

Constellation Energy

CEG • UTILITIES • INDEX CONSTITUENT

Constellation's reactors run around the clock.
Roughly 70% of that clean output is still uncontracted.

THIS ISSUE CEG

Constellation Energy, a current Nasdaq-100® constituent at **~0.45% index weight**, generates electricity from nuclear, hydro, wind and solar plants and markets power to commercial and industrial customers across the Midwest, Northeast, Mid-Atlantic and Texas. The nuclear fleet is the core asset. Its reactors ran at 93.1% capacity utilization for the full year, and Constellation is increasingly selling that output years ahead under long-term contracts with technology companies rather than into daily power markets (per company disclosures). The Calpine acquisition added low-emission natural gas and geothermal plants, which give Constellation power it can dispatch on demand alongside round-the-clock nuclear.

\$25.5B

FY2025 REVENUE

\$9.39

ADJUSTED EARNINGS
PER SHARE (FY2025)

~60 GW

COMBINED GENERATING
CAPACITY

~23×

FORWARD P/E
(8/27/2026)

0.92×

NET DEBT TO EBITDA
(FY2025)

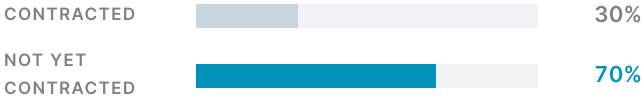
BUSINESS MODEL & REVENUE DRIVERS

What Constellation Actually Sells

The product is electricity, and most of it comes out of reactors. The nuclear portfolio spans **about 22 GW of capacity**, and the retail arm markets roughly 205 TWh of power a year to commercial and industrial customers in the Midwest, Northeast, Mid-Atlantic and Texas (per company disclosures). One of its sites is the plant most Americans know as Three Mile Island, restarting as the Crane Energy Center.

How that power gets sold is what changed. A merchant generator takes whatever the daily market pays. Constellation is signing long-dated contracts instead, and **30% of its clean baseload output is now contracted** after 920 MW was signed in the second quarter of 2026 at an average term of 18.5 years (per company disclosures).

CLEAN BASELOAD OUTPUT UNDER CONTRACT (Q2 2026)



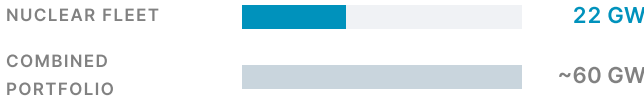
COMPETITIVE MOAT

Why This Is Hard to Replicate

Carbon-free power that runs day and night comes from a short list of operators, because new reactors take a decade or more to permit and build (per Bloomberg research). Constellation already owns an operating fleet, and the Calpine deal, an equity purchase price of about **\$16.4 billion**, brought the combined portfolio to roughly 60 GW (per company disclosures).

The two halves work together. Calpine's Texas gas plants can ramp up and down, so Constellation can pair power on demand with round-the-clock nuclear when a data center wants firm supply for twenty years. The fleet ran at **93.1% capacity utilization** for the full year, and per company disclosures and Bloomberg research, an operating fleet running at that rate may support long-term contracting opportunities.

GENERATING CAPACITY AFTER THE CALPINE DEAL



OPERATING STRENGTHS

Three Structural Advantages

147 TWh

UNCONTRACTED NUCLEAR OUTPUT

Power already generated each year that has **no long-term buyer attached yet**, which is what the contracting pipeline is drawing from (per company disclosures).

\$1.29B

FREE CASH FLOW (FY2025)

Positive after two years of heavy investment spending, while cash on hand grew to **\$3.64 billion** at the end of 2025 (per company filings).

21.0%

ADJUSTED RETURN ON
EQUITY (FY2025)

Earned on assets that are largely already built and paid for. Adjusted EBITDA for the year was **\$4.07 billion** (per company disclosures).

GROWTH CATALYSTS

What Grows the Business Next

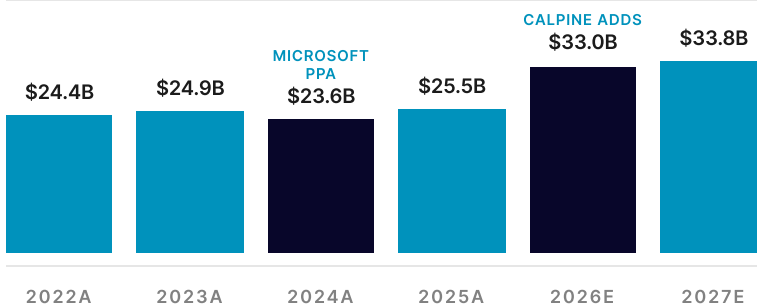
The contracting window is the near-term story. Constellation has announced two hyperscaler agreements to date, the Crane restart with Microsoft and the Clinton plant with Meta, and management describes the pipeline as active (per company disclosures). Nuclear contracts are being written for roughly 15 years at an estimated **\$20 to \$50 per megawatt-hour above the production tax credit floor** (per Bloomberg research estimates), which is where potential upside on uncontracted output would come from.

