

Edgar Filing: CONSTELLATION ENERGY GROUP INC - Form 425

CONSTELLATION ENERGY GROUP INC

Form 425

November 04, 2011

Filed by Exelon Corporation

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.

(Reg. No. 333-175162)

On November 7, 2011, Exelon began to use the following slides concerning the proposed merger and other information with investors at the Edison Electric Institute Financial Conference:

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 by the Private Securities Litigation Reform Act of 1995. Words such as may, will, anticipate, estimate, expect, project, intend, plan, believe, target, forecast, and words and terms of similar substance 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.

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.

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, 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

**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

Transaction creates incremental strategic and financial value aligned with both companies existing goals



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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.

Stakeholder

Commitments & Benefits

Customers

\$100 one

-time credit for BGE residential customers

Direct benefit from merger synergies at the utilities

Opportunities for operational improvements through sharing of utilities

best practices

\$15 million for various programs with direct benefits to BGE

customers

Investors

Upfront premium of 18.5%

(1)

to CEG shareholders

Dividend accretion of 103% post-close for CEG shareholders

EPS accretion of >5% in 2013

Earnings upside to power market recovery

Strong credit profile maintained for combined company

State of Maryland and City

of Baltimore

Maintains a large employee presence and platform for growth  
in Maryland

New LEED-certified headquarters for wholesale, retail and  
renewable energy development business in Baltimore

BGE to maintain independent operations and remain  
headquartered in Baltimore

25 MWs of renewable energy development in MD

\$4 million to support EmPower Maryland Energy Efficiency Act

Charitable contributions maintained at current levels for at  
least 10 years after the merger closes

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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

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Strong Proposal to Address Market Power

The companies have offered a comprehensive, robust mitigation package

C.P. Crane

399 MW

Brandon Shores

1,273 MW

H.A. Wagner

976 MW

Note:

Assets

to

be

divested

Brandon  
Shores  
(Coal),  
H.A.  
Wagner  
(Coal/Oil/Gas)  
and  
C.P.  
Crane  
(Oil/Coal).

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)

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Note: Data as of 9/30/11. Exelon solar addition MW based on alternating current (AC); Constellation solar additions (in MW) 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  
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)  
Transaction creates the largest  
and growing  
competitive energy  
company in the U.S.  
Scale, Scope and Flexibility Across the  
Value Chain  
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

5%

Wind/Solar/Other

3%

Gas

Hydro

Oil

(3)

Nuclear

54%

6%

Coal

(2)

5%

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

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

Premium  
Location

A  
sizeable  
generation  
Hedging  
Flexibility

Leverage  
strong  
asset  
Strong  
Asset  
Mix

Intermediate  
and  
peaking  
base and utilize market-based hedging  
instruments to effectively manage load-  
following obligations  
position close to large load pockets in Dallas  
and Houston  
generation assets are effectively call options at  
various heat rates that benefit from price

volatility

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

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

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

Growing the Portfolio

Growing the Portfolio

Hedging Program Characteristics

Hedging Program Characteristics

Transaction Maintains Solid Financial Position

Achievable Synergies

Annual

run rate

BGE

8%

ComEd & PECO

29%

Unregulated

Businesses

63%

Year 4

\$310



Year 3

Year 2

Year 1

\$200

Annual O&M Expense Savings

(1)

(in \$MM)

12

Lower Liquidity Requirements

Existing liquidity

(ex-utilities)

Pro-forma liquidity

\$10.3

Reduction in

existing liquidity

(in \$B)

5-Year

Total

Synergies

Allocation

(2)

Maintaining

Strong

Investment

Grade

Ratings

(3)

Moody's Credit

Ratings

S&P Credit

Ratings

Fitch Credit

Ratings

Exelon

Baa1

BBB-

BBB+

ComEd

Baa1

A-

BBB+

PECO

A1

A-

A

Generation

A3

BBB

BBB+

Constellation

Baa3

BBB-

BBB-

BGE

Baa2

BBB+

BBB+

\$3-\$4

-39%

\$6.3

-

\$7.3

Pro-Forma

\$6.1

Exelon

\$4.2

Constellation

Annual cost

savings of

\$35M-\$45M

(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 senior ComEd and PECO. S&P and Fitch affirmed all Exelon ratings upon announcement of merger. Moody's affirmed the ratings placed the ratings of Exelon and Generation on review for downgrade. S&P and Moody's placed Constellation on credit watch. Moody's affirmed BGE ratings. Fitch affirmed Constellation and BGE ratings upon announcement.

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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)

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

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

Submitted Hart-Scott-Rodino filing on

May 31, 2011 for review under U.S.

assesses market power-related issues

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Maryland PSC Review Schedule (Case No. 9271)

Significant Events

Date of Event

Filing of Application

May 25, 2011

Intervention Deadline

June 24, 2011

Prehearing Conference

June 28, 2011

Filing of Staff, Office of People Counsel and Intervenor Testimony

September 16, 2011\*

Filing of Rebuttal Testimony



October 12, 2011\*  
Filing of Surrebuttal Testimony  
October 26, 2011  
Status Conference  
October 28, 2011  
Evidentiary Hearings  
October 31, 2011 -  
November 18, 2011  
Public Comment Hearings  
November 29, December 1 &  
December 5, 2011  
Filing of Initial Briefs  
December 5, 2011  
Filing of Reply Briefs  
December 19, 2011  
Decision Deadline  
January 5, 2012

\* Initial  
intervenor  
testimony  
with  
respect  
to  
market  
power  
was  
due  
on  
September  
23  
for  
all  
parties  
except  
for  
the  
Independent  
Market  
Monitor  
and  
rebuttal  
testimony  
with  
respect  
to  
market  
power  
was  
due  
on

October  
17 .  
rd  
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

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

(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.

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

Manageable Debt Maturities

Debt

Maturity

Profile

(2012-2020)

EXC

EXC

EXC

Exelon

1,652

1,686

1,589

ExGen

PECO  
ComEd  
Exelon  
BGE  
Constellation  
~70%  
of  
2012

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

152  
552  
74  
552  
(1)  
2020  
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  
500  
250  
617  
70  
2013  
1,020  
300  
252  
467  
2012  
1,001  
375  
450  
2  
2  
2  
173  
3  
2  
(1)

Debt maturity schedule and weighted average cost of debt as of 9/30/11. Amounts do not include fair value swaps at Constellation Energy. Debt balances include annual transition bond payments from 2012 to 2017.

(2)  
Weighted average cost of debt excludes any benefits for interest rate swaps. Utilities' weighted average cost of debt includes amortization costs.



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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

Record Date

Payment Date

Per Share

Amount

11/15/2011

12/09/2011

Regular Dividend

\$0.525

1/31/2012

3/1/2012

Pre-close Stub Dividend

\$0.440

2/15/2012

3/09/2012

Post-close Stub Dividend

\$0.085

5/15/2012

6/09/2012

Regular Dividend

\$0.525

(1)

(1)

(2)

(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 (\$

(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

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 divided by 91 days)

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 of \$0.525 per share in Q2 2012. Future dividend, following the stub dividend, is subject to approval by the Board of Directors.

Assuming

a

February

1,

2012

close

for

illustrative

purposes

only: