



**Constellation Energy®**

# 2009 Deutsche Bank Energy, Utilities and Power Conference



The way energy **works**.™

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Senior Vice President and Chief Financial Officer

May 27, 2009

# Forward Looking Statements Disclosure

Certain statements made in this presentation are forward-looking statements and may contain words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” and other similar words. We also disclose non-historical information that represents management’s expectations, which are 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 extent of changes in commodity prices for energy including coal, natural gas, oil, electricity, nuclear fuel, freight and emissions allowances and the impact of such changes on our liquidity requirements; the liquidity and competitiveness of wholesale markets for energy commodities; the conditions of the capital markets, interest rates, availability of credit, liquidity and general economic conditions, as well as Constellation Energy’s and BGE’s ability to maintain their current credit ratings; the effectiveness of Constellation Energy’s and BGE’s risk management policies and procedures and the ability and willingness of our counterparties to satisfy their financial and other commitments; the ability to complete our strategic initiatives to improve our liquidity and the impact of such initiatives on our business and financial results; losses on the sale or write-down of assets due to impairment events or changes in management intent with regard to either holding or selling certain assets; the ability to successfully identify, finance and complete acquisitions and sales of businesses and assets; the likelihood and timing of the completion of the pending transaction with EDF and the terms and conditions of any regulatory approvals; the effect of weather and general economic and business conditions on energy supply, demand, and prices, and customers’ and counterparties’ ability to perform their obligations or make payments; the ability to attract and retain customers in our customer supply activities and to adequately forecast their energy usage; the timing and extent of deregulation of, and competition in, the energy markets, and the rules and regulations adopted on a transitional basis in those markets; uncertainties associated with estimating natural gas reserves, developing properties and extracting gas; regulatory or legislative developments that affect deregulation, transmission or distribution rates, demand for energy, or that would increase costs, including costs related to nuclear power plants, safety, or environmental compliance; the ability of our regulated and non-regulated businesses to comply with complex and/or changing market rules and regulations; the inability of BGE to recover all its costs associated with providing customers service; operational factors affecting the operations of our generating facilities (including nuclear facilities) and BGE’s transmission and distribution facilities, including catastrophic weather-related damages, unscheduled outages or repairs, unanticipated changes in fuel costs or availability, unavailability of coal or gas transportation or electric transmission services, workforce issues, terrorism, liabilities associated with catastrophic events, and other events beyond our control; the actual outcome of uncertainties associated with assumptions and estimates using judgment when applying critical accounting policies and preparing financial statements, including factors that are estimated in applying mark-to-market accounting, such as the ability to obtain market prices and in the absence of verifiable market prices, the appropriateness of models and model impacts (including, but not limited to, extreme contractual load obligations, unit availability, forward commodity prices, interest rates, correlation and volatility factors); changes in accounting principles or practices; and cost and other effects of legal and administrative proceedings that may not be covered by insurance, including environmental liabilities. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Please see our periodic reports filed with the SEC for more information on these factors. These forward-looking statements represent estimates and assumptions only as of the date of this presentation, and no duty is undertaken to update them 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, special items (which we define as significant items that are not related to our ongoing, underlying business or which distort comparability of results) included in operations, the impact of certain economic, non-qualifying hedges and synfuel earnings. The mark-to-market impact of these hedges has been significant to reported results, but economically neutral to the company in that offsetting gains or losses on underlying accrual positions will be recognized in the future. Synfuel earnings have been excluded due to the potential for oil-price volatility to result in a difficult-to-forecast phase-out of tax credits. Effective in 2009, we are no longer adjusting our reported GAAP EPS for either synfuel earnings, due to the expiration of the tax credit, or non-qualifying hedges, which were related to activities conducted by our recently divested operations.

We present adjusted EPS because we believe that it is appropriate for investors to consider results excluding these items in addition to our results in 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, but tend to be irregular as to timing, thereby distorting comparisons between periods. However, investors should note that this non-GAAP measure involves judgment by management (in particular, judgment as to what is classified as a special item to be excluded from adjusted earnings). This non-GAAP measure is also used 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 its guidance to GAAP earnings 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, economic, non-qualifying hedges and synfuel results have been material to our operating results computed in accordance with GAAP. Our 2009 and 2010 guidance excludes results of the UniStar joint venture and any impact from the operations and divestiture of our international commodities and gas trading operations, in addition to any other special items that may occur.

