

CONSTELLATION ENERGY: EXECUTIVE COMPENSATION OVERVIEW

Constellation Energy's independent board of directors, with the guidance of compensation consultants and counsel, establishes the compensation programs for senior executives. These programs are benchmarked to ensure they are in line with industry and peer group norms and are tailored to reward excellent performance.

Information concerning senior executive compensation is public and available on our Web site (constellation.com). We believe our reporting on executive compensation is fully transparent and fully complies with Securities and Exchange Commission guidelines.

CEO COMPENSATION AND "CHANGE -IN-CONTROL" PROVISIONS

Mayo A. Shattuck III, Constellation Energy CEO, will receive no payout as a result of the pending Constellation Energy-EDF Group joint nuclear venture.

- ❖ The transaction with EDF will **not** trigger the "change-in-control" provision in Shattuck's current employment contract.
- ❖ The "change-in-control" provision only applies if another entity takes control of Constellation Energy and Shattuck's employment is terminated. This transaction does not – and will not – meet these conditions.
- ❖ The joint venture involves the acquisition of 49.99 percent of Constellation Energy Nuclear Group (CENG) and is not a merger between the two companies.
- ❖ "Change-in-control" payments to senior executives are common contract provisions corporations use to protect shareholders in the event of a take-over or merger. Such payments provide an incentive for executives to remain during the uncertain negotiating process and continue running the company for maximum shareholder value.
 - Otherwise, executives may seek or be recruited for other positions during negotiations, which could hurt company performance and diminish shareholder value.
- ❖ Mayo Shattuck has twice waived his right to "change-in-control" payments in proposed transactions with FPL in 2006 and MidAmerican Energy Holdings Company in 2008.
- ❖ Shattuck has pledged that he will do so again should the company seek to enter a "friendly" merger.

CONSTELLATION ENERGY CANCELLED POTENTIAL PAYMENTS

- ❖ To recognize the importance of retaining key personnel at Constellation Energy's nuclear plants in 2008, potential payments had been proposed for certain managers under the company's long-term retention/incentive plans.
- ❖ No BGE rate contributions would have been used for these potential retention payments.
- ❖ No Constellation Energy senior executives were included in the award program.
- ❖ In the spring of 2009, in response to public misperceptions about the payments, Constellation Energy terminated these proposed retention/incentive awards, which threatened to distract from the important long-term benefits the joint venture holds for Maryland.

MARYLAND'S AUTHORITY TO RESTRICT EXECUTIVE COMPENSATION

- ❖ BGE customers would incur no expense from any payments related to the EDF-Constellation Energy nuclear joint venture because there won't be any payments.
- ❖ State law gives the Maryland Public Service Commission the statutory authority to limit or eliminate from BGE rates any unnecessary or improper expenses, guaranteeing that unapproved executive compensation could not be passed through to BGE customers.

About Constellation Energy

Constellation Energy (www.constellation.com) is a leading supplier of energy products and services to wholesale and retail electric and natural gas customers. It owns a diversified fleet of generating units located throughout the United States, totaling approximately 9,000 megawatts of generating capacity, and is among the leaders pursuing the development of new nuclear plants in the United States. The company delivers electricity and natural gas through the Baltimore Gas and Electric Company (BGE), its regulated utility in Central Maryland. A FORTUNE 500 company headquartered in Baltimore, Constellation Energy had revenues of \$19.8 billion in 2008.