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CONSTELLATION ENERGY GROUP INC

Form 425

November 04, 2011

Filed by Constellation Energy Group, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934

Subject Company: Constellation Energy Group, Inc.

Commission File No. 333-175162

**On November 7, 2011, Constellation Energy began using the following slide presentation during meetings with investors, which includes information regarding Constellation Energy and the proposed merger with Exelon.**

Exelon and Constellation Energy: Merger and Company Update  
Edison Electric Institute Financial Conference  
November 7-8, 2011

Cautionary Statements Regarding  
Forward-Looking Information

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Except for the historical information contained herein, certain of the matters discussed in this communication constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended, and the Private Securities Litigation Reform Act of 1995. Words such as may, will, anticipate, estimate, expect, project, plan, believe, target, forecast, and words and terms of similar substance used in connection with any discussion of our business, operations, or events identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding benefits of the proposed merger of Exelon Corporation (Exelon) and Constellation Energy Group, Inc. (Constellation), integration plans and expected synergies, the expected timing of completion of the transaction, anticipated future financial and operating performance and results, including estimates for growth. These statements are based on the current expectations of our management of Exelon and Constellation, as applicable. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication regarding the proposed merger. For ex

(1) the companies may be unable to obtain shareholder approvals required for the merger; (2) the companies may be unable to obtain regulatory approvals required for the merger, or required regulatory approvals may delay the merger or result in the imposition of conditions that could have a material adverse effect on the combined company or cause the companies to abandon the merger; (3) conditions to the closing of the merger may not be satisfied; (4) an unsolicited offer of another company to acquire assets or stock of Exelon or Constellation could interfere with the merger; (5) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (6) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (7) the merger may involve unexpected costs, unexpected liabilities or unexpected delays, or the effects of purchase accounting may be different from the companies' expectations; (8) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (9) the businesses of the companies may suffer as a result of uncertainty surrounding the merger; (10) the companies may not realize the values expected to be obtained for properties expected or required to be divested; (11) the industry may be subject to future regulatory or legislative actions that could adversely affect the companies; and (12) the companies may be adversely affected by other economic, business, and/or competitive factors. Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of Exelon, Constellation or the combined company.

Cautionary Statements Regarding

Forward-Looking Information **(Continued)**

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Discussions of some of these other important factors and assumptions are contained in Exelon's and Constellation's respective filings with the Securities and Exchange Commission (SEC), and available at the SEC's website at [www.sec.gov](http://www.sec.gov), including: (1) Exelon's 2010 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 18; (2) Exelon's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 13; (3) Constellation's 2010 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 12; and (4) Constellation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 in (a) Part II, Other Information, ITEM 1A. Risk Factors and ITEM 5. Other Information.

Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Financial Information, ITEM 1. Financial Statements: Notes to Consolidated Financial Statements, Commitments and Contingencies. These risks, as well as other risks associated with the proposed merger, are more fully discussed in the definitive joint proxy statement/prospectus included in the Registration Statement on Form S-4 that Exelon filed with the SEC and that the SEC declared effective on October 11, 2011 in connection with the proposed merger. In light of these risks, uncertainties, assumptions and forward-looking events discussed in this communication may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication. Neither Exelon nor Constellation has any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this communication.

**Additional Information and Where to Find it**

In connection with the proposed merger between Exelon and Constellation, Exelon filed with the SEC a Registration Statement on Form S-4 that included the definitive joint proxy statement/prospectus. The Registration Statement was declared effective by the SEC on October 11, 2011. Exelon and Constellation mailed the definitive joint proxy statement/prospectus to their respective security holders on or about October 12, 2011. **WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY CONTAIN IMPORTANT INFORMATION** about Exelon, Constellation and the proposed merger. Investors and security holders should obtain copies of all documents filed with the SEC free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). In addition, a copy of the definitive joint proxy statement/prospectus may be obtained free of charge from Exelon Corporation, Investor Relations, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398, or from Constellation Energy Group, Inc., Investor Relations, 100 Constellation Way, Suite 600C, Baltimore, MD 21202.

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**Compelling Merger Rationale**

Creates the leading competitive energy provider in the U.S.

Matches Exelon's clean generation fleet with Constellation's customer-facing leading retail and wholesale platform

Creates economies of scale through expansion across the value chain

Transaction creates incremental strategic and financial value aligned with both companies

existing goals

**Strategic Benefits**

Financial Benefits

Diversifies generation portfolio across regions

Adds clean generation to the portfolio

Enhances margins in the competitive portfolio

Competitive Portfolio

Earnings and cash flow accretive

Dividend uplift for Constellation shareholders

Continued upside to power market recovery

Strong balance sheet for combined company

Utility Benefits

Maintains a regulated earnings profile with three large urban utilities

Enables operational enhancements from sharing of best practices across utilities



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Merger Appeals to Key Stakeholders and Governments

(1) Based on the 30-day average Exelon and Constellation closing stock prices as of April 26, 2011.

6  
Enhanced Maryland Proposal  
Our additional commitments address a number of key stakeholder concerns  
Intervenor Concerns  
Key Exelon/Constellation Additional Commitments  
Additional Customer  
Benefits  
Added flexibility for Maryland PSC to determine use of \$15 million offered for  
programs directly benefiting BGE customers  
Ring-Fencing  
No corporate reorganization under certain defined circumstances relating to RF  
HoldCo, BGE or Exelon Energy Delivery Company without prior Commission approval  
Obtain a new non-consolidation opinion to ensure the effectiveness of BGE ring-

fencing

No requests for modification of BGE ring-fencing for 3 years

Financial

Regular reporting on credit ratings and metrics of BGE to Maryland PSC

Specific commitments regarding the level of BGE capital and O&M expenditures in 2012 and 2013

Report comparative pre-

and post-merger shared services costs to PSC

Corporate Governance

BGE's CEO will be a member of Exelon Management's Executive Committee

Executive Committee will meet periodically in Baltimore

Service and Operation

Commitment to meet existing BGE supplier diversity requirements

Provide assessment of BGE CAIDI (outage duration) performance within 12 months after the merger closes

Market Power

In

addition

to

2,648

MW

of

identified

plant

divestitures,

comply

with

settlement

terms

with PJM Market Monitor restricting buyers of divested plants and imposing other behavioral commitments



Analyzed market power considerations and proposed mitigation plan to address market concentration concerns

Proposed comprehensive mitigation plan to address market concentration in PJM in initial application, including:

Physical sale of 3 baseload generation facilities totaling 2,648 MW

Additional sale of 500 MW via contracts to mitigate temporary market power issues  
Filed with FERC and Maryland PSC on October 11, 2011

No change to assets identified in original proposal  
Additional commitment not to sell plants to certain identified PJM generators  
Additional assurances on how we will bid units in PJM energy and capacity markets  
Future retirement of units will be conditioned on meeting specified requirements

Proactive  
divestiture  
proposal  
Settlement with  
PJM  
Independent  
Market Monitor  
(IMM)

The companies have offered a comprehensive, robust mitigation package  
Note:

Assets  
to  
be  
divested

Brandon  
Shores  
(Coal),  
H.A.  
Wagner  
(Coal/Oil/Gas)  
and  
C.P.  
Crane  
(Oil/Coal).  
C.P. Crane  
399 MW  
Brandon Shores  
1,273 MW  
H.A. Wagner  
976 MW  
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Strong Proposal to Address Market Power

Scale, Scope and Flexibility Across the  
Value Chain

8

Transaction creates the largest  
and growing  
competitive energy  
company in the U.S.

Notable Generation Acquired or  
Under Development in 2011

Exelon Additions

720 MW Wolf Hollow CCGT (TX)

230 MW Antelope Valley Solar Ranch

One (CA)

230 MW Michigan Wind Projects (MI)  
Constellation Additions  
2,950 MW Boston Generating gas fleet  
30.4 MW Sacramento Municipal Utility  
District Solar (CA)  
16.1 MW Maryland Generating Clean  
Horizons Solar (MD)  
7.8 MW Vineland Municipal Electric  
Utility Solar (NJ)  
5.4 MW Toys R  
Us Solar (NJ)  
5.2 MW Johnson Matthey, West  
Deptford Solar (NJ)  
5.0 MW U.S. State Department Solar  
(NJ)

Note:

Data

as

of

9/30/11.

Exelon

solar

addition

MW

based

on

alternating

current

(AC);

Constellation

solar

additions

MW

based

on

direct

current (DC).

(1) Generation capacity net of physical market mitigation assumed to be 2,648 MW consisting of Brandon Shores (1,273 MW) (976 MW) and C.P. Crane (399 MW).

(2) Electric load includes all booked 2011E competitive retail and wholesale sales, including index products. Exelon load does not include ComEd swap (~26 TWh). Gas load includes all booked and forecasted 2011E competitive retail sales as of 9/30/11.

Reserves (gas)

266 bcf

Owned Generating

Capacity

35 GWs

(1)

Electric

Transmission

7,350 miles



Electric & Gas Dist.  
6.6 million  
customers  
Retail &  
Wholesale Volumes  
(2)  
(Electric & Gas)  
~167 TWh, 372 bcf  
Upstream  
Downstream

Well Positioned for Evolving Regulatory Requirements

(1)  
Total owned generation capacity as of 9/30/2011 for Exelon and Constellation, net of physical market mitigation assumed to be 2,648 MW.

(2)  
Coal capacity shown above includes Eddystone 2 (309 MW) to be retired on 6/1/2012.

(3)  
Oil capacity shown above includes Cromby 2 (201 MW) to be retired on 12/31/2011.

(4)  
Pending approval of owner group  
A clean and diverse portfolio that is well positioned for environmental upside from EPA regulations

Total Generation Capacity

(1)

: 35,327 MW

Cleanest large merchant generation

portfolio in the nation

Less than 5% of combined generation

capacity will require capital expenditures

to comply with Air Toxic rules

Approx. \$200 million of CapEx, majority of

which

is

at

Conemaugh

(4)

(Exelon

and

Constellation ownership share ~31%)

Low-cost generation capacity provides

unparalleled leverage to rising commodity

prices

Incremental 500 MW

of coal and oil

capacity to be retired by middle of next

year

Combined Company Portfolio

5%

Wind/Solar/Other

3%

Gas

Hydro

Oil

(3)

Nuclear

54%

6%

Coal

(2)

5%

27%

10  
Texas Generation Portfolio Is Well Suited to Serve Load  
ERCOT Generation  
Capacity  
MW  
(1)  
5,311  
CEG Intermediate  
1,839  
EXC Intermediate  
2,210  
Exelon Peaking  
1,262

(1)

Generation and capacity for Exelon and Constellation includes owned and contracted units, less any PPAs or tolls sold, as of 09/30/2011.

Exelon  
wind  
assets  
in  
Texas  
(open  
or  
hedged)  
are  
not  
included  
in  
the  
capacity  
shown  
above.

Constellation  
capacity

includes 517 MWs under a contract that expires in December 2011.

The combined generation portfolio will enhance the hedging capability for managing load positions in Texas

Hedging  
Flexibility

Leverage

strong  
asset

base and utilize market-based hedging  
instruments to effectively manage load-following  
obligations

Strong Asset Mix

Intermediate and peaking

generation assets are effectively call options at  
various heat rates that benefit from price  
volatility

Premium  
Location

A

sizeable  
generation  
position close to large load pockets in Dallas  
and Houston

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We will continue to use a well-defined hedging strategy to carefully balance risk management and value creation

Wholesale and Retail Businesses

Grow our generation to load strategy in multiple regions of the country by identifying attractive investments and markets

Expand product offerings to customers in regions we serve

Increase the amount of generation

hedged over time, leaving some open

generation length

Exhibit flexibility in timing and type of

sales executed based on market

expectations

Select products and markets that  
optimize the value of the generation  
portfolio  
Integrate hedging policy with financial  
planning process to protect investment-  
grade credit rating  
Growing the Portfolio  
Hedging Program Characteristics  
Utilize Multiple  
Markets &  
Products  
Protect  
Investment-  
Grade Credit  
Rating  
Manage Risk  
on a Ratable  
Basis  
Incorporate  
Fundamental  
Market Views

12

Transaction Maintains Solid Financial Position

Achievable Synergies

Lower Liquidity Requirements

Annual O&M Expense Savings

(1)

(in \$MM)

Annual

run rate

Year 4

\$310

Year 3

Year 2



Year 1  
\$200  
5-Year  
Total  
Synergies  
Allocation  
(2)  
BGE  
8%  
29%  
Unregulated  
Businesses  
63%  
\$10.3  
(in \$B)  
\$3-\$4  
-39%  
\$4.2  
Constellation  
\$6.3  
-  
\$7.3  
Pro-Forma  
\$6.1  
Exelon  
Existing liquidity  
(ex-utilities)  
Pro-forma liquidity  
Reduction in  
existing liquidity  
Moody's Credit  
Ratings  
S&P Credit  
Ratings  
Fitch Credit  
Ratings  
Exelon  
Baa1  
BBB-  
BBB+  
ComEd  
Baa1  
-  
BBB+  
A  
PECO  
A1  
A-  
A  
Generation

A3  
BBB  
BBB+  
Constellation  
Baa3  
BBB-  
BBB-  
BGE  
Baa2  
BBB+  
BBB+  
Maintaining  
Strong  
Investment  
Grade  
Ratings

(3)

(1) Before total costs to achieve of ~\$650M primarily attributable to employee-related costs and transaction costs.

(2) Source: DeGregorio testimony filed with Maryland PSC on May 25, 2011.

(3) Ratings as of November 1, 2011. Represents senior unsecured ratings of Exelon, Generation, Constellation and BGE and ComEd and PECO. S&P and Fitch affirmed all Exelon ratings upon announcement of merger. Moody's affirmed the ratings of Constellation and placed the ratings of Exelon and Generation on review for downgrade. S&P and Moody's placed Constellation on credit watch. Fitch affirmed BGE ratings. Fitch affirmed Constellation and BGE ratings upon announcement.

Annual cost  
savings of  
\$35M-\$45M  
ComEd &  
PECO

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Phased Approach to Designing the Future

Our past experience with successful integration and our phased approach to integrating Exelon and Constellation will enable the realization of merger benefits

Success is defined by:

Closing the transaction in early 2012

Maintaining consistent and reliable operations

Capturing value and meeting synergy targets

Meeting commitments to stakeholders, regulators and governments

Acting as one to build an integrated enterprise that is positioned for continued growth

August

December  
Begins post-close  
Completed in August  
Begins in November

Exelon & Constellation Energy Appendix

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Merger Approvals Process on Schedule

(as of 11/1/11)

Note: The Department of Public Utilities in Massachusetts concluded on September 26, 2011 that it does not have jurisdiction over the merger.

Stakeholder

Status of Key Milestones

Approved

Texas PUC

(Case No. 39413)

Filed for approval with the Public Utility Commission of Texas on May 17, 2011

Approval received on August 3, 2011

Securities and Exchange Commission

(SEC)

(File No. 333-175162)

Joint proxy statement declared effective on October 11, 2011

Shareholder Approval

Proxies mailed to shareholders of record at October 7, 2011

Shareholder meetings set for November 17, 2011

New York PSC

(Case No. 11 E 0245)

Filed with the New York Public Service Commission on May 17, 2011

seeking a declaratory order confirming that a Commission review is not required

Decision expected in Q4 2011

Department of Justice (DOJ)

Submitted Hart-Scott

-

Rodino filing on May 31, 2011 for review under U.S.

antitrust laws and certified compliance with second request

Clearance expected by January 2012

Federal Energy Regulatory Commission

(FERC)

(Docket No. EC 11-83)

Filed

merger

approval

application

and

related

filings

on

May

20,

2011,

which

assesses market power-related issues

Settlement agreement filed with PJM Market Monitor on October 11, 2011

Order expected by November 16, 2011 (end of statutory period)

Nuclear Regulatory Commission

(Docket Nos. 50-317, 50-318, 50-220,

50-410, 50-244, 72-8, 72-67)

Filed for indirect transfer of Constellation Energy licenses on May 12, 2011

Order expected by January 2012

Maryland PSC

(Case No. 9271)

Filed for approval with the Maryland Public Service Commission on May 25,

2011

Evidentiary hearings begin October 31, 2011

Order expected by January 5, 2012

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Maryland PSC Review Schedule (Case No. 9271)

Filing of Application

Significant Events

Prehearing Conference

Intervention Deadline

Filing of Staff, Office of People Counsel and Intervenor Testimony

Filing of Rebuttal Testimony

Filing of Surrebuttal Testimony

Status Conference

Evidentiary Hearings

Public Comment Hearings

Filing of Initial Briefs



Filing of Reply Briefs

Decision Deadline

Date of Event

October 31, 2011 -

November 18, 2011

November 29, December 1 &

December 5, 2011

December 5, 2011

December 19, 2011

January 5, 2012

May 25, 2011

June 24, 2011

June 28, 2011

September 16, 2011

October 12, 2011

October 26, 2011

October 28, 2011

\*

Initial

intervenor

testimony

with

respect

to

market

power was

due

on

September

23

rd

for

all

parties

except

for

the

Independent

Market

Monitor

and

rebuttal

testimony

with

respect

to

market

power

was

due

on  
October  
17  
th  
.

Portfolio Matches Generation with Load in  
Key Competitive Markets

MISO (TWh)

PJM

(1)

(TWh)

South

(2)

(TWh)

ISO-NE & NY ISO

(3)

(TWh)

West

(4)

(TWh)

The combination establishes an industry-leading platform with regional diversification of the generation fleet and customer-facing load business

Load

75.1

42.0

33.1

Generation

175.6

29.8

145.8

Constellation

Exelon

5.7

Load

5.1

0.6

Generation

8.6

8.6

18.5

Load

30.3

Generation

26.2

7.7

1.9

Load

Generation

0.6

Load

29.2

Generation

32.1

32.1

29.2

17

Note: Data for Exelon and Constellation represents available expected generation (owned and contracted) and booked electric generation. Constellation generation is adjusted for assets that have long term PPAs sold by Exelon or Constellation, including but not limited to wind and solar. Exelon generation is adjusted for the ComEd swap (~26 TWh). Index load, which is a pass through load product with no price or volumetric risk to the seller, is included in the load data.

(1) Constellation generation includes output from Brandon Shores, C.P. Crane and H.A. Wagner (total generation ~8.5 TWh).

(2) Represents load and generation in ERCOT, SERC and SPP.

(3) Constellation load includes ~0.7 TWh of load served in Ontario.

(4) Constellation generation includes ~0.4 TWh of generation in Alberta.

Manageable Debt Maturities

Debt

Maturity

Profile

(2012-2020)

(1)

EXC

(1)

Debt maturity schedule and weighted average cost of debt as of 9/30/11. Amounts do not include fair value swaps at Constella

balances

include

annual

transition

bond  
payments  
from  
2012  
  
2017.  
(2)  
Weighted  
average  
cost  
of  
debt  
excludes  
any  
benefits  
for  
interest  
rate  
swaps.  
Utilities  
weighted  
average  
cost  
of  
debt  
includes  
debt  
amortization costs.  
EXC  
EXC  
Exelon  
152  
552  
74  
552  
2020  
1,652  
550  
550  
2019  
602  
600  
2018  
1,342  
500  
840  
2017  
1,261  
702  
516

41  
2016  
1,117  
665  
379  
2015  
260  
800  
75  
2014  
1,589  
500  
250  
617  
70  
2013  
1,020  
300  
252  
467  
2012  
1,001  
375  
450  
173  
3  
2  
2  
2  
2  
ExGen  
PECO  
ComEd  
Exelon  
BGE  
Constellation  
18  
Weighted Average Cost of  
Debt  
(2)  
Exelon  
5.2%  
ComEd  
5.4%  
PECO  
5.5%  
ExGen  
5.5%  
Constellation  
6.2%

BGE  
6.3%  
1,686  
~70%  
of  
2012

2016  
debt  
maturities  
consist  
of  
regulated  
utility  
debt  
(in \$M)



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Exelon Dividend

Exelon's Board of Directors approved a contingent stub dividend for Exelon shareholders of \$0.00571/share

per

day

for

Q1

2012

in

anticipation

of

the

merger  
close  
(\$0.525/share  
for  
the  
quarter)

Stub dividend declaration ensures that Exelon shareholders continue to receive all dividends at the current \$2.10 per share annualized rate

Pre-  
and post-close stub dividends must be declared separately to account for Constellation shareholders becoming Exelon shareholders at merger close

Assuming

a  
February  
1,  
2012  
close  
for  
illustrative  
purposes  
only:  
\$0.525

Current Exelon shareholders will continue to receive a total dividend of \$0.525 per quarter

Payment Date

Record Date

Pre-close

Stub

Dividend

(1)

Post-close

Stub

Dividend

(1)

Regular Dividend

(2)

Regular Dividend

Per Share

Amount

11/15/2011

1/31/2012

2/15/2012

5/15/2012

12/09/2011

3/1/2012

3/09/2012

6/09/2012

\$0.525

\$0.440

\$0.085

\$0.525

(1)

Assuming a 2/1/2012 merger close; for Exelon shareholders, Q1 2012 dividend will be based on a per diem rate of \$0.00571 (\$ days).

(2)

Future dividend, following the stub dividend, is subject to approval by the Board of Directors.

20  
Constellation Dividend  
Record Date  
Payment Date  
Per Share  
Amount  
12/12/2011  
1/03/2012  
Regular CEG Dividend  
\$0.24  
1/31/2012  
3/1/2012  
Pre-close CEG Stub

Dividend

(1)

\$0.132

2/15/2012

3/09/2012

Post-close EXC Stub

Dividend

(1)

\$0.085

5/15/2012

6/09/2012

Regular EXC Dividend

(2)

\$0.525

Constellation Energy's Board of Directors approved a contingent stub dividend for Constellation shareholders of \$0.00264/share per day for Q1 2012 in anticipation of merger close

Stub dividend declaration ensures that Constellation shareholders continue to receive their existing quarterly dividend rate prior to the merger, and benefit from the Exelon annualized dividend rate (\$2.10 per share) beginning on the day the merger closes

Pre-

and post-close stub dividends must be declared separately to account for Constellation shareholders becoming Exelon shareholders at merger close

Assuming

a

February

1,

2012

close

for

illustrative

purposes

only

:

Constellation shareholders will receive the Exelon dividend rate

upon

merger close

(1) Assuming a 2/1/2012 merger close, Q1 2012 dividend will be based on a per diem rate of \$0.00264 (\$0.24 dividend) for the stub period. Post-close Exelon Q1 2012 stub dividend will be based on a per diem rate of \$0.00571.

(2) Assuming a 2/1/2012 merger close, Constellation shareholders will start receiving the full quarterly Exelon dividend rate of \$2.10 per share in Q2 2012. Future dividend, following the stub dividend, is subject to approval by the Board of Directors.

November 7-8, 2011  
EEI Financial Conference  
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#### Forward Looking Statements Disclosure

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Certain statements made in this presentation are forward-looking statements and may contain words such as believes, anticipates, intends, plans, and other similar words. We also disclose non-historical information that represents management's expectations based on numerous assumptions. These statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to be materially different from projected results. These risks include, but are not limited to: the timing and amount of capital expenditures, changes in commodity prices and volatilities for energy and energy-related products including coal, natural gas, oil, electricity,

emissions allowances and the impact of such changes on our liquidity requirements; the liquidity and competitiveness of whole markets for energy commodities; the conditions of the capital markets, interest rates, foreign exchange rates, availability of credit to support business requirements, liquidity and general economic conditions, as well as Constellation Energy's and BGE's ability to obtain current credit ratings; the effectiveness of Constellation Energy's and BGE's risk management policies and procedures and the willingness of our counterparties to satisfy their financial and performance commitments; losses on the sale or write-down of assets; impairment events or changes in management intent with regard to either holding or selling certain assets; the ability to successfully finance and complete acquisitions and sales of businesses and assets, including generating facilities, and new nuclear generation projects; the effect of weather and general economic and business conditions on energy supply, demand, and prices, and counterparties' ability to perform their obligations or make payments; the ability to attract and retain customers in our NewEnergy markets; the ability to adequately forecast their energy usage; the timing and extent of deregulation of, and competition in, the energy markets, and the regulations adopted in those markets; regulatory or legislative developments federally, in Maryland, or in other states that affect the price of energy, transmission or distribution rates and revenues, demand for energy, or that would increase costs, including costs related to safety or environmental compliance; the ability of our regulated and non-regulated businesses to comply with complex and/or changing rules and regulations; the ability of BGE to recover all its costs associated with providing customers service; operational factors affecting generating facilities, BGE's transmission and distribution facilities or our other commercial operations, including weather-related unscheduled outages or repairs, unanticipated changes in fuel costs or availability, unavailability of coal or gas transportation or transmission services, workforce issues, terrorism, cybersecurity events, acts of war, catastrophic events, and other events beyond our control; the impact of industry consolidation; the impact of increased energy conservation and use of renewable energy; the actual outcomes of the uncertainties associated with assumptions and estimates requiring judgment when managing our business, applying critical accounting principles and preparing financial statements, including factors that are estimated in determining the fair value of energy contracts, such as the ability to obtain market prices and in the absence of verifiable market prices, the appropriateness of models and model inputs (including the use of estimated contractual load obligations, unit availability, forward commodity prices, interest rates, correlation and volatility factors) and accounting principles or practices; cost and other effects of legal and administrative proceedings and other events that may not be covered by insurance, including environmental liabilities and liabilities associated with catastrophic events; and the likelihood and timing of the pending merger with Exelon Corporation, the terms and conditions of any required approvals of the pending merger, and the diversion of management's time and attention from our ongoing business during this time period. Given these uncertainties, you should not place reliance on these forward-looking statements. Please see our periodic reports filed with the SEC for more information on these uncertainties. These forward-looking statements represent estimates and assumptions only as of the date of this presentation, and no duty is undertaken by us to reflect new information, events or circumstances.



Use of Non-GAAP Financial Measures

Constellation Energy presents adjusted earnings per share (adjusted EPS) in addition to its reported earnings per share in accordance with generally accepted accounting principles (reported GAAP).

EPS).