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

# Key Elements of Constellation's Strategy

## Enhance Constellation Stability

- Close the sale of 49.99% of our nuclear fleet to EDF
- Substantial progress in de-risking the businesses
  - Reduce proprietary trading and focus on capital efficiency
  - London, Houston, Portland and Alberta sales closed, Ontario sale underway

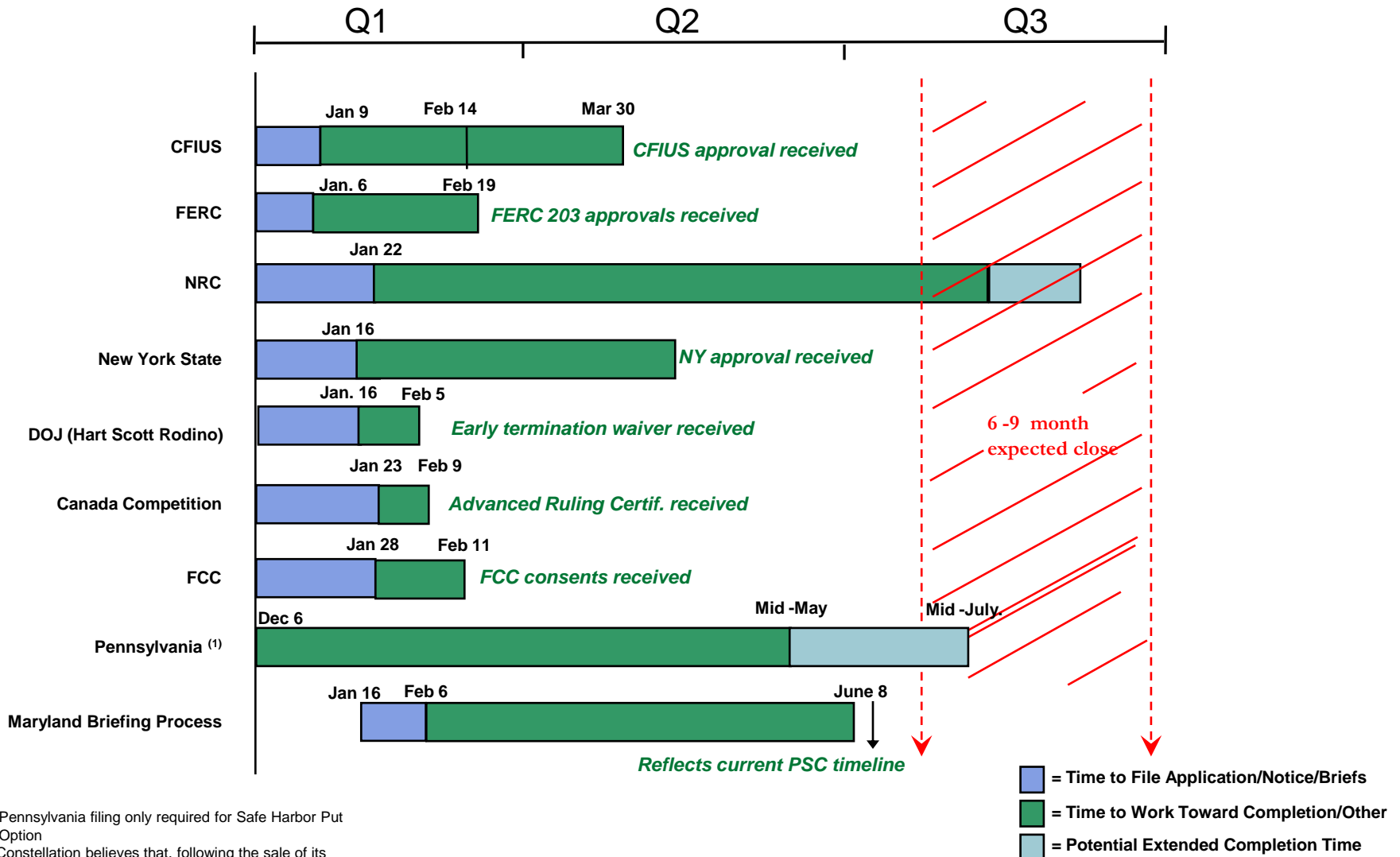
## Focus on Constellation's Core Strengths

- Leverage operational excellence with attractive baseload generating assets
  - Strategically expand generation where economically viable and as a natural hedge to customer supply
- Maintain national leadership in profitable retail supply business by leveraging deep industry knowledge, quantitative skills and experience
  - Focus on markets and products with high margins
  - Expand in markets where physical supply is available
- Provide reliable, low cost regulated utility service to BGE customers
  - Deploy incremental capital to implement efficiency and conservation projects