- Crane comes back sooner. The restart has been accelerated to the second half of 2027 from 2028, adding roughly 2 GW under a 20-year contract with Microsoft (per company disclosures)
- Calpine accretion. Management guided to 20%+ adjusted earnings-per-share accretion in 2026 and over \$2 billion of incremental annual free cash flow (company guidance)
- Federal demand. A contract worth more than \$1 billion supplies 13 federal agencies, \$840 million of it as a 10-year agreement beginning in 2025 (per company disclosures)

HISTORICAL CONTEXT

2022 – 2027E Revenue Trajectory

+39% EXPECTED REVENUE GROWTH, 2022 TO 2027E (CONSENSUS)



Revenue held between \$23.6 billion and \$25.5 billion across the four reported years, while adjusted EBITDA rose from \$2.67 billion in 2022 to \$4.07 billion in 2025. The 2025 step down from the 2024 earnings peak reflects mark-to-market swings and an unfavorable nuclear production tax credit outcome in the fourth quarter (per company disclosures). Consensus expects revenue near \$33 billion in 2026 as Calpine is consolidated (Bloomberg consensus estimates).

ADJUSTED EBITDA (2022 → 2025)

\$2.67B → \$4.07B

+52%

NET DEBT (2023 → 2025)

\$8.81B → \$5.24B

-41%

FREE CASH FLOW (2023 → 2025)

(\$7.72B) → \$1.29B

Positive

SOURCE: CONSTELLATION FILINGS, BLOOMBERG CONSENSUS ESTIMATES. 2022A–2025A ARE PAST RESULTS.

*Two technology companies have signed for Constellation's nuclear output. **Microsoft at Crane, Meta at Clinton.***

VALUATION & INVESTMENT THESIS

Priced for Contracts Not Yet Signed

CEG trades at **~23× forward earnings** and **~13.5× forward EV/EBITDA** (8/27/2026, per Bloomberg research), a premium to traditional utility peers. The premium prices output still available for contracting.

A buyer gets an operating fleet at **0.92× net debt to EBITDA** and a \$5 billion buyback authorization, \$2.2 billion of it repurchased since March 2026 (per company disclosures). The dividend yield is 0.59%, so the case rests on earnings rather than income.

KEY RISKS

What Could Change the Story

- **Regulatory outcomes at PJM**, the wholesale power-market operator for 13 states and DC, since earnings upside depends on interconnection and co-location rules still being written
- **Contracting complexity**, as data-center agreements in PJM have grown slower to close under regulatory scrutiny (per Bloomberg research)
- **Earnings volatility**, because Calpine's gas plants are more exposed to power prices than the nuclear base
- **Guidance risk**, shown in March 2026 when guidance came in below the average analyst estimate and shares fell as much as 9.1% (per Bloomberg research)
- **Data-center demand swings**, which could affect appetite for long contracts (per Bloomberg research)

WHAT THIS MEANS FOR YOU

The Index Angle, in Plain Terms

IN YOUR INDEX FUND

If you hold a fund that tracks the Nasdaq-100 Index®, you already own this.

- Index composition follows transparent eligibility criteria, and CEG is a current constituent at ~0.45% index weight: roughly 45 cents of every \$100 tracking the Nasdaq-100 sits in Constellation Energy
- Data centers consume significant amounts of electricity, which makes power demand an area of interest in discussions about AI-related infrastructure
- The company is also a retail power supplier, so a business in Chicago, Baltimore or Houston may already buy its electricity from Constellation

DECODING THE JARGON

Two terms doing the heavy lifting in this issue.

- **Baseload power.** Generation that runs continuously rather than only when demand spikes. Constellation's reactors ran at 93.1% capacity utilization for the full year, which is why a buyer will commit for 18 years at a time
- **Power purchase agreement (PPA).** A contract to buy a plant's output at an agreed price for an agreed number of years. Constellation signed 920 MW of them in the second quarter of 2026, averaging 18.5 years with investment-grade buyers

BOTTOM LINE

Inside the Nasdaq-100®, Constellation operates a large portfolio of nuclear and other power-generation assets that produce electricity on a continuous basis. **How much of that output gets contracted is the open question.**

ABOUT THE SERIES

Stock Market 101: The **Inside the Index** series profiles one constituent each issue, from software to soft drinks and computer chips to potato chips, exploring what makes each business distinctive and the metrics investors should know.

SOURCES NASDAQ GLOBAL INDEXES. CONSTELLATION ENERGY CORPORATION SEC FILINGS VIA SEC EDGAR: [FY2025 FORM 10-K](#), [Q2 2026 FORM 10-Q](#); [CONSTELLATION ENERGY INVESTOR RELATIONS](#). SEGMENT REVENUE, GENERATING CAPACITY, NUCLEAR CAPACITY UTILIZATION, CONTRACTING VOLUMES AND DURATIONS, QUARTERLY RESULTS, GUIDANCE, BUYBACK AUTHORIZATION AND CAPITAL PLANS PER CONSTELLATION COMPANY DISCLOSURES. INDUSTRY STRUCTURE, NUCLEAR CONTRACTING PREMIUMS, DATA-CENTER POWER DEMAND ESTIMATES, VALUATION MULTIPLES, BETA AND FORWARD ESTIMATES PER BLOOMBERG RESEARCH AND BLOOMBERG CONSENSUS ESTIMATES. DATA AS OF 8/27/2026.

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