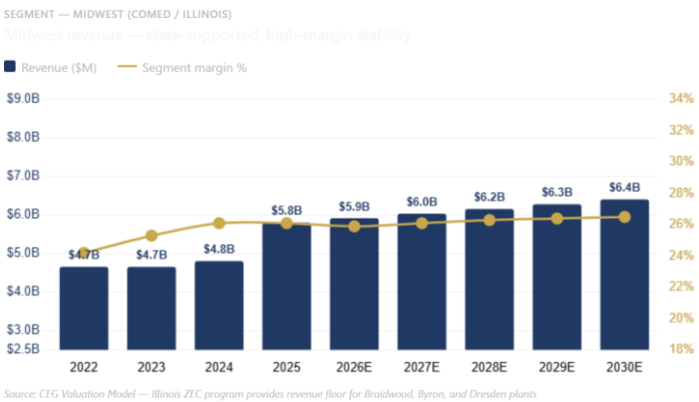


Source: CEG Valuation Model

Mid-Atlantic

The Mid-Atlantic segment, operating within the PJM Interconnection, remains the foundation for Constellation's revenue. We forecast 2026E revenue of $6,577 million, showing a slight 1.4% YoY increase. While this growth may seem small compared to the rest of the company due to the Calpine acquisition. To satisfy the regulatory requirements of this merger, Constellation divested approximately 4.4 Gigawatts (GW) of natural gas assets to LS Power, clearing up a path for a more profitable future.





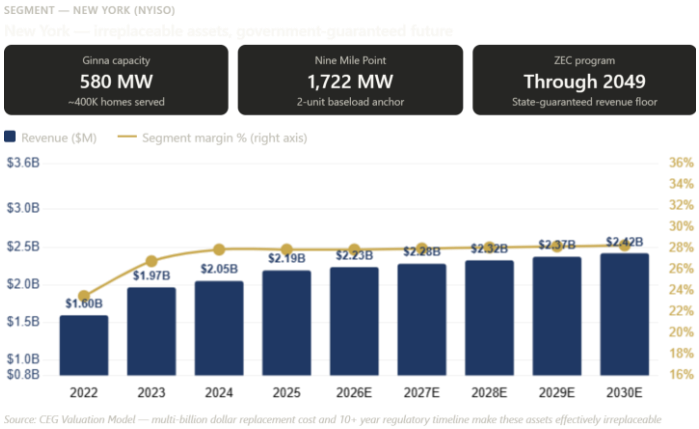
However, the key factor in the PJM segment is the transition towards high-margin, direct-to-customer nuclear power. The main example of this is the Crane Clean Energy Center (the restarted Three Mile Island Unit 1), which is now fully contracted to Microsoft. Under this co-location strategy, the power is wired straight into the data center rather than being sold to the public. By locking in these long-term, fixed-price contracts with large tech companies, Constellation is protecting its earnings from volatile price swings in the market. This allows CEG to maintain a competitive advantage over regional competitors that cannot replicate it because they lack carbon-free nuclear capacity.

Midwest

The Midwest segment, serving the ComEd territory in Illinois primarily, acts as a steady revenue stream for CEG. We project 2026 revenue of $5,920M, which is just a slight increase from 2025. This region is home to some of the most efficient nuclear power plants in the world, such as Braidwood and Byron. Constellation's strategy within this segment is focused on stability, since Illinois has aggressive carbon-free goals, and these plans receive credits from the state to ensure they remain profitable even in bearish markets. While other segments of the company are focused on new mergers & acquisitions, the Midwest segment is a high-margin division that generates reliable cash flow to fund the company's dividend growth and share buyback program.

New York

In New York, Constellation provides the "always-on" power the state needs to meet its mandates without relying on fossil fuels. We forecast 2026 revenue of $2,234 million. The core of this segment is built on two main assets, Ginna and Nine Mile Point.



These plants are effectively irreplaceable. Ginna is a single-reactor site that provides steady, carbon-free power for roughly 400,000 homes, while Nine Mile Point is a massive two-unit powerhouse that acts as the permanent foundation on which the entire New York grid is built.

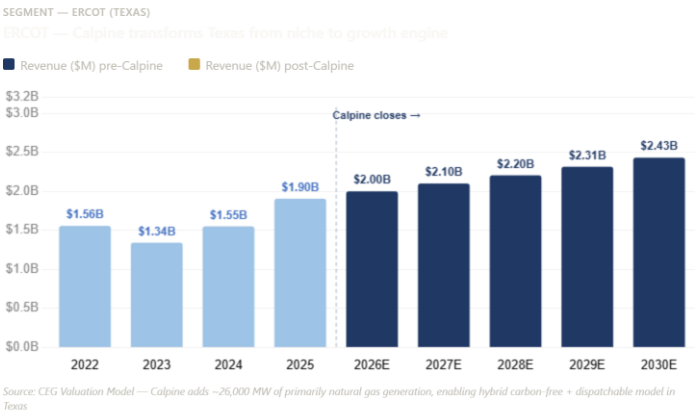
Because these plants were built decades ago, their construction costs are long since paid off, making them incredibly high-margin locations. The multi-billion-dollar costs and 10+ year regulatory hurdles to build these assets today make them irreplaceable for Constellation.

As New York retires its older gas and coal plants, a massive supply gap is opening, and Constellation is using its pricing power to fill that hole. Because wind and solar cannot guarantee 24/7 reliability, New York is willing to pay a

premium for Constellation's nuclear energy through Zero Emission Credits (ZECs). By 2030, we project this segment will hit $2,418 million in revenue. With the state recently extending the ZEC program through 2049, these assets have a government-guaranteed future as the primary clean-energy provider for New York.

Electric Reliability Council of Texas (ERCOT)

The Texas segment, regulated by the Electric Reliability Council of Texas (ERCOT), is where the Calpine merger completely changes things for Constellation. We forecast 2026 revenue to hit $1,999 million. By adding Calpine's flexible natural gas fleet to the mix, Constellation has transformed into a hedge against volatility. Texas is famous for massive price spikes when the wind stops blowing, or the sun goes down, and the grid cannot keep up with demand. Constellation can now use its gas plants to jump in and capture those high prices immediately.



We are modeling a significant increase in the total energy delivered to Texas as the company signs massive contracts with the tech companies and industrial centers moving to the state. By 2030, our project revenue will reach $2,430 million. Texas will transition from a small regional piece of revenue to a primary growth engine, using a hybrid model of gas and carbon-free energy to dominate the most unpredictable energy market in the country.

The Calpine acquisition is the primary driver of the step-up across both the ERCOT and Other Power Regions segments. Calpine contributes approximately $9,500 million in revenue in 2026 alone, split roughly 60% toward Other Power Regions including California and the Southeast and 40% toward the Mid-Atlantic and ERCOT markets, fundamentally repositioning Constellation from a pure nuclear operator into a diversified clean and gas power platform.

Other Power Regions (The West)

This segment benefits the most from the Calpine deal. It includes The Geysers in California, the world's largest geothermal complex. We expect 2026 revenue to reach $6,160 million, a significant increase that highlights Constellation's expanded presence in the West. Geothermal energy essentially baselines renewable power that is 100% clean, like wind, but it never turns off, just like nuclear energy.

The Geysers gives Constellation a meaningful foothold in California's clean energy market at a time when Silicon Valley's largest companies are aggressively seeking 24-7 carbon-free power. While California has no shortage of solar and wind development, those sources cannot guarantee round-the-clock reliability the way geothermal can, which positions Constellation as one of the few providers in the West capable of offering firm clean power under long-term contracts. By 2030, we expect this segment to hit $7,055 million in revenue as the reliability premium for carbon-free power continues to climb.

Other Business Activities

The Other Business Activities segment acts as the company's front door for customers. We project 2026 revenue of $4,501 million. While the profit margins on selling energy directly to retail customers are thinner than those in the generation segments, this division is where

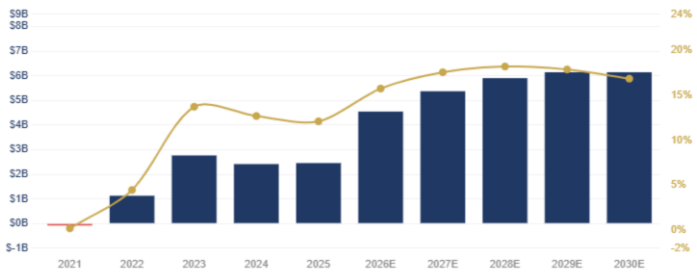
Constellation builds long-term relationships with Fortune 500 companies.

ROIC

ROIC is the right scorecard for Constellation because the nuclear business is inherently capital-intensive, and the returns on that capital base determine whether the growth story creates shareholder value or just generates revenue at suboptimal returns. For Constellation, the ROIC trajectory over the historical window is encouraging but nuanced, and understanding the moving pieces is important for evaluating the forward thesis.

Operating margins were essentially breakeven in 2021 at just 0.2% of revenue as the company dealt with volatile power prices and elevated operating costs post-spinoff from Exelon. By 2023, the picture had dramatically improved, with EBIT margins expanding to 13.7% as power prices recovered and the nuclear fleet ran at peak efficiency. In 2024 and 2025, margins held in the 12 to 13% range, supported by a strong energy sales environment. The NOPAT margin in 2025 came in at roughly 12.1%, reflecting both the underlying profitability of the nuclear fleet and the one-time drag of the PTC subsidy step-down.

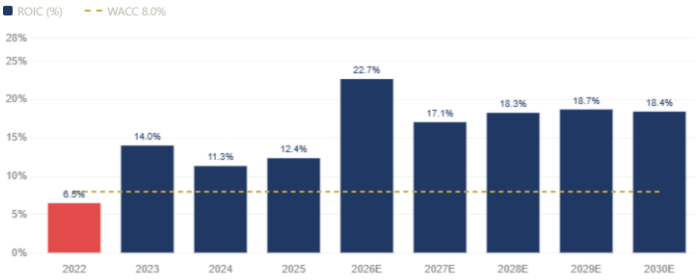
FIGURE 2
NOPLAT & EBIT margin expansion



Source: CEG Valuation Model

Looking ahead, the model projects NOPAT margins expanding meaningfully. The 2026 margin is forecast at 15.7% as Calpine consolidates and fixed costs are absorbed across a significantly larger revenue base, expanding further toward 18.2% by 2028 before moderating slightly in the outer years as capacity prices normalize. The CV year ROIC embedded in the model is 18.4%, which sits comfortably above the 8.0% WACC, confirming that growth is expected to create rather than destroy value over the forecast horizon. That spread between ROIC and WACC is the core reason this is a buy.

FIGURE 3
ROIC vs. WACC



Source: CEG Valuation Model

Invested capital as a percentage of revenue has been running between 78 and 88 cents per dollar of sales historically, reflecting the heavy nuclear plant base and the nuclear decommissioning trust funds that sit on the balance sheet. The Calpine acquisition significantly expands the asset base, with invested capital projected to step up in 2026 before the turnover ratio gradually improves as revenue scales faster than the capital base through the forecast period.

Invested Capital

Constellation's invested capital base is dominated by two things: the nuclear generation fleet and the nuclear decommissioning trust funds. These are not traditional working capital-heavy businesses, the way a homebuilder or retailer is. The capital here is long duration and largely fixed, which is exactly what creates the durable competitive moat, but also requires careful analysis of whether returns justify the deployment.

Net PPE is by far the largest component, running between $16.9 and $18.8 billion historically and projected to step up dramatically to $32.7 billion in 2026 as Calpine's natural gas fleet consolidates onto the balance sheet. This is the single biggest driver of the invested capital expansion in the model. From a turnover standpoint, the PPE ratio compresses significantly post-acquisition before recovering as revenue scales, which is the right sequence for a growth by acquisition story.

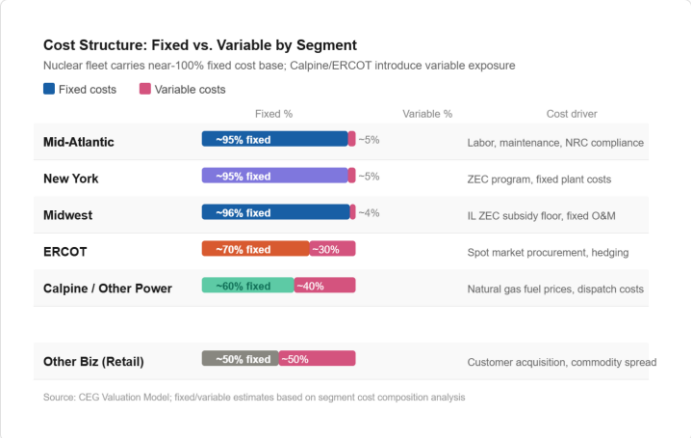
The nuclear decommissioning trust funds represent another major component of the asset base, sitting at $19.34 billion at the end of 2025 and projected to grow toward $24.68 billion by 2030 as the funds appreciate. These are non-operating assets that are excluded from

invested capital in the model but are treated as a non-operating adjustment in the DCF and add directly to equity value, which is an important nuance when interpreting the valuation output. The NDT balance of $20.30 billion in 2026 is explicitly added back in the bridge from operating asset value to equity value.

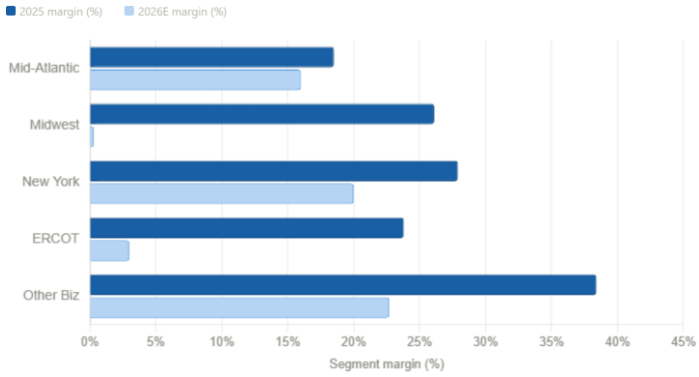
Working capital is a relatively minor part of the equation relative to the fixed asset base. Accounts receivable has run between 4.8 and 11.5% of revenue historically and are expected to normalize around 4.4% in the forecast period. Inventories, which primarily represent nuclear fuel, have been running between 6.4% and 7.6% of revenue historically, and are modeled at roughly 9.4% in 2026 and beyond as the Calpine natural gas fleet adds incremental fuel inventory to the balance sheet. Accounts payable and other current liabilities partially offset these on the liability side. The net working capital position is expected to improve meaningfully through the forecast as the Calpine integration matures.

Intangible capital is a modest piece of the story, with goodwill and intangibles running around 1.6 to 1.8% of revenue historically. The Calpine acquisition will add meaningful goodwill to the balance sheet, given the premium paid, and the model holds intangibles growing modestly through 2030 as that goodwill amortizes.

Cost Structure and Margins

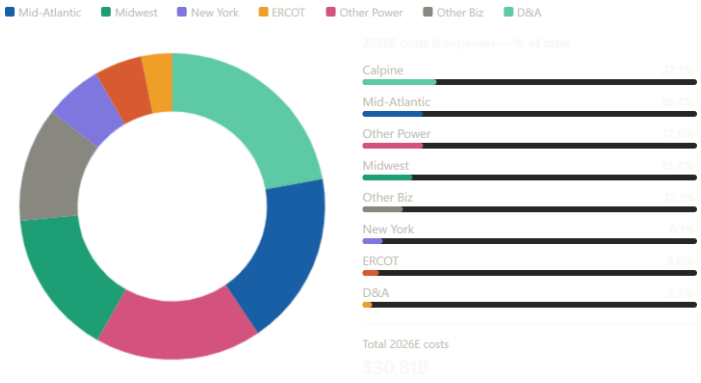


The cost structure is defined by high fixed costs and substantial operating leverage, which is common for heavy infrastructure energy producers. Major expense categories are regionally concentrated because the Mid-Atlantic and Midwest segments account for approximately 42% of total operating costs. These specific regions house most of the nuclear generation fleet. This fleet requires significant and consistent expenditures for specialized labor and safety maintenance as well as regulatory compliance, regardless of the volume of power generated.



Operating expenses are mostly fixed, particularly within the nuclear segment. Unlike fossil fuel-dependent peers, the nuclear fleet benefits from a low-cost fuel source such as uranium, which represents a small fraction of the total cost of goods sold. In contrast, the integration of the Calpine assets introduces a more variable cost component through its natural gas portfolio, where fuel expenses fluctuate with market commodity prices. However, the overall fleet remains heavily weighted toward fixed operations and maintenance as well as depreciation. This structure creates a high breakeven point, but once met it allows for significant profitability on every incremental dollar of revenue.

Constellation's cost structure is fundamentally different from most energy companies because the nuclear fleet carries a very high fixed cost base and a very low variable cost base. Once a nuclear plant is built and licensed, the marginal cost of generating an additional megawatt hour is extremely low, which creates powerful operating leverage when power prices rise and significant earnings sensitivity when they fall. The real story in the cost analysis is not input price volatility but rather how the Calpine acquisition reshapes the consolidated expense base starting in 2026.



Mid-Atlantic

The Mid-Atlantic segment is the most capital-intensive in the portfolio, given the size and age of the PJM nuclear fleet it supports. In 2025, segment expenses were $5.29 billion against $6.49 billion in revenue, implying a segment-level operating margin of roughly 18.5%. The cost base here is dominated by fixed nuclear plant operations, including labor, maintenance, fuel, and NRC regulatory compliance, none of which flex meaningfully with short-term changes in power prices or volumes. Looking ahead, the model projects Mid-Atlantic expenses stepping up to $7.06 billion in 2026 as Calpine's PJM assets consolidate, with costs growing in the high single-digit range annually through 2028 before moderating as integration synergies materialize. The segment margin compresses modestly in 2026 during the integration year before recovering toward 2027 and 2028 as the combined cost base is optimized.

Midwest

The Midwest segment has historically been one of the most efficiently run in the portfolio, benefiting from Illinois state nuclear support mechanisms that provide revenue floor pricing without a corresponding cost uplift. In 2025, Midwest expenses were $4.29 billion against $5.80 billion in revenue, implying a segment margin of roughly 26.1%. The cost structure here is similarly dominated by fixed nuclear operating costs with minimal variable exposure. Expenses are projected at $5.90 billion in 2026 and grow steadily through the forecast period toward $7.45 billion by 2030 as the asset base expands. The margin profile for this segment is expected to remain relatively stable, given the state subsidy floor on the revenue side and the predictability of the nuclear cost base.

New York

New York is the leanest segment in the portfolio from a cost efficiency standpoint. In 2025, expenses were $1.58 billion against $2.19 billion in revenue, producing a segment margin of approximately 27.9%. Like the Midwest, New York benefits from a zero-emission credit program that provides contractual revenue support, which insulates the margin from spot power price volatility. Expenses are projected at $2.33 billion in 2026 and scale toward $2.94 billion by 2030. The cost structure is almost entirely fixed, and the margin is expected to hold in the upper 20% range through the forecast period, making this one of the more predictable segments in the model.

ERCOT

ERCOT is the most volatile segment from both a revenue and cost perspective. The Texas power market has no capacity market, meaning revenues are entirely energy-price dependent, and in years with extreme weather events or grid stress, costs can spike significantly. In 2025, ERCOT expenses were $1.45 billion against $1.90 billion in revenue, implying a segment margin of roughly 23.8%. That margin is reasonable in a normal weather year, but it can swing dramatically. The model projects expenses at $1.94 billion in 2026, growing at approximately 5% annually in line with the revenue forecast, reaching $2.45 billion by 2030. The ERCOT cost structure carries more variable exposure than the regulated segments because of the direct spot market energy procurement and hedging costs, which is an important risk to flag.

Other Power Regions and Calpine

This is where the cost picture gets most interesting because the Calpine acquisition lands almost entirely in this segment. In 2025, Other Power Regions expenses were $6.17 billion against $5.58 billion in revenue, meaning the segment was already running at an operating loss before the acquisition. A meaningful portion of those 2025 expenses reflect legacy hedging and derivative positions that created mark-to-market cost volatility. Post-acquisition, the segment expense base expands dramatically to $6.78 billion in 2026 on the legacy Constellation side alone, before incorporating Calpine's roughly $8 to $9 billion in associated operating costs on top. The consolidated Other Power Regions cost structure going forward is a mix of the relatively fixed nuclear costs in the Southeast New England portion and the more

variable natural gas fuel and operations costs that Calpine brings. Management has guided toward meaningful cost synergies in fuel procurement, dispatch optimization, and corporate overhead over the 18 to 24 months following close, and those synergies are partially reflected in the improving margin trajectory embedded in the 2027 and 2028 forecast years.

Other Business Activities

The Other Business Activities segment, which represents the commercial and industrial retail energy business, has been consistently the most margin-compressed segment in the portfolio. In 2025, expenses were $2.69 billion against $4.37 billion in revenue, implying a segment margin of roughly 38.4%. This is a positive development from 2024, when expenses were $2.97 billion against $3.82 billion in revenue, as the segment has been benefiting from better contract pricing and improved retail margin capture. The model projects expenses stepping up to $4.65 billion in 2026 as the Calpine retail book more than doubles the customer load served, with costs scaling toward $5.87 billion by 2030. The retail margin per megawatt hour is assumed to hold around $4.50 to $4.75 through the forecast period, and any compression in that spread from competitive pressure would be a direct headwind to this segment's profitability.

Depreciation and Corporate Costs

Depreciation and amortization was $985 million in 2025 and steps up to $1.26 billion in 2026 and $2.19 billion in 2027 as Calpine's natural gas plant base consolidates and depreciation schedules reset post-acquisition. This is a non-cash charge that runs through EBIT but does not affect free cash flow, so the 2026 EBIT margin looks more conservative than the underlying cash generation of the business is. D&A normalizes toward $2.36 billion by 2030 as the asset base stabilizes. Total capex is $3.15 billion in 2026 declining to $2.97 billion by 2030, with the difference between capex and D&A in the near term reflecting genuine growth investment in the Crane restart and fleet maintenance.

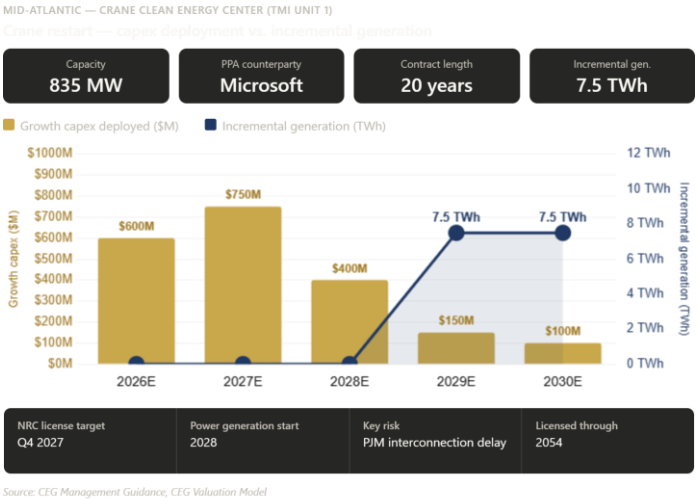
Recent Developments

The most significant development in the Constellation story is the pending acquisition of Calpine Corporation, which is expected to close in 2026 and will transform Constellation from the nation's largest nuclear operator into a diversified clean and gas power platform with over $36 billion in combined revenues. Calpine brings approximately 26,000 megawatts of primarily natural gas generation capacity, a large commercial and industrial retail customer book, and geographic diversification into California and the Southeast that Constellation's nuclear-heavy portfolio currently lacks. The acquisition price implies a significant premium, which is reflected in the step-up in long-term debt on the 2026 balance sheet and the elevated interest expense forecast for 2026 and beyond.

The restart of the Crane Clean Energy Center at Three Mile Island Unit 1 is the second major development embedded in the model. Constellation reached a landmark 20-year power purchase agreement with Microsoft in 2023 to restart the plant, and the Crane unit is expected to come back online in 2028, contributing approximately 7.5 TWh of new carbon-free generation beginning in 2029. This is one of the most visible examples of corporate clean energy demand directly financing nuclear restart investment, and it validates the broader thesis that hyperscaler demand is a structural and durable tailwind for Constellation's generation assets. Constellation also recently secured a significant data center and hyperscaler contracting pipeline beyond the Microsoft deal. The company has been the most aggressive major utility in targeting direct power purchase agreements with technology companies

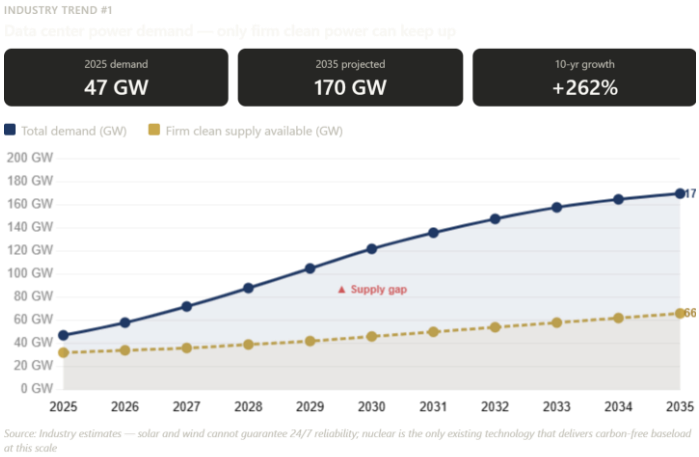
MARKETS AND COMPETITION

that need carbon-free, 24-7 baseload power to meet their sustainability commitments and reliability requirements.



Industry Trend #1

The primary trend shaping the energy sector in 2026 is the market's growing distinction between clean energy that is intermittent and clean energy that runs around the clock. For years, wind and solar dominated the energy transition conversation, but the explosive growth of AI infrastructure and large-scale data center campuses has fundamentally shifted the priority toward firm, dispatchable power that never goes offline. Nuclear plants are the only existing technology that can deliver carbon-free baseload power at the scale these hyperscalers require, which is why they are being treated as irreplaceable strategic assets rather than legacy infrastructure.



Between 2027 and 2030, this trend is expected to drive a meaningful valuation gap between intermittent clean producers and firm clean producers. Data center power demand is projected to grow from roughly 47 GW in 2025 to over 170 GW by 2035, and that demand cannot be met by solar farms that go dark at night or wind farms that depend on weather. We expect continued announcements around nuclear plant life extensions and restarts as both the federal government and major technology firms provide the capital commitments necessary to keep these assets running for another 40 to 60 years. The primary risk to this trend is regulatory. Nuclear license extensions require NRC approval on timelines that can slip, and any political shift away from federal nuclear support mechanisms could delay the investment cycle that the restart thesis depends on.