Adjusted

EPS

is

a

non-GAAP

financial

measure

that

differs

from

reported

GAAP

EPS

because

it

excludes the cumulative effects of changes in accounting principles, discontinued operations and special items (which we define

not

related

to

our

ongoing,

underlying

business

or

which

distort

comparability

of

results)

included

in

operations.

We present adjusted EPS because we believe that it is appropriate for investors to consider results excluding these items in addi-

accordance

with

GAAP.

We

believe

such

a

measure

provides

a

picture

of

our

results

that

is

more  
comparable  
among  
periods  
since  
it  
excludes  
the  
impact  
of

items such as impairment losses, workforce reduction costs or gains and losses on the sale of assets, which may recur occasionally as to timing, thereby distorting comparisons between periods. However, investors should note that this non-GAAP measure is not intended to evaluate management's performance and for compensation purposes.

Constellation Energy also provides its earnings guidance in terms of adjusted EPS. Constellation Energy is unable to reconcile per share

because  
we  
do  
not

predict  
the  
future  
impact  
of

special  
items  
due

to  
the  
difficulty  
of  
doing

so.  
In  
the  
past,  
the  
impact  
of

special  
items  
has  
been

material to our operating results computed in accordance with GAAP.

We note that non-GAAP measures should not be viewed as a substitute to GAAP information. A reconciliation of non-GAAP is included either

on  
the  
slide  
where  
the  
information  
appears

or  
on  
one  
of  
the  
slides  
in  
the  
Non-GAAP  
Measures  
section  
provided

at  
the  
end  
of  
the

presentation, along with additional information on why and how Constellation Energy uses this information. Please see the Su  
Measures

to  
find  
the  
appropriate  
GAAP  
reconciliation  
and  
related  
slide(s).

These  
slides  
are  
only  
intended  
to  
be  
reviewed  
in  
conjunction  
with  
the  
oral  
presentation to which they relate.

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Q3 2011 Adjusted Earnings Per Share  
(\$ per share)  
Q3 2011  
Q3 2010  
Adjusted Earnings Per Share  
(1)  
\$0.68

\$0.48

JV PPA

(0.15)

(0.14)

Other Special Items

(0.17)

(7.33)

GAAP Earnings Per Share

\$0.36

(\$6.99)

(1)

Excludes special items

Note: Numbers may not sum due to rounding

See Appendix

(\$ per share)

Q3 2011

Q3 2010

BGE

\$0.00

\$0.14

Generation

0.29

0.27

NewEnergy

0.23

(0.07)

JV PPA

0.15

0.14

Other

0.01

-

Adjusted Earnings Per Share

(1)

\$0.68

\$0.48

24

2011 EPS Forecast

(\$ per share)

(1)

2011 reflects interest income earnings on cash using 1-month forward LIBOR rates as of September 2011

(2)

Data excludes mark-to-market timing, Hurricane Irene restoration expense and Special Items, including the amortization of CE

See Appendix

25  
2011  
BGE  
\$0.60  
\$0.80  
Generation  
\$0.75  
\$0.95  
NewEnergy  
\$0.90  
\$1.10  
Other  
(1)  
\$0.01  
\$0.02  
Pre-Allocation EPS  
(2)  
\$2.50  
  
\$2.80  
JV PPA  
\$0.60  
Total Adjusted EPS  
(2)  
\$3.05  
  
\$3.35



Capital Spending  
Competitive Businesses  
(\$ in millions)  
FY  
2011E  
Generation  
&

Other

(1)

Major Environmental

\$ 35

Maintenance Capital

111

Growth

(2)

23

Generation & Other Total

\$ 169

Memo: Total CENG capital spend

421

(1)

Other includes corporate headquarters spending in Maintenance Capital

(2)

Generation and NewEnergy growth capital includes offset to reflect related Investment Tax Credits and Grants

(\$ in millions)

FY

2011E

NewEnergy

Maintenance Capital

24

Growth

(2)

266

NewEnergy Total

\$ 290

26



\$0  
\$100  
\$200  
\$300  
\$400  
\$500  
\$600  
\$700  
2011  
2016  
2021  
2026  
2031  
2036  
2041  
2046  
2051  
2056  
2061  
Total CEG (excluding BGE)  
Total BGE  
\$550M CEG 4.55%  
Notes due 2015  
\$700M CEG 7.60%  
Notes due 2032  
\$550M CEG  
5.15% Notes due  
2020  
Debt Maturity Profile  
(1) Numbers may not add due to rounding  
Constellation Energy Group Total Debt  
(1)  
\$ in billions  
CEG  
4.55% Fixed-Rate Notes, due June 15, 2015

0.6	
5.15% Fixed-Rate Note, due December 1, 2020	
0.6	
7.60% Fixed-Rate Notes, due April 1, 2032	
0.7	
8.625% Series A Jr. Sub Debentures, due June 15, 2063	
0.5	
Other	
0.3	
Total CEG excluding BGE	
2.6	
BGE	
2.1	
Total Long-term Debt	
4.8	
9/30/11	
27	

Net Available Liquidity  
September 30, 2011  
(\$ in billions)  
Competitive  
BGE  
Credit facilities  
\$ 3.7

\$ 0.6  
 Less: Letters of credit issued  
 (1)  
 (1.2)  
 -  
 Less: Commercial paper outstanding  
 -  
 (0.1)  
 Net available facilities  
 2.5  
 0.5  
 Add: Cash  
 (2)  
 1.1  
 -  
 Total Net Available Liquidity  
 \$ 3.6  
 \$ 0.5  
 Memo: Downgrade collateral  
 \$ 1.0  
 Price contingent facility capacity  
 0.5  
 Less: LCs issued under facility  
 (0.4)  
 Availability under price contingent facility  
 0.1  
 Memo: Total Contractual Capacity of Price Contingent Facility  
 (3)  
 \$ 0.5  
 (1) Excludes availability and postings under the competitive business' price contingent knock-in facility  
 (2) BGE 9/30 cash balance was \$51M  
 (3) The agreement was amended in September 2010 to allow an option to draw cash in addition to LCs  
 28

Forward Market Prices

(1)

BGE zone is historically a 10%-20% premium to PJM WHUB pricing; Ginna/NMP zones are historically a 5%-15% premium

(2)

NY Capacity prices not disclosed in  
2012



2014  
as prices clear through a monthly auction  
Market Curves (as of 10/11/11)  
2011  
2012  
2013  
2014  
NYMEX Gas (\$/MMBTU)  
3.7  
4.1  
4.6  
4.9  
NYMEX Coal (\$/Ton)  
73.8  
75.4  
78.2  
80.2  
PJM WHUB (\$/MWh) (7x24)  
(1)  
42.1  
44.0  
46.4  
49.4  
NY WHUB (\$/MWh) (7x24)  
(1)  
37.0  
37.9  
39.7  
42.1  
ERCOT Houston Zone (\$/MWh) (7x24)  
29.0  
37.5  
41.7  
45.0  
NEPOOL HUB (\$/MWh) (7x24)  
49.7  
47.2  
49.4  
50.9  
PJM Capacity Pricing (\$/MWd)  
110.0  
123.8  
187.6  
173.9  
NEPOOL Capacity Pricing (\$/MWh)  
4.9  
4.4  
4.0  
3.7  
NY Capacity Pricing (\$/MWh)