Industry Trend #2

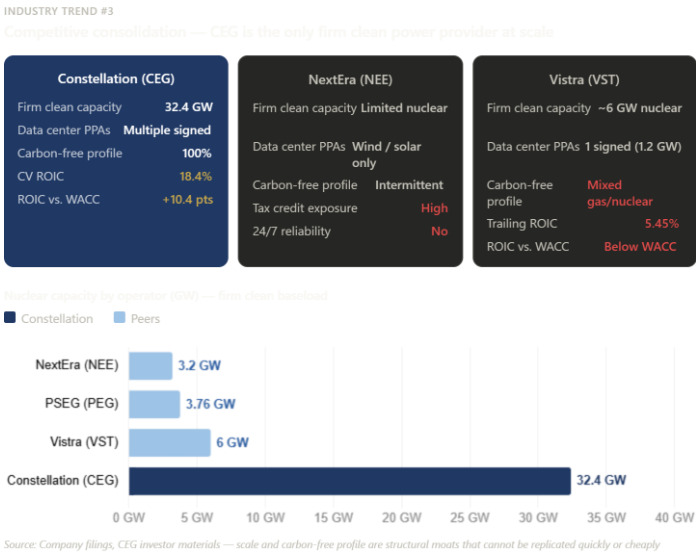
A structural constraint reshaping how power gets delivered is the age and saturation of the American transmission grid. In major load centers like the Mid-Atlantic and Texas, the interconnection queue for new projects has stretched to multi-year waiting periods, creating a physical bottleneck that no amount of new generation can easily solve. This constraint is forcing a fundamental change in how large energy users think about power procurement. Rather than waiting a decade for grid upgrades, hyperscalers and data center developers are increasingly building their facilities directly adjacent to generation assets and taking power through direct

interconnection agreements that bypass the congested public grid entirely.

By 2030, we expect behind-the-meter and co-location arrangements to become standard practice for new high-intensity computing projects. This shift allows power producers to sell directly to the end customer at a negotiated fixed price that is typically higher and more stable than the spot market would provide, converting what was a commodity pricing relationship into a long-term contracted one. Companies with existing generation assets in constrained markets like the Mid-Atlantic and ERCOT have a structural advantage here because they already own the sites where direct connections can physically happen. The risk is that co-location agreements face ongoing legal and regulatory scrutiny from state utility commissions and FERC over whether direct sales to co-located customers constitute a bypass of public utility obligations, and an adverse ruling could limit the commercial viability of this model in key markets.

Industry Trend #3

The competitive landscape for power generation has consolidated rapidly from a fragmented field of regional players into a market shaped by a handful of very large operators. Vistra and NextEra are the primary scale competitors, but they pursue fundamentally different strategies. NextEra is heavily weighted toward new wind and solar development, which makes it dependent on continued federal tax credit support and exposed to the intermittency problem that Trend 1 describes. Vistra operates a mix of nuclear and natural gas assets with meaningful merchant exposure. Constellation stands apart from both because it is the only company in the market that can offer large-scale carbon-free firm power from an existing fleet, which is exactly the product the largest buyers in the world are currently trying to secure under long-term contracts.



Importantly, the industry right now is not characterized by companies fighting over the same pool of customers. Every major generator is racing to find enough reliable capacity to satisfy demand that is growing faster than new supply can be built. That dynamic is inherently favorable for existing asset owners and specifically for nuclear operators whose plants cannot be replicated quickly or cheaply. The risk to this trend is that a faster-than-expected buildout of long-duration storage technology or advanced geothermal could eventually offer a competing firm a clean power product, reducing the scarcity premium that nuclear commands today. That scenario is unlikely within the 2030 forecast horizon, but is worth monitoring as a longer-term threat to the pricing power embedded in the thesis.

Economic Outlook

The macro backdrop for Constellation is more directly supportive of the thesis than almost any other company in the industrials or utilities space right now, and understanding why requires looking at three specific variables that feed directly into the model assumptions.

The most important is the trajectory of power demand growth tied to AI infrastructure buildout. Data center electricity consumption is projected to grow from roughly 47 GW in 2025 to over 170 GW by 2035, representing a

compound annual demand growth rate that the existing grid and generation fleet cannot satisfy without significant new supply coming from firm clean sources. This is not a cyclical demand story that reverses with GDP. It is a structural infrastructure buildout that technology companies are committing to through decade-long capital programs, regardless of the near-term economic environment. The hyperscaler capex commitments from Microsoft, Google, Amazon, and Meta have been explicitly maintained and, in most cases, increased through 2025 and into 2026, which provides direct visibility into the contracted revenue pipeline that underpins the model's revenue growth assumptions for the legacy Constellation fleet through 2030.

The second variable is the interest rate environment and its effect on both Constellation's cost of capital and its customers' willingness to commit to long-term power purchase agreements. Near-term consensus has the ten-year Treasury yield averaging around 4.20% over the next six months before declining toward 3.96% over a two-year horizon. For Constellation, this matters in two ways. First, the WACC of 8.00% embedded in the model is calibrated to this rate environment, and a sustained decline in the risk-free rate would be additive to the intrinsic value calculation by compressing the discount rate applied to the continuing value. Second, lower borrowing costs make it cheaper for hyperscalers to finance the data center construction that drives demand for Constellation's power, which supports the delivery timeline for contracted revenue. Unlike homebuilders like Lennar, where rate relief is the primary margin recovery catalyst, for Constellation, rate normalization is a secondary tailwind rather than a make-or-break assumption. The thesis works at current rates because the contracted revenue book already exists.

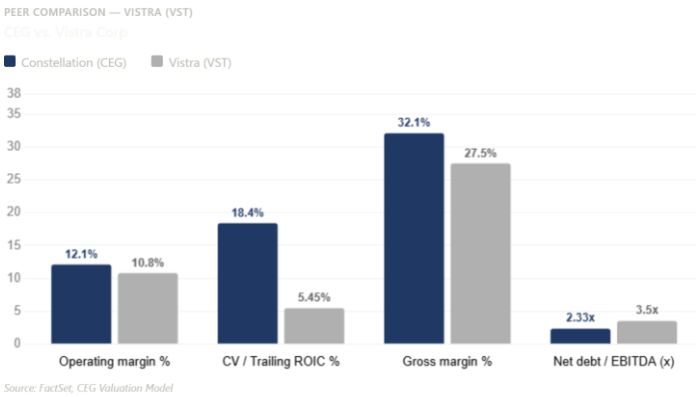
The third variable is broader economic growth and what it means for commercial and industrial electricity demand in the retail book. Real GDP growth is expected to remain in the 2 to 3% range through the forecast period, which is sufficient to support steady growth in the Other Business Activities segment, where Constellation sells directly to Fortune 500 corporate customers. The retail C&I book is not economically sensitive in the way a consumer discretionary business is because large corporate energy contracts are multi-year agreements that do not reprice with quarterly GDP fluctuations. The primary macro risk to the model is not a recession slowing retail electricity demand, but rather a sharp and sustained increase in interest rates beyond the current consensus that raises the cost of capital for hyperscaler data center projects and slows the pace of new contract signings beyond what is already committed. That scenario is not the base case, but it is worth monitoring as the single macro variable most capable of delaying the contracted revenue ramp the model depends on in 2027 and beyond.

Peer Comparisons

Understanding Constellation's competitive positioning requires looking at where it stands across the three dimensions that matter most in the current power market environment: pricing power, cost efficiency, and capital efficiency. The peer group tells a very clear story, and the data strongly supports why Constellation deserves a premium over every comparable company in the sector.

Vistra

Vistra is the most direct competitor and the most important comparison because they also operate a meaningful nuclear fleet after acquiring Energy Harbor in 2024. Vistra now operates the second-largest competitive nuclear fleet in the country and has been aggressive about securing long-term data center contracts, including a 20-year power purchase agreement with an investment-grade counterparty for 1,200 MW from its Comanche Peak Nuclear Plant. On the surface, that sounds like a close competitor to Constellation, but the underlying financials tell a different story.

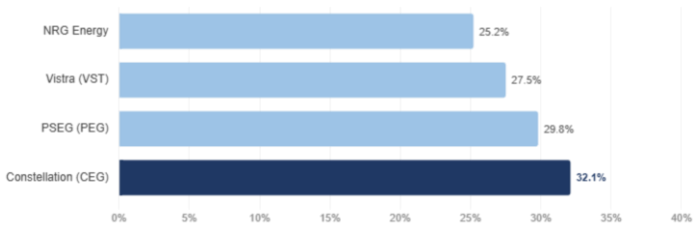


On pricing power, Vistra's mixed fossil and nuclear portfolio is a structural disadvantage. Hyperscalers committing to 100% carbon-free energy targets will not pay the same green premium for power that comes from

a fleet that still dispatches natural gas on peak demand days. Constellation's purely carbon-free nuclear output commands a scarcity premium that Vistra simply cannot replicate with its current asset mix. Vistra reported full-year 2025 net income of $944 million against ongoing operations adjusted EBITDA of $5.9 billion, but that EBITDA figure is heavily dependent on commodity hedge performance and natural gas price volatility in ways that Constellation's contracted nuclear fleet is not.

On cost efficiency, the gap is equally meaningful. Vistra's operating margin came in at 10.8% for fiscal year 2025, down 12.9 percentage points from the prior year, reflecting how exposed the natural gas-heavy portfolio is to commodity swings. Constellation's nuclear fleet operates with uranium fuel costs that represent a tiny fraction of total expenses, creating a structurally lower variable cost base that does not compress when natural gas prices spike. On capital efficiency, Vistra's ROIC sits at approximately 5.45% on a trailing basis, which is below its own cost of capital of 13.31%, meaning Vistra is currently destroying value on incremental growth. Constellation's model CV year ROIC of 18.4% against a WACC of 8.0% is not even in the same conversation.

FIGURE 8
Peers by gross margin %

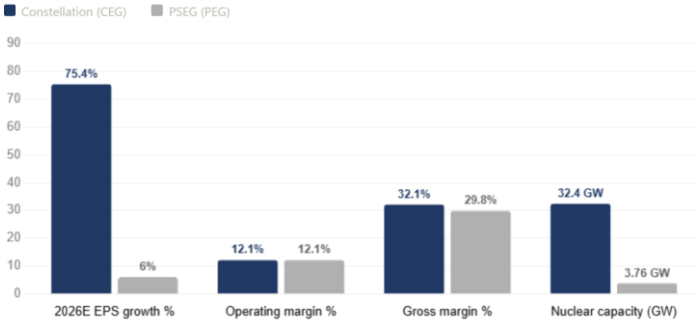


Source: FactSet, CEG Valuation Model

Public Service Enterprise Group

PSEG offers a different comparison because it is predominantly a regulated utility with a nuclear generation arm rather than a pure independent power producer. PSEG owns approximately 3,758 MW of carbon-free baseload nuclear capacity in New Jersey and Pennsylvania and benefits from nuclear PTC support mechanisms, but the regulated utility structure fundamentally caps its upside in a way that Constellation's unregulated fleet does not face.

PEER COMPARISON — PSEG (PEG)
CEG vs. Public Service Enterprise Group

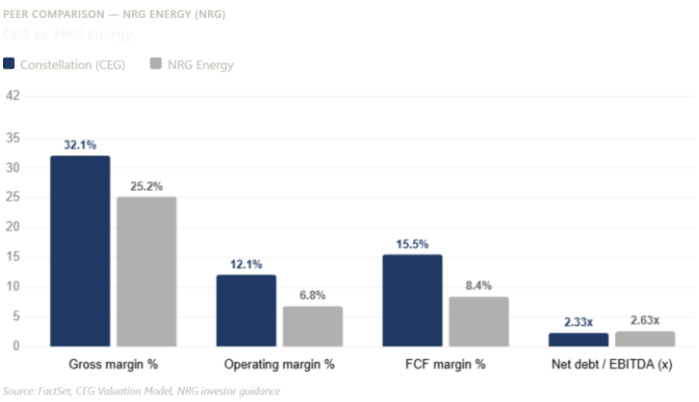


Source: FactSet, CEG Valuation Model, PSEG investor guidance

On pricing power, regulated utilities like PSEG are not price makers. State utility commissions determine the allowed rate of return on their distribution assets, which means PSEG cannot capture the full market value of the data center demand surge the way Constellation can through direct commercial and industrial contracts. PSEG has guided to 5% to 7% compound annual growth in non-GAAP operating earnings through 2029, which is a respectable regulated utility growth profile but nowhere near the earnings trajectory Constellation is executing. On capital efficiency, PSEG is running a $3.8 billion annual regulated capital spending program that earns a capped regulated rate of return. Every dollar Constellation spends on uprating an existing nuclear plant or restarting Crane generates incremental ROIC well above what any regulated investment can produce. The capital efficiency advantage here is structural and permanent, not cyclical.

NRG Energy

NRG is the weakest direct peer comparison because it is fundamentally a retail electricity business rather than a generation company with meaningful baseload assets. NRG competes by acquiring residential and small commercial customers at scale and managing commodity exposure through hedging, not by owning irreplaceable generation infrastructure. NRG has guided toward a net debt to adjusted EBITDA of 2.50x to 2.75x as a target leverage level, which reflects a retail business model that does not carry the long-duration contracted revenue that justifies higher leverage in a generation business like Constellation's.



On pricing power, NRG has no nuclear moat. It cannot offer a hyperscaler a 20-year carbon-free firm power agreement anchored by owned baseload assets because it does not own those assets at scale. NRG signed its first long-term data center power agreements in 2025, which is meaningful progress but illustrates how far behind Constellation it is in the contracted C&I and hyperscaler pipeline that represents the highest margin growth opportunity in the sector. On cost efficiency, the retail model is inherently margin-compressed because customer acquisition costs are real and ongoing, and customers can switch providers. There is no equivalent customer acquisition cost in Constellation's direct nuclear power purchase agreement model. On capital efficiency, NRG's ROIC is not competitive with Constellation's because the retail model requires continuous marketing spend and working capital to maintain customer counts rather than earning high returns on a fixed irreplaceable asset base.