(2)

0.2

0.6

n/a

n/a

RGGI Emissions Expense (\$/ton of CO2)

1.9

1.9

1.9

2.0

29

Average Hedged Prices

(1)

Includes current fixed priced portion of CENG PPA and existing NY PPAs/RSA

(2)

Coal  
prices  
represent

a  
mix  
of  
coal  
types  
dependant  
on  
plant  
economics;  
does  
not  
include  
transportation  
costs  
of  
approximately  
\$25  
-  
\$35/ton  
for  
Eastern  
and  
\$55  
-  
\$70/ton  
for  
PRB  
(3)  
Reflects  
the  
expected  
divestiture  
of  
Brandon  
Shores/Wagner/Crane  
at  
the  
end  
of  
2012  
Average Hedged Prices (as of 10/11/11)  
2011  
2012  
2013  
2014  
Power -  
Non-Nuclear Plants (\$/MWh)  
51.5  
55.2  
64.8

68.2  
% Hedged Fossil  
100%  
89%  
40%  
20%  
Power -  
Non-Nuclear Plants (\$/MWh)  
(3)  
51.5  
55.2  
72.3  
77.8  
% Hedged Fossil  
100%  
89%  
51%  
26%  
Power -  
PJM Nuclear  
Plants  
(\$/MWh)  
(1)  
49.9  
52.9  
52.3  
54.2  
% Hedged PJM Nuclear  
100%  
95%  
55%  
23%  
Power -  
NY Nuclear (\$/MWh)  
(1)  
37.8  
42.3  
42.4  
43.5  
% Hedged NY Nuclear  
100%  
96%  
80%  
58%  
Average Hedged Fuel Prices  
Coal (\$/ton)  
(2)  
57.1  
64.9  
75.7

n/a  
% Hedged  
100%  
73%  
30%  
0%  
Coal (\$/ton)  
(2) (3)  
57.1  
64.9  
72.7  
n/a  
% Hedged  
100%  
73%  
18%  
0%  
Gas (\$/MMBTU)  
3.7  
4.8  
5.4  
6.0  
% Hedged  
100%  
98%  
45%  
18%  
30

Generation Statistics  
(MWh in thousands, unless otherwise stated)  
2011E  
2012E  
2013E  
2014E  
Nuclear Plants (CEG Ownership Only)

Calvert Cliffs

7,177

7,025

7,205

7,299

NMP 1

2,288

2,668

2,471

2,660

NMP 2

3,977

3,851

4,377

4,044

Ginna

2,177

2,345

2,490

2,261

Total Nuclear

15,619

15,889

16,543

16,264

Coal Plants

(1)

SW

MAAC

Coal

Plants

(2)

8,493

7,457

7,544

7,706

Other PJM Coal Plants

3,757

3,832

3,824

3,601

Total Coal

12,250

11,289

11,368

11,307

SW

MAAC

Coal

Plants



(2)

3.9

3.2

3.3

3.4

Other PJM Coal Plants

1.5

1.2

1.4

1.3

Total Coal Burn (MMtons)

5.4

4.4

4.7

4.7

CO2 Emissions (MMtons)

21.6

20.4

20.3

20.8

(1) Excludes QF s

(2) SW MAAC Coal consists of Brandon/Wagner/Crane

Note: MWh s, Coal Burn & Emissions updated as of 10/11/2011

31

Generation Statistics  
(MWh in thousands, unless otherwise stated)  
2011E  
2012E  
2013E  
2014E  
Gas / Oil Plants

PJM Gas/Oil Plants

197

240

231

256

NEPOOL Gas Plants

13,803

12,027

11,247

11,400

ERCOT Gas Plants

2,629

3,181

3,434

3,648

Hillabee (Alabama)

3,910

3,006

2,819

3,392

West Valley (Utah)

137

133

184

235

Grande Prairie (Alberta, Canada)

234

422

377

382

Total Gas/Oil

20,910

19,009

18,292

19,313

Total QF s/Other

(1)

2,730

2,367

2,088

2,089

Toll Agreement Statistics

External Tolls

6,536

6,632

5,577

5,835

Other Contracted Generation

(2)

9,097

7,873

4,640

2,108

Total Toll Output

15,633

14,505

10,217

7,943

(1) Includes Safe Harbor (~700k MWH per year); Criterion; Panther Creek; Colver; Ace Trona; Jasmin; Chinese Station; Fres

(2) Includes EDF portion of CENG JV PPA already sold to CEG

Note: MWh s updated as of 10/11/2011

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### Q3 2011 Adjusted EPS

We exclude special items because we believe that it is appropriate for investors to consider our results excluding these items, in our results in accordance with GAAP. We believe such a measure provides a picture of our results that is comparable among periods and excludes the impact of items, which may recur occasionally, but tend to be irregular as to timing and magnitude, thereby distorting comparisons between periods. However, investors should note that this non-GAAP measure involves judgment by management and is not as

to  
what  
is  
or  
is  
not  
classified  
as  
a  
special  
item).

We  
also  
use  
this  
measure  
to  
evaluate  
performance  
and  
for  
compensation  
purposes.

34

**RECONCILIATION:**

Elim, Holding  
(\$ per share)  
Generation  
NewEnergy  
BGE  
Company,  
and Nonreg.