VALUATION

Revenue and Growth Assumptions

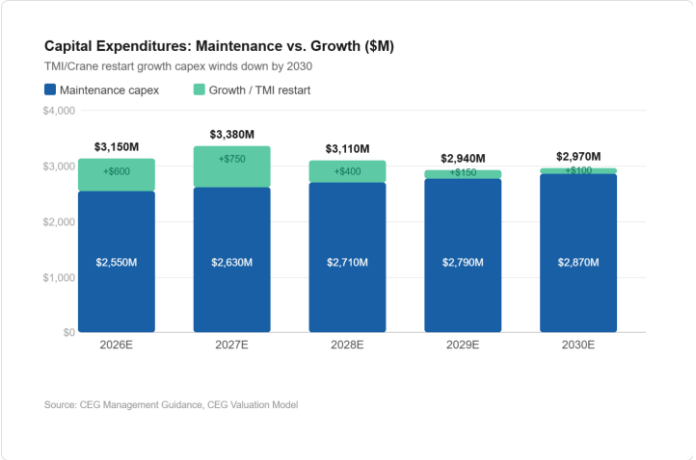
Top-line growth in the model is driven by two distinct engines. The first is the Calpine acquisition, which adds approximately $9.50 billion in revenue in 2026 and scales to $11.99 billion by 2030 at a 6% annual growth rate as the combined retail and generation book expands. The second is the organic growth of the legacy Constellation fleet, which grows from $25.53 billion in 2025 to $27.07 billion in 2026 and reaches $34.17 billion by 2030 as power prices gradually improve, the Crane restart contributes, and the retail C&I book continues to expand. Total revenue reaches $36.57 billion in 2026 and $46.16 billion by 2030. The federal PTC subsidies are not assumed to recur in any meaningful way through the forecast period, which is a conservative assumption that provides potential upside if the political environment becomes more favorable to nuclear support.

Operating Expenses and Profit Margins

Total costs and expenses are projected at $30.81 billion in 2026, stepping up from $22.45 billion in 2025 as Calpine consolidates. This produces an EBIT of $5.75 billion in 2026, implying a margin of roughly 15.7%, a significant expansion from the 12.1% posted in 2025. The margin expansion reflects both the operating leverage of adding $9.50 billion in Calpine revenue against a partially shared corporate cost base and the absence of the PTC headwind that weighed on 2025. EBIT is projected to continue expanding, reaching $7.47 billion in 2027 and peaking around $7.77 billion in 2029 before normalizing in 2030 as PJM capacity prices step down. Net income is projected at $4.17 billion in 2026 against $2.07 billion in 2025, with diluted EPS jumping from $6.58 in 2025 to $11.55 in 2026 and continuing to $16.37 by 2030 as share buybacks reduce the count from 361 million shares in 2026 to 319 million by 2030.

Capital Expenditures

Capex is modeled directly from management guidance. Maintenance capex is $2.55 billion in 2026, scaling to $2.87 billion by 2030 as the combined fleet grows. Growth capex tied to the Three Mile Island restart is $600 million in 2026, $750 million in 2027, $400 million in 2028, and $150 million in 2029 before essentially completing at $100 million in 2030.



Total capex of $3.15 billion in 2026 is the peak spending year relative to the operating cash flow the business generates, contributing to the negative free cash flow in 2026 of approximately negative $6.88 billion, driven by the acquisition financing. Free cash flow recovers sharply to $4.54 billion in 2027 and stabilizes in the $5.38 to $5.84 billion range through 2030 as the combined entity matures.

WACC

The model arrives at a WACC of 8.00%, blending the cost of equity and the after-tax cost of debt based on Constellation's target capital structure.

CV Growth of NOPLAT \ WACC	320.08	7.10%	7.40%	7.70%	8.00%	8.30%	8.60%	8.90%
	1.50%	344.64	330.23	317.22	305.42	294.67	284.84	275.81
	1.75%	351.46	336.12	322.32	309.86	298.55	288.24	278.80
	2.00%	358.95	342.55	327.87	314.68	302.74	291.90	282.00
	2.25%	367.22	349.60	333.93	319.91	307.28	295.84	285.45
	2.50%	376.38	357.38	340.57	325.61	312.20	300.11	289.17
	2.75%	386.59	365.99	347.89	331.86	317.57	304.75	293.18
	3.00%	398.05	375.58	355.98	338.73	323.44	309.80	297.54

Cost of Equity and Beta

The cost of equity is built from three inputs. The ten-year Treasury yield of 4.30% serves as the risk-free rate. The standard Henry Fund equity risk premium of 5.00% captures the expected excess return of equities over the risk-free rate. The beta of 0.871 reflects Constellation's regulated and contracted revenue profile, which dampens its sensitivity to broader market swings relative to a pure merchant power company. Nuclear generation under long-term power purchase agreements and state support mechanisms behaves more like a regulated utility than a commodity business, and a sub-one beta appropriately captures that stability. The resulting cost of equity is 8.655%.

Cost of Debt

The pre-tax cost of debt is modeled at 5.00%, reflecting the blended yield on Constellation's existing investment-grade bonds and the expected rate on the incremental debt raised to finance the Calpine acquisition. After applying the 21% marginal tax rate, the after-tax cost of debt provides the debt component of the WACC at a modest level given the leverage structure.

Discounted Cash Flow and Economic Profit

The models return an implied intrinsic value of $320.08, which represents a 14.5% implied upside to the current trading price of $279.46, and is the primary model used for the price range leading to the buy rating. The model uses a WACC of 8.00%, a CV year ROIC of 18.4%, and a long-term NOPLAT growth rate of 2.25%. Free cash flow turns sharply negative in 2026 at approximately negative $6.88 billion as the Calpine acquisition financing weighs on near term cash generation, but recovers strongly to $4.54 billion in 2027 and stabilizes in the $5.38 to $5.84 billion range through 2030 as the combined entity matures and the Crane restart contributes incremental generation.

Relative Valuation

The relative valuation model uses forward P/E multiples against a peer group of Vistra Corp at 16.9x 2026 earnings, Public Service Enterprise Group at 18.8x, NRG Energy at 17.0x, Dominion Energy at 17.3x, and AES Corp at 8.3x. Excluding AES as a clear outlier given its depressed near-term earnings, the peer group average forward P/E comes to approximately 15.7x on 2026 estimates and 13.8x on 2027 estimates. Applying those multiples to Constellation's EPS of $11.55 in 2026 and $12.52 in 2027 produces implied values of $180.94 on a 2026 basis and $173.20 on a 2027 basis. The relative valuation on a straight P/E basis shows Constellation trading at a premium to peers at 24.2x 2026 earnings, which is the right outcome given that its nuclear fleet, carbon-free profile, and data center contracting pipeline genuinely deserve a structural premium over gas-heavy or declining utilities. The DCF is the primary framework, and the relative valuation serves as a secondary check confirming that the intrinsic value target is grounded in a realistic earnings multiple context.

DDM

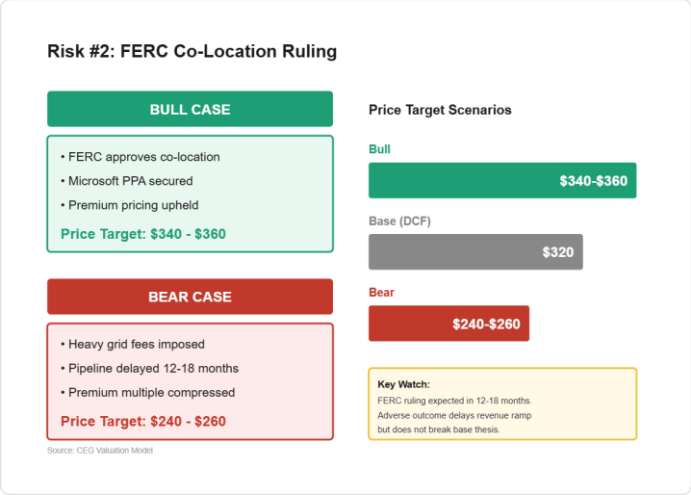
The DDM produces an implied price of $165.77 and receives minimal weighting in the final recommendation. Constellation is not a traditional utility that returns the majority of its earnings to shareholders through dividends, and applying a dividend discount model to a company in the middle of a transformational acquisition and a nuclear restart program fundamentally misrepresents how value is being created here. Dividends per share are projected at

just $1.48 in 2026 against EPS of $11.55, implying a payout ratio of roughly 13%. The other $10.07 of earnings per share is being deployed into the Calpine integration, the Crane restart, and share repurchases, all of which create compounding value that the DDM completely ignores. A model built around a $1.48 annual dividend tells you almost nothing about a company generating over $4 billion in net income and reinvesting aggressively into the highest return capital deployment opportunities in the power sector.

Risks

Regulatory and FERC Co-Location Risk

The single most important regulatory overhang for Constellation right now is the unresolved framework around behind-the-meter co-location in PJM. To understand why this matters, think of the power grid as a massive shared highway where every generator sends electricity onto the road and every customer pays a toll to use it. Constellation's co-location strategy allows data centers to plug directly into a nuclear plant before the power ever hits the public grid, effectively letting the tech company bypass the toll entirely while guaranteeing 100% carbon-free power with none of the transmission delays or losses that come with using the shared network. This is the commercial model behind the Microsoft deal and the broader hyperscaler contracting pipeline that underpins the revenue thesis.



The problem is that the regulatory rules governing this arrangement are still being written. FERC rejected an amended interconnection agreement between Talen Energy and Amazon that would have expanded power sales to a co-located AWS data center at the Susquehanna nuclear plant in Pennsylvania, after AEP Ohio and Exelon argued the arrangement would result in the data center using the grid without paying required fees and pushing costs onto other customers. Following that decision, Constellation characterized the rules on co-located load in PJM as being in complete limbo and filed its own complaint with FERC demanding clarity. FERC issued a co-location order in December 2025 providing guidance for how co-location arrangements within PJM should be structured, but the rulemaking process is not finished. The commission is expected to address remaining jurisdictional issues through an Advance Notice of Proposed Rulemaking directed by Secretary of Energy Chris Wright to ensure the timely and orderly interconnection of large loads, and the final rules are not expected to be settled imminently.

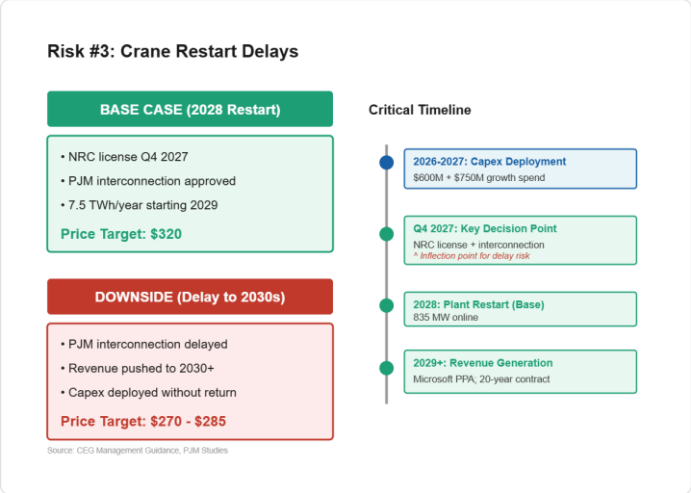
The bull case on FERC is straightforward. The consensus message from both Republican and Democratic commissioners when FERC issued its December order was that federal energy regulators do not want utilities and electricity market rules getting in the way of data centers connecting directly to power plants. If the final rulemaking framework allows co-location with reasonable cost allocation, Constellation's ability to offer premium direct-connect power purchase agreements to hyperscalers is legally cemented, and the revenue upside from that pipeline is fully realizable. The bear case is that a final rule imposes heavy grid fees on co-located loads that erode the financial advantage of the arrangement for tech buyers, making direct plant connections less attractive relative to traditional grid-delivered power purchase agreements. That scenario does not kill the thesis, but it compresses the pricing premium Constellation can extract from the hyperscaler segment and delays the contracted revenue ramp built into the forecast. This is the most important regulatory variable to monitor over the next twelve to eighteen months, and the outcome will directly determine how aggressively Constellation can execute on the hyperscaler contracting pipeline.

Crane Restart and PJM Interconnection Risk

The Crane Clean Energy Center restart at Three Mile Island Unit 1 is one of the most important growth capex items in

the model, contributing 7.5 TWh of incremental carbon-free generation beginning in 2029 under a 20-year Microsoft power purchase agreement. Constellation's plan expects NRC review and approval of a new operating license to take approximately two years, to receive a license by the fourth quarter of 2027, and to start power generation in 2028. Early workstreams have reportedly been ahead of schedule, but a new and more serious risk has emerged on the transmission side.

Constellation's CEO disclosed that PJM studies indicate the 835-MW nuclear plant's grid interconnection could be pushed into the 2030s due to transmission bottlenecks, which would directly conflict with the contractual commitment to supply Microsoft by end of 2027. Constellation has filed a waiver request at FERC seeking to connect Crane to the power grid without waiting for the completion of several transmission projects that have been delayed for years, and is specifically asking FERC to transfer capacity injection rights from its Eddystone generating station as a workaround to keep the restart on schedule. This is an active and unresolved situation.

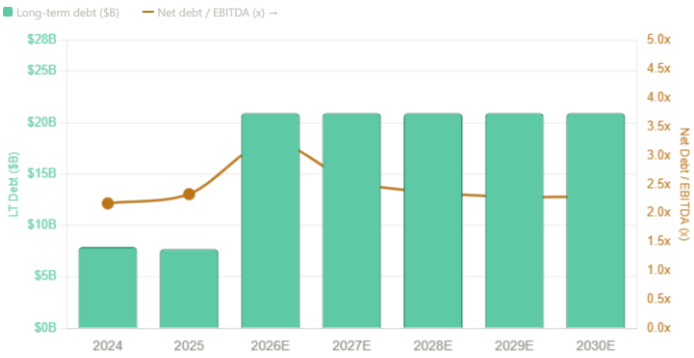


The downside scenario here is meaningful. If the interconnection approval is pushed materially beyond 2028, the 7.5 TWh of new generation embedded in the 2029 and 2030 forecast years does not arrive on schedule, the Microsoft contract timeline is at risk, and the $400 to $750 million in annual Crane restart growth capex in 2027 and 2028 is deployed without generating corresponding revenue within the forecast window. The model would need to be revised downward on both the revenue and FCF lines for those years. The upside scenario is that the FERC waiver is approved, Constellation transfers the Eddystone injection rights cleanly, the NRC license comes through in late 2027 as planned, and Crane restarts on time, generating the contracted revenue with Microsoft from 2028 forward. Constellation is looking to extend operations at the site to at least 2054, meaning this is not just a near-term revenue story but a 30-year asset that justifies significant near-term regulatory effort to protect.

This risk does not change the buy rating because the Calpine acquisition alone is sufficient to drive the earnings growth embedded in the 2026 and 2027 forecast years, and the Crane generation does not begin contributing until 2029. But it is the single most important execution risk to monitor closely, and any deterioration in the interconnection timeline should be reflected in a price target revision.

Financial Risks

The Calpine acquisition dramatically changes Constellation's balance sheet. Long-term debt steps up to approximately $20.91 billion in 2026 from $7.68 billion in 2025 as the acquisition financing closes. Interest expense is projected at $474.85 million in 2026 and scales toward $1.15 billion by 2027 and beyond as the full debt load is outstanding for the entire year. The leverage is manageable given the contracted revenue base and the NDT fund asset, but it does create sensitivity to refinancing risk on the same timeline as several near-term maturities. Free cash flow turns negative in 2026 at approximately negative $6.88 billion due to acquisition-related outflows before recovering sharply to $4.54 billion in 2027. A company running negative free cash flow in an acquisition year while simultaneously funding $3.15 billion in capex and $534 million in dividends is dependent on its liquidity position holding up. Constellation enters 2026 with over $3.7 billion in cash and strong access to capital markets given its investment-grade credit profile, but any deterioration in power prices or acquisition integration costs that exceed estimates would stress the near-term cash position more than the base case assumes.



Operating Risks

Nuclear plants are extraordinary assets, but they carry operating risks that almost no other power generation technology does. An unplanned outage at a major plant, particularly in the Mid-Atlantic or Midwest, where the capacity contribution is largest, can create an immediate and significant revenue shortfall with no ability to ramp up generation from another source to offset it. The fleet's 94% plus capacity factors have been remarkably consistent historically, but they are not guaranteed. A prolonged outage for an extended maintenance issue or a safety-related shutdown ordered by the NRC would flow directly to the bottom line with very little variable cost offset because most of the plant's expenses are fixed regardless of whether it is generating power. This is the operating leverage risk in its clearest form for a nuclear operator.

Geopolitical and Policy Risks

The Production Tax Credit and Zero Emission Credit programs provide meaningful revenue support to the nuclear fleet that the model conservatively does not assume to continue in perpetuity. However, the near-term expiration or modification of these programs under a shifting political environment in Washington would still represent a risk to near-term earnings if it happened ahead of the model's assumed wind-down schedule. Any administration decision to redirect clean energy incentives away from nuclear and toward other technologies, or to cap the federal PTC benefit before the assumed expiration, would reduce the earnings floor the model assumes for the legacy fleet. This is a risk that is largely outside of Constellation's control and is worth monitoring, though the current bipartisan political consensus around nuclear energy as a national security and energy independence asset meaningfully reduces the probability of adverse near-term policy action compared to prior years.

Taken together, these risks are real, but they do not undermine the fundamental buy thesis. The Crane interconnection timeline and the FERC co-location rulemaking are the two most important variables to watch because they directly determine the size and timing of the premium revenue streams that separate the bull case from the base case. The base case alone, anchored by the Calpine acquisition and the legacy nuclear fleet, already supports a $320 price target. The upside from co-location and a timely Crane restart is incremental to that. This is not a thesis that requires everything to go right. It requires the core business to keep performing, and the data says it will.

KEYS TO MONITOR

The buy thesis on Constellation is durable, but it is not unconditional. There are specific variables that should be monitored closely and specific thresholds that would warrant revisiting the $320 price target.

On the bull side, the most important catalyst to watch is the FERC co-location rulemaking. If the final framework explicitly permits behind-the-meter arrangements with reasonable cost allocation, Constellation's ability to price premium direct-connect contracts with hyperscalers is legally cemented, and the contracted revenue ramp in 2027 and beyond accelerates. A favorable ruling could justify moving the price target meaningfully higher as the market reprices the contracted pipeline at a premium multiple. The second catalyst is the Crane restart progress. Any announcement confirming the FERC Eddystone waiver approval or an accelerated NRC licensing timeline would directly de-risk the 2029 and 2030 revenue assumptions and should be treated as a positive signal for the thesis.

On the bear side, the Crane interconnection timeline is the single variable most capable of forcing a price target revision downward. If PJM studies continue to push the interconnection approval toward the early 2030s and Constellation cannot secure the FERC workaround, the model needs to be revised on both revenue and free cash

flow for 2029 and 2030, and the $320 target would likely compress toward the $270 to $285 range, depending on the magnitude of the delay. The second variable to watch is PJM capacity prices. The model assumes $333 per MW-day through 2027 before stepping down toward $180 by 2030. If capacity prices deteriorate faster than modeled, Mid-Atlantic and Midwest segment margins compress ahead of schedule, and the EBIT expansion story for 2027 and 2028 gets challenged. A sustained capacity price below $250 per MW-day would be the threshold at which the earnings trajectory in the outer forecast years looks materially different from what the current model assumes. Finally, any adverse FERC ruling on co-location that imposes heavy grid fees on direct data center connections should be treated as a signal to reassess the premium multiple the stock deserves relative to regulated utility peers.

REFERENCES

1. Constellation Energy Corporation. Form 10-K for the fiscal year ended December 31, 2025. Filed with the Securities and Exchange Commission.
2. Constellation Energy Corporation. Form 10-Q for the quarterly period ended September 30, 2025. Filed with the Securities and Exchange Commission.
3. U.S. Energy Information Administration. "Electric Power Monthly - Capacity Factors by Energy Source." February 2026. https://www.eia.gov
4. Federal Energy Regulatory Commission. "Order on Co-Location Arrangements in PJM Interconnection." December 2025. https://www.ferc.gov
5. S&P Global Market Intelligence. "PJM Capacity Market Auction Results and Forward Projections." March 2026. https://www.spglobal.com/marketintelligence
6. Goldman Sachs Equity Research. "U.S. Data Center Power Demand Forecast 2025-2035." January 2026.
7. Bloomberg Intelligence. "U.S. Utilities Sector Analysis: Nuclear Renaissance and Hyperscaler Demand." February 2026. Bloomberg Terminal.
8. Evercore ISI Research. "Constellation Energy: Outperform Rating with $380 Price Target." April 2026. https://www.gurufocus.com/news/8813948
9. FactSet Research Systems. "S&P 500 Earnings Insight: Q1 2026 Utilities Sector Profit Margins." April 2026. https://www.factset.com/earningsinsight
10. GuruFocus. "CEG Forward PE Ratio vs. Utilities - Independent Power Producers Industry." April 2026. https://www.gurufocus.com/term/forward-pe-ratio/CEG
11. Damodaran, Aswath. "Margins by Sector (U.S.)." NYU Stern School of Business. January 2026. https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html
12. American Economic Liberties Project. "Paying for Their Profits: How Ratepayers Foot the Bill for Soaring Utility Profits." March 2026. https://energyandpolicy.org/utility-profit-report/
13. Gabelli Funds. "Utilities – U.S. Powering the Future Capital Investment Super-Cycle: EPS CAGRs to Rise?" July 2025. https://gabelli.com/research/

Page 1:

- **Comparative Metrics Chart** (P/E, ROE, Profit Margin: CEG vs. Industry vs. Sector)
    - Data Source: FactSet, GuruFocus, CEG 10-K, Damodaran (NYU Stern)

Page 2:

- **Figure 1: 2026E Revenue by Segment** (Donut chart)
    - Data Source: CEG Valuation Model, CEG 10-K
- **Figure 2: Revenue Projections 2022-2030E** (Stacked bar chart showing Legacy CEG vs. Calpine Acquisition)

- Data Source: CEG Valuation Model, Management Guidance

Page 3:

- **Segment Chart: Mid-Atlantic (PJM)** - Revenue trends 2022-2030E
  - Data Source: CEG Valuation Model
- **Segment Chart: Midwest (ComEd / Illinois)** - Revenue trends 2022-2030E
  - Data Source: CEG Valuation Model
- **Segment Chart: New York (NYISO)** - Asset capacity and revenue trends
  - Data Source: CEG Valuation Model, CEG 10-K

Page 4:

- **Segment Chart: ERCOT (Texas)** - Pre/Post Calpine revenue comparison
  - Data Source: CEG Valuation Model
- **Segment Chart: Other Power Regions (West / Southeast)** - Calpine impact on revenue
  - Data Source: CEG Valuation Model

Page 5:

- **Figure 3: ROIC vs. WACC** (2022-2030E)
  - Data Source: CEG Valuation Model

Page 6:

- **2026E COGS by Segment** (Donut chart)
  - Data Source: CEG Valuation Model
- **Cost Structure: Fixed vs. Variable by Segment** (Horizontal bar chart)
  - Data Source: CEG Valuation Model, CEG 10-K segment disclosures
- **Segment Margin %** (2026E chart showing COGS margins and segment margins)
  - Data Source: CEG Valuation Model

Page 7:

- **2026E COGS Breakdown** (Donut chart with segment detail)
  - Data Source: CEG Valuation Model

Page 9:

- **Industry Trend #1: Data Center Power Demand Growth** (2025-2035 projection chart)
  - Data Source: Goldman Sachs Equity Research, U.S. EIA
- **Mid-Atlantic – Crane Clean Energy Center (TMI Unit 1)** - Capacity, timeline, generation projection
  - Data Source: CEG Management Guidance, Microsoft PPA Agreement

Page 10:

- **Industry Trend #2: Traditional Grid vs. Co-Location** (Behind-the-meter revenue comparison chart)
  - Data Source: FERC Order Analysis, CEG Management Commentary
- **Industry Trend #3: Competitive Landscape** - CEG vs. NextEra vs. Vistra capacity and strategy comparison
  - Data Source: Bloomberg Intelligence, Company 10-Ks

Page 11:

- **Peer Comparison: Vistra (VST)** - Operating margin, ROIC, Gross margin, Net debt/EBITDA
  - Data Source: Vistra 10-K, FactSet

Page 12:

- **Peer Comparison: PSEG (PEG)** - EPS growth, Operating margin, Gross margin, Nuclear capacity
    - Data Source: PSEG 10-K, FactSet
- **Peer Comparison: NRG Energy (NRG)** - Gross margin, Operating margin, FCF margin, Net debt/EBITDA
    - Data Source: NRG 10-K, FactSet
- **Peer Comparison Summary Chart** - Gross margin % across all peers
    - Data Source: FactSet, Company 10-Ks

Page 13:

- **Capital Expenditures: Maintenance vs. Growth (TMI Restart)** (2026E-2030E stacked bar chart)
    - Data Source: CEG Management Guidance, CEG Valuation Model

Page 15:

- **Risk #2: FERC Co-Location Ruling** - Bull Case vs. Base Case vs. Bear Case scenarios with price targets
    - Data Source: FERC December 2025 Order, Analyst estimates

Page 16:

- **Risk #3: Crane Restart Delays** - Timeline visual with base case (2028 restart) vs. downside case (2030s delay)
    - Data Source: CEG Management Commentary, PJM Interconnection Studies
- **Long-term Debt / EBITDA** (2024-2030E trend chart)
    - Data Source: CEG Valuation Model

DISCLAIMER

Constellation Energy Corporation

Key Assumptions of Valuation Model

Ticker Symbol	CEG
Current Share Price	$279.46
Current Model Date	4/1/2026
FY End (month/day)	Dec. 31
Last FYE Date	12/31/2024
Next FYE Date	12/31/2025
Pre-Tax Cost of Debt	5.00%
Beta	0.87
Risk-Free Rate	4.30%
Equity Risk Premium	5.00%
CV Growth of NOPLAT	2.25%
CV Growth of EPS	2.25%
Current Dividend Yield	0.58%
Forecasted Marginal Tax Rate	21.00%
Forecasted Effective Tax Rate	24.50%
Cost of Equity	8.66%
WACC	8.00%
Normal Cash Estimate (% sales)	2.00%

Constellation Energy C

Sensitivity Tables

CV Growth of NOPLAT	320.08
	1.50%
	1.75%
	2.00%
	2.25%
	2.50%
	2.75%
	3.00%

Beta	320.08
	0.72
	0.77
	0.82
	0.87
	0.92
	0.97
	1.02

Corporation

WACC

7.10%	7.40%	7.70%	8.00%	8.30%	8.60%	8.90%
344.64	330.23	317.22	305.42	294.67	284.84	275.81
351.46	336.12	322.32	309.86	298.55	288.24	278.80
358.95	342.55	327.87	314.68	302.74	291.90	282.00
367.22	349.60	333.93	319.91	307.28	295.84	285.45
376.38	357.38	340.57	325.61	312.20	300.11	289.17
386.59	365.99	347.89	331.86	317.57	304.75	293.18
398.05	375.58	355.98	338.73	323.44	309.80	297.54