Total

**Q3 11 ACTUAL RESULTS:**

Reported GAAP EPS

0.15

\$

0.21

\$

(0.01)

\$

0.01

\$

0.36

\$

**GAAP MEASURE**

Special Items Included in Operations:

CEG Credit Facility Amendment Fees

-

(0.01)

-  
 -  
 (0.01)  
 Amortization of JV Basis Difference  
 (0.13)

-  
 -  
 -  
 (0.13)  
 Subtotal: CENG JV  
 (0.13)  
 (0.01)

-  
 -  
 (0.14)  
 Merger Transaction Fees  
 (0.01)  
 (0.01)  
 (0.01)

-  
 (0.03)  
 Earnings Excluding Special Items  
 0.29  
 0.23

-  
 0.01  
 0.53  
 CENG PPA Amortization  
 (0.15)

-  
 -  
 -  
 (0.15)  
 Adjusted EPS

0.44  
 \$  
 0.23  
 \$

-  
 \$  
 0.01  
 \$

0.68  
 \$

NON-GAAP MEASURE  
 EARNINGS GUIDANCE

Constellation Energy is unable to reconcile its earnings guidance excluding special items to GAAP earnings per share because special items such as the cumulative effect of changes in accounting principles and the disposition of assets. See above reconcili-



Adjusted EPS 2010 and Quarterly -  
Consolidated  
RECONCILIATION:  
CEG Consolidated  
2010  
(\$ per share)  
Q1 10

Q2 10

Q3 10

Q4 10

Total

ACTUAL RESULTS:

Reported GAAP EPS

0.95

\$

0.36

\$

(6.99)

\$

0.79

\$

(4.90)

\$

GAAP MEASURE

Special Items Included in Operations:

CEG Credit Facility Amendment Fees

(0.02)

(0.01)

(0.01)

(0.02)

(0.07)

Amortization of JV Basis Difference

(0.13)

(0.18)

(0.15)

(0.12)

(0.59)

Subtotal: CENG JV

(0.15)

(0.19)

(0.16)

(0.14)

(0.66)

Early Retirement of 2012 Notes  
(0.15)

-

-

-

(0.15)

Medicare Part D - Tax  
(0.04)

-

-

-

(0.04)

UniStar Nuclear Energy Results  
(0.01)

(0.02)

-

-

(0.03)

Mammoth Lakes Gain

-

-

0.12

-

0.12

International Coal Contract Dispute Settlement

-

-

-

0.17

0.17

Gain on Comprehensive Agreement with EDF

-

-

-

0.60

0.60

Impairment Losses and Other Costs

-

-

(7.29)

(0.11)

(7.41)

Earnings Excluding Special Items

1.30

0.57

0.34

0.27

2.50

PPA Amortization

(0.13)

(0.14)

(0.14)

(0.15)

(0.56)

Adjusted EPS

1.43

\$

0.71

\$

0.48

\$

0.42

\$

3.06

\$

NON-GAAP MEASURE

NOTE

The sum of the quarterly earnings per share amounts may not equal the total for the year due to the effects of rounding and the effects of dilution shares.

We exclude special items because we believe that it is appropriate for investors to consider our results excluding these items, in our results in accordance with GAAP. We believe such a measure provides a picture of our results that is comparable among periods and excludes the impact of items, which may recur occasionally, but tend to be irregular as to timing and magnitude, thereby distorting comparisons between periods. However, investors should note that this non-GAAP measure involves judgment by management (management judgments as to what is or is not classified as a special item).

We also use this measure to evaluate performance and for compensation purposes.

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Adjusted EPS 2010 and Quarterly -

BGE

RECONCILIATION:

BGE

2010

(\$ per share)

Q1 10

Q2 10

Q3 10

Q4 10

Total

ACTUAL RESULTS:

Reported GAAP EPS

0.30

\$

0.07

\$

0.14

\$

0.15

\$

0.67

\$

GAAP MEASURE

Special Items Included in Operations:

Medicare Part D - Tax

(0.02)

-

-

-

(0.02)

Earnings Excluding Special Items

0.32

0.07

0.14

0.15

0.69

Adjusted EPS

0.32

\$

0.07

\$

0.14

\$

0.15

\$

0.69

\$

NON-GAAP MEASURE

NOTE

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Adjusted EPS 2010 and Quarterly -  
Generation  
RECONCILIATION:  
Generation  
2010  
(\$ per share)  
Q1 10

Q2 10

Q3 10

Q4 10

Total

ACTUAL RESULTS:

Reported GAAP EPS

0.14

\$

0.08

\$

(7.06)

\$

0.60

\$

(6.26)

\$

GAAP MEASURE

Special Items Included in Operations:

CEG Credit Facility Amendment Fees

(0.01)

(0.01)

(0.01)

(0.02)

(0.05)

Amortization of JV Basis Difference

(0.13)

(0.18)

(0.15)

(0.12)

(0.59)

Subtotal: CENG JV

(0.14)

(0.19)

(0.16)

(0.14)

(0.64)

Early Retirement of 2012 Notes  
(0.15)

-

-

-

(0.15)

UniStar Nuclear Energy Results  
(0.01)

(0.02)

-

-

(0.03)

Mammoth Lakes Gain

-

-

0.12

-

0.12

Gain on Comprehensive Agreement with EDF

-

-

-

0.60

0.60

Impairment Losses and Other Costs

-

-

(7.29)

(0.11)

(7.41)

Earnings Excluding Special Items

0.44

0.29

0.27

0.25

1.25

PPA Amortization

(0.13)

(0.14)

(0.14)

(0.15)

(0.56)

Adjusted EPS

0.57

\$

0.43

\$

0.41

\$

0.40

\$

1.81

\$

NON-GAAP MEASURE

NOTE

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We also use this measure to evaluate performance and for compensation purposes.





Adjusted EPS 2010 and Quarterly -

NewEnergy

RECONCILIATION:

NewEnergy

2010

(\$ per share)

Q1 10

Q2 10

Q3 10

Q4 10

Total

ACTUAL RESULTS:

Reported GAAP EPS

0.53

\$

0.21

\$

(0.07)

\$

0.02

\$

0.69

\$

GAAP MEASURE

Special Items Included in Operations:

CEG Credit Facility Amendment Fees

(0.01)

-

-

-

(0.02)

Subtotal: CENG JV

(0.01)

-

-

-

(0.02)

International Coal Contract Dispute Settlement

-

-

-

0.17

0.17

Earnings Excluding Special Items

0.54

0.21

(0.07)

(0.15)

0.54

Adjusted EPS

0.54

\$

0.21

\$

(0.07)

\$

(0.15)



\$

0.54

\$

NON-GAAP MEASURE

NOTE

The sum of the quarterly earnings per share amounts may not equal the total for the year due to the effects of rounding and the effects of dilution shares.

We exclude special items because we believe that it is appropriate for investors to consider our results excluding these items, in our results in accordance with GAAP. We believe such a measure provides a picture of our results that is comparable among periods and excludes the impact of items, which may recur occasionally, but tend to be irregular as to timing and magnitude, thereby distorting comparisons between periods. However, investors should note that this non-GAAP measure involves judgment by management (management judgments as to what is or is not classified as a special item).

We also use this measure to evaluate performance and for compensation purposes.

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Adjusted EPS 2010 and Quarterly

Other Nonregulated

RECONCILIATION:

Other Nonregulated

2010

(\$ per share)

Q1 10

Q2 10

Q3 10

Q4 10

Total

ACTUAL RESULTS:

Reported GAAP EPS

(0.02)

\$

-

\$

-

\$

0.02

\$

-

\$

GAAP MEASURE

Special Items Included in Operations:

Medicare Part D - Tax

(0.02)

-

-

-

(0.02)

Earnings Excluding Special Items

-

-

-

0.02

0.02

Adjusted EPS

-

\$

-

\$

-

\$

0.02

\$

0.02

\$

NON-GAAP MEASURE

NOTE

The sum of the quarterly earnings per share amounts may not equal the total for the year due to the effects of rounding and the effects of dilution shares.