Cost of Equity

7.16%	7.66%	8.16%	8.66%	9.16%	9.66%	10.16%
348.28	350.32	352.36	354.41	356.46	358.51	360.57
336.14	338.12	340.09	342.07	344.04	346.02	348.01
325.01	326.91	328.82	330.73	332.64	334.56	336.48
314.75	316.60	318.44	320.29	322.15	324.00	325.86
305.27	307.06	308.85	310.65	312.44	314.24	316.04
296.49	298.23	299.97	301.71	303.45	305.20	306.95
288.32	290.01	291.71	293.40	295.10	296.80	298.50

Constellation Energy Corporation

Revenue Decomposition

Fiscal Years Ending Dec. 31	2022	2023	2024	2025	2026E
I. Operating Volumes (TWh)					
Nuclear Generation	173.3	174.0	181.7	182.7	182.7
Retail Load Served	143	143	144	147	207
Wholesale Load Served	65	62	58	57	56
II. Government Assistance ($M)					
Gross Federal PTC Revenue	$0	$0	$2,080	$320	$0
Less: State Credit Refunds	$0	$0	($50)	($125)	$0
Net Nuclear Subsidies	$1,150	$1,280	$2,030	$195	$0
III. Revenue Pillars ($M)					
1. Energy & Capacity Sales	$18,534	$17,734	$17,403	$21,773	$22,025
2. Net Subsidies (Pillar II)	$1,150	$1,280	$2,030	$195	$0
3. Other Business Activities	$4,967	$4,502	$3,819	$4,370	$4,501
Total Adjusted Revenue	$24,651	$23,516	$23,252	$26,338	$26,526
IV. Segment Reporting ($M)					
Mid-Atlantic (PJM)	$5,159	$5,188	$5,522	$6,487	$6,577
		0.56%	6.44%	17.48%	1.39%
Midwest (ComEd)	$4,657	$4,655	$4,805	$5,804	$5,920
		-0.04%	3.22%	20.79%	2.00%
New York (NYISO)	$1,596	$1,966	$2,050	$2,190	$2,234
		23.18%	4.27%	6.83%	2.00%
ERCOT (Texas)	$1,556	$1,341	$1,550	$1,904	$1,999
		-13.82%	15.59%	22.84%	5.00%
Other Power Regions	$6,716	$5,864	$5,506	$5,583	$6,160
		-12.69%	-6.11%	1.40%	10.33%
Other	($211)	$2,179	$4,135	$3,565	$3,636
		-1132.70%	89.77%	-13.78%	2.00%
Calpine					$9,500
Total Revenue	$24,440	$24,918	$23,568	$25,534	$36,565
		1.96%	-5.42%	8.34%	43.20%

2027E	2028E	2029E	2030E
182.7	182.7	190.2	190.2
211	214	218	222
55	54	53	52
$0	$0	$0	$0
$0	$0	$0	$0
$0	$0	$0	$0
$22,996	$24,017	$24,283	$23,807
$0	$0	$0	$0
$4,636	$4,775	$4,918	$5,066
$27,633	$28,792	$29,201	$28,873
$6,709	$6,843	$7,109	$6,625
2.00%	2.00%	3.88%	-6.80%
$6,038	$6,159	$6,282	$6,408
2.00%	2.00%	2.00%	2.00%
$2,278	$2,324	$2,371	$2,418
2.00%	2.00%	2.00%	2.00%
$2,099	$2,204	$2,314	$2,430
5.00%	5.00%	5.00%	5.00%
$6,799	$7,479	$7,266	$7,055
10.37%	10.00%	-2.84%	-2.91%
$3,709	$3,783	$3,859	$3,936
2.00%	2.00%	2.00%	2.00%
$10,070	$10,674	$11,315	$11,993
6.00%	6.00%	6.01%	5.99%
$38,759	$41,084	$43,550	$46,162
6.00%	6.00%	6.00%	6.00%

Constellation Energy Corporation

Income Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Revenue	$17,539	$19,647	$22,444	$24,918	$23,568	$25,533	$36,565	$38,759	$41,084	$43,550	$46,162
Mid-Atlantic	$4,120	$4,435	$5,397	$5,138	$5,522	$6,487	$6,577	$6,709	$6,843	$7,109	$6,625
Midwest	$4,015	$4,242	$5,673	$4,658	$4,805	$5,804	$5,920	$6,038	$6,159	$6,282	$6,408
New York	$1,990	$2,185	$2,583	$2,021	$2,050	$2,190	$2,234	$2,278	$2,324	$2,371	$2,418
ERCOT	$1,585	$2,074	$1,809	$1,346	$1,550	$1,904	$1,999	$2,099	$2,204	$2,314	$2,430
Other Power Regions	$2,244	$2,168	$3,656	$5,851	$5,506	$5,583	$6,160	$6,799	$7,479	$7,266	$7,055
Other Business Activities	$3,950	$4,858	$4,394	$4,502	$3,819	$4,370	$4,501	$4,636	$4,775	$4,918	$5,066
Unrealized Mark to Market	($365)	($315)	($1,068)	$1,402	$316	($805)	($326)	$129	$626	$1,974	$4,166
Total Operating Revenue	$17,539	$19,647	$22,444	$24,918	$23,568	$25,533	$27,065	$28,689	$30,410	$32,235	$34,169
Costs and Expenses											
Mid-Atlantic	$3,610	$3,850	$4,815	$4,401	$4,600	$5,287	$7,055	$7,179	$7,502	$8,153	$8,757
Midwest	$3,450	$3,585	$4,822	$3,744	$3,908	$4,290	$5,900	$6,254	$6,629	$7,027	$7,449
New York	$1,680	$1,810	$2,066	$1,555	$1,570	$1,577	$2,325	$2,465	$2,613	$2,770	$2,936
ERCOT	$1,425	$2,980	$1,628	$1,223	$1,262	$1,445	$1,941	$2,057	$2,180	$2,311	$2,450
Other Power Regions	$2,110	$2,015	$3,327	$5,463	$5,126	$6,170	$6,784	$6,891	$7,197	$8,079	$8,564
Other Business Activities	$3,415	$4,250	$3,735	$3,745	$2,965	$2,693	$4,651	$4,930	$5,225	$5,114	$5,871
Depreciation & Amortization	$1,155	$1,118	$1,051	$1,371	$1,148	$985	$1,258	$2,187	$2,267	$2,323	$2,365
Total Costs And Expenses	$16,845	$19,608	$21,444	$21,502	$20,579	$22,447	$30,814	$31,962	$33,614	$35,778	$38,392
Operating Income (EBIT)	$694	$39	$1,000	$3,416	$2,989	$3,086	$5,751	$6,797	$7,470	$7,772	$7,770
Interest Expense, net	$295	$310	$395	$420	$452	$485	$475	$1,139	$1,143	$1,148	$1,153
Other Income (Expense)	($120)	$625	($145)	($25)	$16	$0	$0	$0	$0	$0	$0
Income Before Taxes	$279	$354	$460	$2,971	$2,553	$2,601	$5,277	$5,658	$6,326	$6,624	$6,618
Income Tax Expense	$145	$185	($240)	$560	$485	$531	$1,108	$1,188	$1,329	$1,391	$1,390
Net Income	$134	$169	$700	$2,411	$2,068	$2,070	$4,169	$4,470	$4,998	$5,233	$5,228
Basic Shares Outstanding	327.1	327.1	329	324	315	314	361.2	356.2	343.7	331.2	318.7
Diluted Shares Outstanding	327.1	327.1	329.5	324.7	315.8	314.5	361	356.9	344.4	331.9	319.4
Basic EPS	$0.41	$0.52	$2.13	$7.44	$6.57	$6.59	$11.54	$12.55	$14.54	$15.80	$16.40
Diluted EPS	$0.41	$0.52	$2.12	$7.43	$6.55	$6.58	$11.55	$12.52	$14.51	$15.77	$16.37
Total Dividends Paid				$366	$444	$486	$534.6	$588.1	$646.9	$711.6	$782.7
Dividends Per Share				1.13	1.41	1.55	1.48	1.65	1.88	2.15	2.46

Constellation Energy Corporation

Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Assets									
Current Assets									
Cash and Cash Equivalents	$653	$569	$3,129	$3,748	$21,366.43	$23,853.54	$25,676.94	$27,727.39	$29,885.37
Accounts Recievable, net	$2,580	$1,930	$3,718	$4,266	$5,938.78	$6,295.12	$6,672.74	$7,073.26	$7,497.50
Inventories	$1,390	$1,500	$1,600	$1,736	$2,389.85	$2,533.24	$2,685.20	$2,846.38	$3,017.10
Derivative & Other Current Assets	$4,011	$3,985	$2,329	$2,369	$2,369	$2,369	$2,369	$2,369	$2,369
Total Current Assets	$8,634	$7,984	$10,776	$12,119	$32,064	$35,051	$37,404	$40,016	$42,769
Property, Plant and Equipment, net nuclear fuel	$16,265	$16,915	$17,788	$18,798	$32,690	$33,883	$34,726	$35,343	$35,949
Nuclear Fuel, net	$3,025	$3,115	$3,447	$3,676	$3,749.52	$3,824.51	$3,901.00	$4,179.02	$4,262.60
NDT Funds	$15,100	$16,400	$17,305	$19,336	$20,302.80	$21,317.94	$22,383.84	$23,503.03	$24,678.18
Reg Assets & Other (LT)	$3,350	$3,212	$2,818	$2,450	$2,401.00	$2,352.98	$2,305.92	$2,259.80	$2,214.61
Goodwill	$420	$420	$420	$420	$420	$420	$420	$420	$420
Long-Term Derivatives	$450	$399	$372	$450	$450	$450	$450	$450	$450
Total Assets	$47,244	$48,445	$52,926	$57,249	$92,078	$97,300	$101,591	$106,171	$110,743
Liabilities & Equity									
Current Liabilities									
Accounts Payable	$2,390	$2,860	$2,369	$2,813	$3,966.88	$4,204.90	$4,457.14	$4,724.67	$5,008.04
Short Term Debt	$1,220	$1,369	$1,100	$1,814	$1,866.83	$1,954.04	$2,046.46	$2,144.48	$2,248.30
Other Current Liabilities	$4,500	$3,351	$3,377	$3,317	$4,968.93	$5,267.08	$5,583.03	$5,918.14	$6,273.09
Total Current Liabilities	$8,110	$7,580	$6,846	$7,944	$10,803	$11,426	$12,087	$12,787	$13,529
Long Term Liabilities									
Long-Term Debt	$4,510	$7,580	$7,895	$7,683	$20,911.94	$20,911.94	$20,911.94	$20,911.94	$20,911.94
Provision for Risks & Charges	$14,300	$14,800	$14,324	$15,170	$15,928.50	$16,724.93	$17,561.17	$18,439.23	$19,361.19
Deferred Tax Liabilities	$3,703	$3,443	$3,331	$3,544	$4,761.56	$5,284.33	$5,868.88	$6,480.92	$7,092.38
Other Liabilities	$4,881	$4,092	$6,991	$8,055	$10,286.65	$10,684.49	$11,043.53	$11,411.50	$11,762.67
Total Liabilities	$35,504	$37,495	$39,387	$42,396	$62,691	$65,032	$67,472	$70,031	$72,658
Total Shareholder's Equity	11,400	10,600	13,166	14,517	$29,050.44	$31,931.93	$33,782.91	$35,804.12	$37,749.31
Noncontrolling Interests	$340	$350	$373	$336	$336	$336	$336	$336	$336
Total Liabilities and Equity	$47,244	$48,445	$52,926	$57,249	$92,078	$97,300	$101,591	$106,171	$110,743

Constellation Energy Corporation

Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2018	2019	2020	2021
Operating Activies				
Net Income	443	1,217	579	-83
Depreciation & Amortization	3,415	3,063	3,636	4,540
Deferred Taxes	-451	361	78	-205
Funds from Operations	4,317	4,256	3,946	2,997
Changes in Working Capital	-456	-1,383	-3,362	-4,335
Net Operating Cash Flow	3,861	2,873	584	-1,338
Investing Activities				
Capital Expenditures	-2,242	-1,845	-1,747	-1,329
Purchase/Sale of Investments	-235	-36	-123	-141
Sale of Fixed Assets & Businesses	90	52	46	878
Net Assets from Acquisitions	-154	-41	0	0
Other Funds	10	3	3,782	3,874
Net Investing Cash Flow	-2,531	-1,867	1,958	3,282
Financing Activities				
Cash Dividends Paid	-1,001.0	-899.0	-1,734.0	-1,832.0
Change in Capital Stock	155.0	41.0	64.0	64.0
Issuance/Reduction of Debt, Net	-126.0	-451.0	-1,209.0	1,289.0
Other Funds	-9.0	-151.0	215.0	-1,216.0
Net Financing Cash Flow	-981.0	-1,460.0	-2,664.0	-1,695.0
Net Change in Cash	349.0	-454.0	-122.0	249.0
Free Cash Flow	1,619	1,028	-1,163	-2,667

2022	2023	2024	2025
-167	1,577	3,738	2,323
2,427	2,514	2,700	2,601
-643	251	222	273
3,658	4,573	4,869	5,190
-6,011	-9,874	-7,333	-953
-2,353	-5,301	-2,464	4,237
-1,689	-2,422	-2,565	-2,949
-221	-228	-277	-338
52	24	0	0
0	0	-32	-14
4,962	5,657	10,302	103
3,104	3,031	7,428	-3,198
-185.0	-366.0	-444.0	-486.0
1,750.0	-992.0	-999.0	-400.0
-2,329.0	3,512.0	-845.0	574.0
-35.0	42.0	-1.0	-108.0
-799.0	2,196.0	-2,289.0	-420.0
-48.0	-74.0	2,675.0	619.0
-4,042	-7,723	-5,029	1,288

Constellation Energy Corporation

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E
Operating Cash Flows:				
Net Income	$4,169	$4,470	$4,998	$5,233
Depreciation	$1,258	$2,187	$2,267	$2,323
Change in AR	($1,672.78)	($356.34)	($377.62)	($400.52)
Change in Inventory	($653.85)	($143.40)	($151.96)	($161.17)
Changes in Other Current Assets	$0	$0	$0	$0
Changes in AP	$1,153.88	$238.02	$252.24	$267.53
Changes in Provisions	$758.50	$796.42	$836.25	$878.06
Changes in DTL	$1,217.56	$522.77	$584.56	$612.04
Changes in Other Current Liabilities	$1,651.93	$298.15	$315.95	$335.11
Total Operating Cash Flows	$7,881	$8,012	$8,724	$9,087
Investing Cash Flows:				
CapEx	($3,150.00)	($3,380.00)	($3,110.00)	($2,940.00)
Changes in Other Assets	$49.00	$48.02	$47.06	$46.12
Changes in Nuclear Fuel, net	($73.52)	($74.99)	($76.49)	($278.02)
Changes in Long-Term Derivatives	$0	$0	$0	$0
Changes in NDT Funds	($966.80)	($1,015.14)	($1,065.90)	($1,119.19)
Acquisition of Calpine	($12,000.00)	$0.00	$0.00	$0.00
Changes in Goodwill	$0	$0	$0	$0
Total Investing Cash Flows:	($16,141.32)	($4,422.11)	($4,205.33)	($4,291.09)
Financing Cash Flows				
Changes in Short-Term Debt	$52.83	$87.21	$92.42	$98.02
Changes in Long-Term Debt	$13,228.94	$0.00	$0.00	$0.00
Change in Other Liabilities (LT)	$2,231.65	$397.84	$359.03	$367.98
Dividends Paid	($534.60)	($588.06)	($646.87)	($711.55)
Repurchase of Treasury Stock	($1,000.00)	($1,000.00)	($2,500.00)	($2,500.00)
Noncontrolling Interests	$0	$0	$0	$0
Equity Issuance (Calpine)	$11,899.52	$0.00	$0.00	$0.00
Total Financing Cash Flows	$25,878.35	($1,103.01)	($2,695.42)	($2,745.56)
Increase in Cash	$17,618.43	$2,487.12	$1,823.39	$2,050.45
Beginning Cash & Cash Equivalent	$3,748	$21,366	$23,854	$25,677
End of Period Cash & Cash Equivalent	$21,366.43	$23,853.54	$25,676.94	$27,727.39

2030E
$5,228
$2,365
($424.23)
($170.72)
$0
$283.37
$921.96
$611.46
$354.95
$9,169
($2,970.00)
$45.20
($83.58)
$0
($1,175.15)
$0.00
$0
($4,183.54)
$103.82
$0.00
$351.17
($782.71)
($2,500.00)
$0
$0.00
($2,827.72)
$2,157.98
$27,727
$29,885.37

Constellation Energy Corporation

Common Size Income Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Mid-Atlantic	23.49%	22.57%	24.05%	20.62%	23.43%
Midwest	22.89%	21.59%	25.28%	18.69%	20.39%
New York	11.35%	11.12%	11.51%	8.11%	8.70%
ERCOT	9.04%	10.56%	8.06%	5.40%	6.58%
Other Power Regions	12.79%	11.03%	16.29%	23.48%	23.36%
Other Business Activities	22.52%	24.73%	19.58%	18.07%	16.20%
Unrealized Mark to Market	-2.08%	-1.60%	-4.76%	5.63%	1.34%
Total Operating Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Costs and Expenses					
Mid-Atlantic	20.58%	19.60%	21.45%	17.66%	19.52%
Midwest	19.67%	18.25%	21.48%	15.03%	16.58%
New York	9.58%	9.21%	9.21%	6.24%	6.66%
ERCOT	8.12%	15.17%	7.25%	4.91%	5.35%
Other Power Regions	12.03%	10.26%	14.82%	21.92%	21.75%
Other Business Activities	19.47%	21.63%	16.64%	15.03%	12.58%
Depreciation & Amortization	6.59%	5.69%	4.68%	5.50%	4.87%
Total Costs And Expenses	96.04%	99.80%	95.54%	86.29%	87.32%
Operating Income (EBIT)	3.96%	0.20%	4.46%	13.71%	12.68%
Interest Expense, net	1.68%	1.58%	1.76%	1.69%	1.92%
Other Income (Expense)	-0.68%	3.18%	-0.65%	-0.10%	0.07%
Income Before Taxes	1.59%	1.80%	2.05%	11.92%	10.83%
Income Tax Expense	0.83%	0.94%	-1.07%	2.25%	2.06%
Net Income	0.76%	0.86%	3.12%	9.68%	8.77%
Basic Shares Outstanding	1.86%	1.66%	1.47%	1.30%	1.34%
Diluted Shares Outstanding	1.86%	1.66%	1.47%	1.30%	1.34%
Basic EPS	0.00%	0.00%	0.01%	0.03%	0.03%
Diluted EPS	0.00%	0.00%	0.01%	0.03%	0.03%
Total Dividends Paid	0.00%	0.00%	0.00%	1.47%	1.88%
Dividends Per Share	0.00%	0.00%	0.00%	0.00%	0.01%

						Historical AVG	
2025	2026E	2027E	2028E	2029E	2030E		
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
25.41%	17.99%	17.31%	16.66%	16.32%	14.35%	23.26%	23.15%
22.73%	16.19%	15.58%	14.99%	14.43%	13.88%	21.93%	20.60%
8.58%	6.11%	5.88%	5.66%	5.44%	5.24%	9.89%	8.46%
7.46%	5.47%	5.42%	5.36%	5.31%	5.26%	7.85%	6.48%
21.87%	16.85%	17.54%	18.20%	16.68%	15.28%	18.14%	22.90%
17.12%	12.31%	11.96%	11.62%	11.29%	10.97%	19.70%	17.13%
-3.15%	-0.89%	0.33%	1.52%	4.53%	9.03%	-0.77%	1.27%
100.00%	74.02%	74.02%	74.02%	74.02%	74.02%	100.00%	100.00%
20.71%	19.30%	18.52%	18.26%	18.72%	18.97%	16.92%	19.30%
16.80%	16.14%	16.14%	16.14%	16.14%	16.14%	14.97%	16.14%
6.18%	6.36%	6.36%	6.36%	6.36%	6.36%	4.85%	6.36%
5.66%	5.31%	5.31%	5.31%	5.31%	5.31%	4.74%	5.31%
24.16%	18.55%	17.78%	17.52%	18.55%	18.55%	14.49%	22.61%
10.55%	12.72%	12.72%	12.72%	11.74%	12.72%	12.98%	12.72%
3.86%	3.44%	5.64%	5.52%	5.33%	5.12%	2.20%	4.74%
87.91%	84.27%	82.46%	81.82%	82.15%	83.17%	89.15%	87.17%
12.09%	15.73%	17.54%	18.18%	17.85%	16.83%	7.85%	12.83%
1.90%	1.30%	2.94%	2.78%	2.64%	2.50%	1.75%	1.83%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.30%	-0.01%
10.19%	14.43%	14.60%	15.40%	15.21%	14.34%	6.40%	10.98%
2.08%	3.03%	3.07%	3.23%	3.19%	3.01%	1.18%	2.13%
8.11%	11.40%	11.53%	12.16%	12.02%	11.33%	5.22%	8.85%
1.23%	0.99%	0.92%	0.84%	0.76%	0.69%	1.48%	1.29%
1.23%	0.99%	0.92%	0.84%	0.76%	0.69%	1.48%	1.29%
0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.02%	0.03%
0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.02%	0.03%
1.90%	1.46%	1.52%	1.57%	1.63%	1.70%	0.88%	1.75%
0.01%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.01%

Constellation Energy Corporation

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024
Assets				
Current Assets				
Cash and Cash Equivalents	2.15%	2.91%	2.28%	13.28%
Accounts Recievable, net	8.50%	11.50%	7.75%	15.78%
Inventories	6.82%	6.19%	6.02%	6.79%
Derivative & Other Current Assets	19.63%	17.87%	15.99%	9.88%
Total Current Assets	37.09%	38.47%	32.04%	45.72%
Property, Plant and Equipment, net nuclear fuel	79.14%	72.47%	67.88%	75.48%
Nuclear Fuel, net	14.31%	13.48%	12.50%	14.63%
NDT Funds	80.42%	67.28%	65.82%	73.43%
Reg Assets & Other (LT)	17.56%	14.93%	12.89%	11.96%
Goodwill	2.14%	1.87%	1.69%	1.78%
Long-Term Derivatives	2.79%	2.00%	1.60%	1.58%
Total Assets	233.46%	210.50%	194.42%	224.57%
Liabilities & Equity				
Current Liabilities				
Accounts Payable	17.36%	10.65%	11.48%	10.05%
Short Term Debt	16.81%	5.44%	5.49%	4.67%
Other Current Liabilities	13.48%	20.05%	13.45%	14.33%
Total Current Liabilities	47.64%	36.13%	30.42%	29.05%
Long Term Liabilities				
Long-Term Debt	18.53%	20.09%	30.42%	33.50%
Provision for Risks & Charges	71.77%	63.71%	59.39%	60.78%
Deferred Tax Liabilities	18.85%	16.50%	13.82%	14.13%
Other Liabilities	23.84%	21.75%	16.42%	29.66%
Total Liabilities	180.62%	158.19%	150.47%	167.12%
Total Shareholder's Equity	51.20%	50.79%	42.54%	55.86%
Noncontrolling Interests	1.63%	1.51%	1.40%	1.58%
Total Liabilities and Equity	233.46%	210.50%	194.42%	224.57%

2025	2026E	2027E	2028E	2029E	2030E		
14.68%	58.43%	61.54%	62.50%	63.67%	64.74%	7.06%	10.08%
16.71%	16.24%	16.24%	16.24%	16.24%	16.24%	12.04%	16.24%
6.80%	6.54%	6.54%	6.54%	6.54%	6.54%	6.52%	6.54%
9.28%	6.48%	6.11%	5.77%	5.44%	5.13%	14.53%	11.72%
47.46%	87.69%	90.43%	91.04%	91.89%	92.65%	40.16%	41.74%
73.62%	89.40%	87.42%	84.53%	81.16%	77.87%	73.72%	72.33%
14.40%	10.25%	9.87%	9.50%	9.60%	9.23%	13.86%	13.84%
75.73%	55.53%	55.00%	54.48%	53.97%	53.46%	72.53%	71.66%
9.60%	6.57%	6.07%	5.61%	5.19%	4.80%	13.39%	11.48%
1.64%	1.15%	1.08%	1.02%	0.96%	0.91%	1.82%	1.70%
1.76%	1.23%	1.16%	1.10%	1.03%	0.97%	1.95%	1.65%
224.22%	251.82%	251.04%	247.28%	243.79%	239.90%	217.43%	214.40%
11.02%	10.85%	10.85%	10.85%	10.85%	10.85%	12.11%	10.85%
7.10%	5.11%	5.04%	4.98%	4.92%	4.87%	7.90%	5.76%
12.99%	13.59%	13.59%	13.59%	13.59%	13.59%	14.86%	13.59%
31.11%	29.54%	29.48%	29.42%	29.36%	29.31%	34.87%	30.19%
30.09%	57.19%	53.95%	50.90%	48.02%	45.30%	26.53%	31.34%
59.41%	43.56%	43.15%	42.74%	42.34%	41.94%	63.01%	59.86%
13.88%	13.02%	13.63%	14.29%	14.88%	15.36%	15.44%	13.94%
31.55%	28.13%	27.57%	26.88%	26.20%	25.48%	24.64%	25.88%
166.04%	171.45%	167.78%	164.23%	160.81%	157.40%	164.49%	161.21%
56.86%	79.45%	82.39%	82.23%	82.21%	81.78%	51.45%	51.75%
1.32%	0.92%	0.87%	0.82%	0.77%	0.73%	1.49%	1.43%
224.22%	251.82%	251.04%	247.28%	243.79%	239.90%	217.43%	214.40%