We exclude special items because we believe that it is appropriate for investors to consider our results excluding these items, in our results in accordance with GAAP. We believe such a measure provides a picture of our results that is comparable among periods and excludes the impact of items, which may recur occasionally, but tend to be irregular as to timing and magnitude, thereby distorting comparisons between periods. However, investors should note that this non-GAAP measure involves judgment by management (management judgments as to what is or is not classified as a special item).

We also use this measure to evaluate performance and for compensation purposes.

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An Overview

Service Territory

Ring-Fencing Conditions

Key Data

(1)

Total # of Customers:

1.2M (Electric); 0.7M (Gas)

Area: 2,300 square miles (Electric)

Peak Load: 7,236 MW

(1)

Data as of 9/30/11. Peak load represents all-time peak load, which occurred on July 21, 2011.

Regulatory Update

Electric Distribution Rate Case

Rate case filed on 5/7/10

Original request of \$47M; ROE range request of 10.65% to 12.65%

Final revenue increase of \$31M with an ROE of 9.86%

Gas Delivery Rate Case

Rate case filed on 5/7/10

Original request of \$30M; ROE range request of 10.65% to 12.65%

Final revenue increase of \$10M with an ROE of 9.56%

In order to satisfy the ring fencing conditions outlined by the MD PSC in an order issued in February 2009:

Constellation Energy created a new wholly-owned, special purpose subsidiary, RF HoldCo LLC (HoldCo) which acquired 100% of the common equity interests of BGE from Constellation Energy

HoldCo has one independent director and a golden shareholder whose consent is necessary to initiate a BGE bankruptcy

In accordance with the Maryland PSC order, Constellation and BGE are subject to certain conditions, including:

BGE may not pay common dividends to Constellation if:

After the dividend payment, BGE's equity ratio would be below 48% as calculated pursuant to Maryland PSC's ratemaking precedents; or

BGE's senior unsecured credit rating by two of the three major credit rating agencies is below investment grade

BGE can no longer participate in the CEG cash pool or commingle funds with CEG

BGE must operate as a separate entity from CEG, conduct business in its own name and not assume any of CEG's obligations

BGE must maintain an arms-length relationship with CEG

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Estimated Rate Base

Note: Rate base includes electric and gas distribution and electric transmission and is calculated using a 13-month trailing average

- \$3,500
- \$3,700
- \$3,900
- \$4,100
- \$4,300
- \$4,500



\$4,700  
\$4,900  
2010A  
2011E  
2012E  
2013E

Capital Spending  
(\$ in millions)  
FY 2011E  
FY 2012E  
FY 2013E  
Electric / Gas Distribution  
\$ 483  
\$ 442  
\$ 446

Electric Transmission

109

81

131

Smart

Energy

Savers

Program

®

91

169

207

Utility Total

\$ 683

\$ 692

\$ 784

Key drivers of capital expenditures:

Electric and gas infrastructure spending for reliability

Electric transmission investments for reliability

43

Smart

Energy

Savers

Program

®

initiatives

including

energy

efficiency,

PeakRewards

SM

,

and

Smart

Grid

Cautionary Statements Regarding Forward-Looking Information

Except for the historical information contained herein, certain of the matters discussed in this communication constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. Words such as may, will, anticipate, estimate, expect, project, intend, plan, believe, target, and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding benefits of the proposed merger of Exelon Corporation (Exelon) and Constellation Energy Group, Inc. (Constellation), integration plans and expected synergies, the expected timing of completion of the transaction, anticipated future financial and operating performance and results, including estimates for growth. These statements are based on the current expectations of management of Exelon and Constellation, as applicable. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication regarding the proposed merger. For example, (1) the companies may be unable to obtain shareholder approvals required for the merger; (2) the companies may be unable to obtain regulatory approvals required for the merger, or required regulatory approvals may delay the merger or result in the imposition of conditions that could have a material adverse effect on the combined company or cause the companies to abandon the merger; (3) conditions to the closing of the merger may not be satisfied; (4) an unsolicited offer of another company to acquire assets or capital stock of Exelon or Constellation could interfere with the merger; (5) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (6) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (7) the merger may involve unexpected costs, unexpected liabilities or unexpected delays, or the effects of purchase accounting may be different from the companies' expectations; (8) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (9) the businesses of the companies may suffer as a result of uncertainty surrounding the merger; (10) the companies may not realize the values expected to be obtained for properties expected or required to be divested; (11) the industry may be subject to future regulatory or legislative actions that could adversely affect the companies; and (12) the companies may be adversely affected by other economic, business, and/or competitive factors. Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of Exelon, Constellation or the combined company. Discussions of some of these other important factors and assumptions are contained in Exelon's and Constellation's respective filings with the Securities and Exchange Commission (SEC), and available at the SEC's website at [www.sec.gov](http://www.sec.gov), including: (1) Exelon's 2010 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 18; (2) Exelon's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 in (a) Part II, Other Information, ITEM 1A.

Risk Factors, (b) Part I, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 13; (3) Constellation's 2010 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 12; and (4) Constellation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 in (a) Part II, Other Information, ITEM 1A. Risk Factors and ITEM 5. Other Information, (b) Part I, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Notes to Consolidated Financial Statements, *Commitments and Contingencies*. These risks, as well as other risks associated with the proposed merger, are more fully discussed in the definitive joint proxy statement/prospectus included in the Registration Statement on Form S-4 that Exelon filed with the SEC and that the SEC declared effective on October 11, 2011 in connection with the proposed merger. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this communication may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication. Neither Exelon nor Constellation undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this communication.

Additional Information and Where to Find it

In connection with the proposed merger between Exelon and Constellation, Exelon filed with the SEC a Registration Statement on Form S-4 that included the definitive joint proxy statement/prospectus. The Registration Statement was declared effective by the SEC on October 11, 2011. Exelon and Constellation mailed the definitive joint proxy statement/prospectus to their respective security holders on or about October 12, 2011. **WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY CONTAIN IMPORTANT INFORMATION** about Exelon, Constellation and the proposed merger. Investors and security holders may obtain copies of all documents filed with the SEC free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). In addition, a copy of the definitive joint proxy statement/prospectus may be obtained free of charge from Exelon Corporation, Investor Relations, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398, or from Constellation Energy Group, Inc., Investor Relations, 100 Constellation Way, Suite 600C, Baltimore, MD 21202.