Constellation Energy Corporation

Value Driver Estimation

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025
NOPLAT:					
Revenue	19,647.00	22,444.00	24,918.00	23,568.00	25,533.00
COGS	19,608.00	21,444.00	21,502.00	20,579.00	22,447.00
EBIT	39.00	1,000.00	3,416.00	2,989.00	3,086.00
Income Tax Provision	185.00	-240.00	560.00	485.00	531.00
Plus: Tax on Interest Expense	65.10	82.95	88.20	94.92	101.85
Less: Taxes on Other Income (expense)	131.25	-30.45	-5.25	3.36	0.00
Adjusted Taxes	118.85	-126.60	653.45	576.56	632.85
NOPLAT	-79.85	1,126.60	2,762.55	2,412.44	2,453.15
Invested Capital (IC):					
Operating Current Assets:					
Normal Cash	392.94	448.88	498.36	471.36	510.66
Plus: Short Term Recievables	1,670.00	2,580.00	1,930.00	3,718.00	4,266.00
Plus: Inventories	1,340.00	1,390.00	1,500.00	1,600.00	1,736.00
Plus: Other Current Assets	3,856.00	4,011.00	3,985.00	2,329.00	2,369.00
Operating Current Liabilities:					
Less: Accounts Payable	3,410.00	2,390.00	2,860.00	2,369.00	2,813.00
Less: Other Current Liabilities	2,648.00	4,500.00	3,351.00	3,377.00	3,317.00
NOWC	1,200.94	1,539.88	1,702.36	2,372.36	2,751.66
Plus: Net PPE	18,360.00	19,290.00	20,030.00	21,235.00	22,474.00
Plus: Intangible Assets	420.00	420.00	420.00	420.00	420.00
Plus: Other Assets	19,799.00	3,350.00	3,212.00	2,818.00	2,450.00
Less: Other Liabilities	22,487.00	4,881.00	4,092.00	6,991.00	8,055.00
Invested Capital IC	17,292.94	19,718.88	21,272.36	19,854.36	20,040.66
Free Cash Flow (FCF):					
NOPLAT	(79.85)	1,126.60	2,762.55	2,412.44	2,453.15
Change in IC		2,425.94	1,553.48	(1,418.00)	186.30
FCF		**$ (1,299)**	**$ 1,209**	**$ 3,830**	**$ 2,267**
Return on Invested Capital (ROIC):					
NOPLAT	(79.85)	1,126.60	2,762.55	2,412.44	2,453.15
Beginning IC		17,292.94	19,718.88	21,272.36	19,854.36
ROIC		**6.51%**	**14.01%**	**11.34%**	**12.36%**
Economic Profit (EP):					
Beginning IC		17,292.94	19,718.88	21,272.36	19,854.36

x (ROIC - WACC)	-1.48%	6.01%	3.34%	4.36%
EP	**-256.17**	**1185.79**	**711.46**	**865.56**

2026E	2027E	2028E	2029E	2030E
36,565.00	38,759.00	41,084.00	43,550.00	46,162.00
30,813.54	31,962.41	33,614.31	35,778.32	38,391.60
5,751.46	6,796.59	7,469.69	7,771.68	7,770.40
1,108.09	1,188.11	1,328.54	1,390.99	1,389.69
99.72	239.18	240.09	241.06	242.09
0.00	0.00	0.00	0.00	0.00
1,207.81	1,427.28	1,568.63	1,632.05	1,631.78
4,543.65	5,369.31	5,901.05	6,139.63	6,138.62
731.30	775.18	821.68	871.00	923.24
5,938.78	6,295.12	6,672.74	7,073.26	7,497.50
2,389.85	2,533.24	2,685.20	2,846.38	3,017.10
2,369.00	2,369.00	2,369.00	2,369.00	2,369.00
3,966.88	4,204.90	4,457.14	4,724.67	5,008.04
4,968.93	5,267.08	5,583.03	5,918.14	6,273.09
2,493.12	2,500.57	2,508.46	2,516.83	2,525.70
36,439.88	37,707.80	38,627.41	39,522.15	40,211.18
420.00	420.00	420.00	420.00	420.00
2,401.00	2,352.98	2,305.92	2,259.80	2,214.61
10,286.65	10,684.49	11,043.53	11,411.50	11,762.67
31,467.35	32,296.86	32,818.27	33,307.28	33,608.82
4,543.65	5,369.31	5,901.05	6,139.63	6,138.62
11,426.69	829.51	521.41	489.01	301.54
$ (6,883)	**$ 4,540**	**$ 5,380**	**$ 5,651**	**$ 5,837**
4,543.65	5,369.31	5,901.05	6,139.63	6,138.62
20,040.66	31,467.35	32,296.86	32,818.27	33,307.28
22.67%	**17.06%**	**18.27%**	**18.71%**	**18.43%**
20,040.66	31,467.35	32,296.86	32,818.27	33,307.28

14.68%	9.07%	10.28%	10.71%	10.43%
2941.17	**2853.12**	**3318.54**	**3515.42**	**3475.31**

Constellation Energy Corporation

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		
Risk-Free Rate	4.30%	
Beta	0.87	
Equity Risk Premium	5.00%	
Cost of Equity	**8.66%**	
Cost of Debt:		
Risk-Free Rate	4.30%	
Implied Default Premium	0.70%	
Pre-Tax Cost of Debt	5.00%	
Marginal Tax Rate	21%	
After-Tax Cost of Debt	**3.95%**	
Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	314.5	
Current Stock Price	$279.46	
MV of Equity	**87,890.17**	90.25%
Market Value of Debt:		
Short-Term Debt	$1,814	
Current Portion of LTD		
Long-Term Debt	$7,683	
PV of Operating Leases		
MV of Total Debt	**9,497.00**	9.75%
Market Value of the Firm	**97,387.17**	100.00%
	Estimated WACC	**8.00%**

Constellation Energy Corporation

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.25%
CV Year ROIC	18.43%
WACC	8.00%
Cost of Equity	8.66%

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E
DCF Model:					
Free Cash Flow (FCF)	-6883.0	4539.8	5379.6	5650.6	5837.1
Continuing Value (CV)					93787.6
PV of FCF	-6373.4	3892.4	4271.0	4154.0	67814.9
Value of Operating Assets:	73758.9				
Non-Operating Adjustments					
Excess Cash	**20635.1**				
NDT	**20302.8**				
Total Debt	**9497.0**				
NCI	**336.0**				
Value of Equity	104863.8				
Shares Outstanding	361.0				
Intrinsic Value of Last FYE	$ 290.48				
Implied Price as of Today	$ 320.08				
EP Model:					
Economic Profit (EP)	2941.2	2853.1	3318.5	3515.4	3475.3
Continuing Value (CV)					60178.8
PV of EP	2723.4	2446.3	2634.6	2584.3	43329.6
Total PV of EP	53718.2				
Invested Capital (last FYE)	20040.7				
Value of Operating Assets:	73758.9				
Non-Operating Adjustments					
Excess Cash	**20635.1**				
NDT	**20302.8**				
Total Debt	**9497.0**				
NCI	**336.0**				
Value of Equity	**104863.8**				
Shares Outstanding	361.0				
Intrinsic Value of Last FYE	$ 290.48				
Implied Price as of Today	$ 320.08				

Constellation Energy Corporation

Relative Valuation Models

Ticker	Company	Price	EPS 2026E	EPS 2027E	P/E 26	P/E 27
VST	Vistra Corp.	$147.54	$8.71	$11.40	16.94	12.94
PEG	Public Service Enterprise Group Inc.	$81.39	$4.33	$4.76	18.80	17.10
NRG	NRG Energy, Inc.	$141.23	$8.31	$10.50	17.00	13.45
D	Dominion Energy Inc.	$61.84	$3.57	$3.82	17.32	16.19
AES	AES Corp	$14.02	$1.69	$1.48	8.30	9.47
				Average	**15.67**	**13.83**
CEG	Constellation Energy Corporation	$279.46	$11.55	$12.52	24.2	22.3

Implied Relative Value:

P/E (EPS25)	**$ 180.94**
P/E (EPS26)	**$ 173.20**

Constellation Energy Corporation

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
EPS	$11.54	$12.55	$14.54	$15.80	$16.40
Key Assumptions					
CV growth of EPS	2.25%				
CV Year ROE	14.60%				
Cost of Equity	8.66%				
Future Cash Flows					
P/E Multiple (CV Year)					13.21
EPS (CV Year)					$16.40
Future Stock Price					$ 216.64
Dividends Per Share	1.48	1.65	1.88	2.15	2.46
Discounted Cash Flows	1.3621706	1.39839	1.467188	1.541409	$ 144.68
Intrinsic Value as of Last FYE	$ 150.44				
Implied Price as of Today	$ 165.77				

Constellation Energy Corporation

Key Management Ratios

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E
Liquidity Ratios:				
Current Ratio	106%	105%	157%	153%
Quick Ratio	39.86%	32.97%	100.01%	100.88%
Operating Cash Flow Ratio	-29.01%	-69.93%	-35.99%	53.34%
Asset-Management Ratios:				
Fixed Asset Turnover	1.38	1.47	1.32	1.36
Receivables Turnover Ratio	8.70	12.91	6.34	5.99
Invested Capital Turnover	1.14	1.17	1.19	1.27
Financial Leverage Ratios:				
Interest Coverage Ratio	3.39	11.02	7.57	7.35
Debt-to-EBITDA	2.79	1.87	2.17	2.33
Debt-to-Equity Ratio	0.50	0.84	0.68	0.65
Profitability Ratios:				
Return on Equity (NI/Beg TSE)		21.15%	19.51%	15.72%
Operating Margin	4.46%	13.71%	12.68%	12.09%
EBITDA Margin	9.14%	19.21%	17.55%	15.94%

2026E	2027E	2028E	2029E	2030E
297%	307%	309%	313%	316%
252.76%	263.86%	267.65%	272.15%	276.31%
72.96%	70.12%	72.18%	71.06%	67.77%
0.83	0.85	0.88	0.91	0.95
4.56	4.56	4.56	4.56	4.56
0.86	0.89	0.93	0.97	1.02
12.72	14.01	15.73	6.82	6.80
3.25	2.55	2.36	2.28	2.29
0.78	0.72	0.68	0.64	0.61
28.71%	15.39%	15.65%	15.49%	14.60%
15.73%	17.54%	18.18%	17.85%	16.83%
25.90%	31.31%	32.02%	31.32%	29.66%

Constellation Energy Corporati	2021	2022	2023	2024	2025	2026E	2027E
NOPLAT:							
Costs and Expenses							
Mid-Atlantic	19.60%	21.45%	17.66%	19.52%	20.71%	19.30%	18.52%
Midwest	18.25%	21.48%	15.03%	16.58%	16.80%	16.14%	16.14%
New York	9.21%	9.21%	6.24%	6.66%	6.18%	6.36%	6.36%
ERCOT	15.17%	7.25%	4.91%	5.35%	5.66%	5.31%	5.31%
Other Power Regions	10.26%	14.82%	21.92%	21.75%	24.16%	18.55%	17.78%
Other Business Activities	21.63%	16.64%	15.03%	12.58%	10.55%	12.72%	12.72%
Depreciation & Amortization	5.69%	4.68%	5.50%	4.87%	3.86%	3.44%	5.64%
Operating Income (EBIT)	0.20%	4.46%	13.71%	12.68%	12.09%	15.73%	17.54%

	2021	2022	2023	2024	2025	2026E	2027E
Normal Cash		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Plus: AR		11.50%	4.72%	4.79%	4.83%	4.39%	4.48%
Plus: Inventories		6.19%	63.86%	53.32%	59.42%	35.36%	47.47%
Plus: Other Current Assets		17.87%	0.07%	0.04%	0.03%	0.08%	0.06%
Operating Current Liabilities:							
Less: Accounts Payable		10.65%	11.48%	10.05%	11.02%	10.85%	10.85%
Less: Other Current Liabilities		20.05%	13.45%	14.33%	12.99%	13.59%	13.59%
NOWC							
Plus: Net PPE		85.95%	80.38%	90.10%	88.02%	99.66%	97.29%
Plus: Intangible Assets		1.87%	1.69%	1.78%	1.64%	1.15%	1.08%
Plus: Other Assets		14.93%	12.89%	11.96%	9.60%	6.57%	6.07%
Less: Other Liabilities		21.75%	16.42%	29.66%	31.55%	28.13%	27.57%
Invested Capital IC		87.86%	85.37%	84.24%	78.49%	86.06%	83.33%

	2021	2022	2023	2024	2025	2026E	2027E
Normal Cash			55.51	47.29	54.17	71.60	53.00
Plus: Short Term Recievables			9.66	12.21	6.87	8.57	6.53
Plus: Inventories			17.93	15.71	15.96	21.06	16.22
Plus: Other Current Assets			6.21	5.91	10.96	15.43	16.36
Operating Current Liabilities:							
Less: Accounts Payable			10.43	8.24	10.78	13.00	9.77
Less: Other Current Liabilities			5.54	7.03	7.56	11.02	7.80
NOWC			16.18	13.84	10.76	13.29	15.55
Plus: Net PPE		1.22	1.29	1.18	1.20	1.63	1.06
Plus: Intangible Assets		53.44	59.33	56.11	60.79	87.06	92.28
Plus: Other Assets		1.13	7.44	7.34	9.06	14.92	16.14
Less: Other Liabilities		1.00	5.11	5.76	3.65	4.54	3.77
Invested Capital IC		1.30	1.26	1.11	1.29	1.82	1.23

2028E	2029E	2030E
18.26%	18.72%	18.97%
16.14%	16.14%	16.14%
6.36%	6.36%	6.36%
5.31%	5.31%	5.31%
17.52%	18.55%	18.55%
12.72%	11.74%	12.72%
5.52%	5.33%	5.12%
18.18%	17.85%	16.83%

2028E	2029E	2030E
2.00%	2.00%	2.00%
4.48%	4.39%	4.39%
47.50%	46.58%	48.82%
0.06%	0.06%	0.06%
10.85%	10.85%	10.85%
13.59%	13.59%	13.59%
94.02%	90.75%	87.11%
1.02%	0.96%	0.91%
5.61%	5.19%	4.80%
26.88%	26.20%	25.48%
79.88%	76.48%	72.81%

2028E	2029E	2030E
53.00	53.00	53.00
6.53	6.53	6.53
16.22	16.22	16.22
17.34	18.38	19.49
9.77	9.77	9.77
7.80	7.80	7.80
16.43	17.36	18.34
1.09	1.13	1.17
97.82	103.69	109.91
17.46	18.89	20.43
3.85	3.94	4.05
1.27	1.33	1.39