## Position the Company for Cost Effective, Low Carbon Future

- Offer demand response products in PJM, New England, New York and ERCOT
- Successful pilot programs for advance metering and other efficiency projects underway at BGE
- Continued progress toward building a new nuclear unit

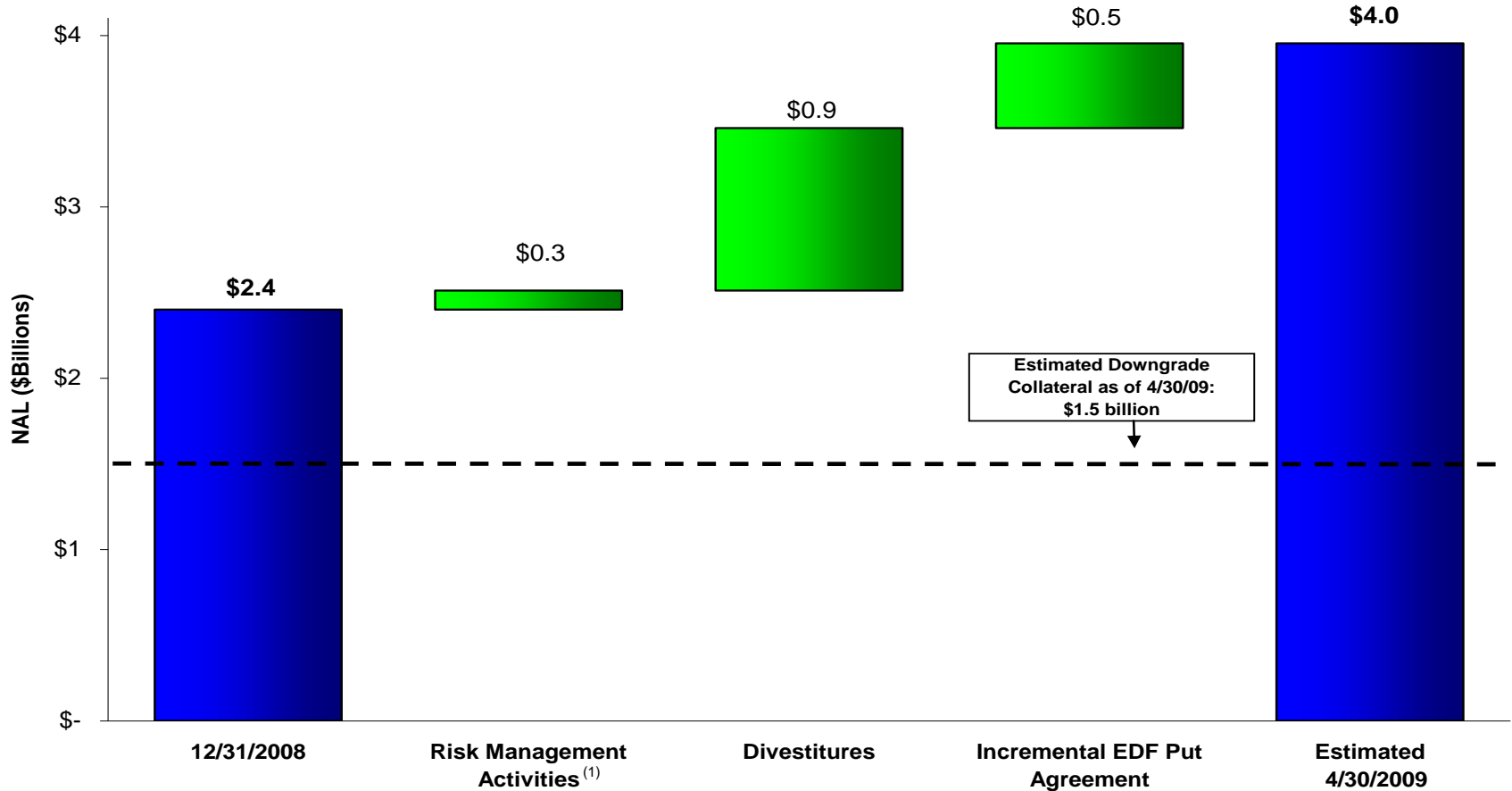
# EDF Regulatory Process



(1) Pennsylvania filing only required for Safe Harbor Put Option

Note: Constellation believes that, following the sale of its International Commodities operation, European Competition approval is no longer needed.

# Risk Management Actions

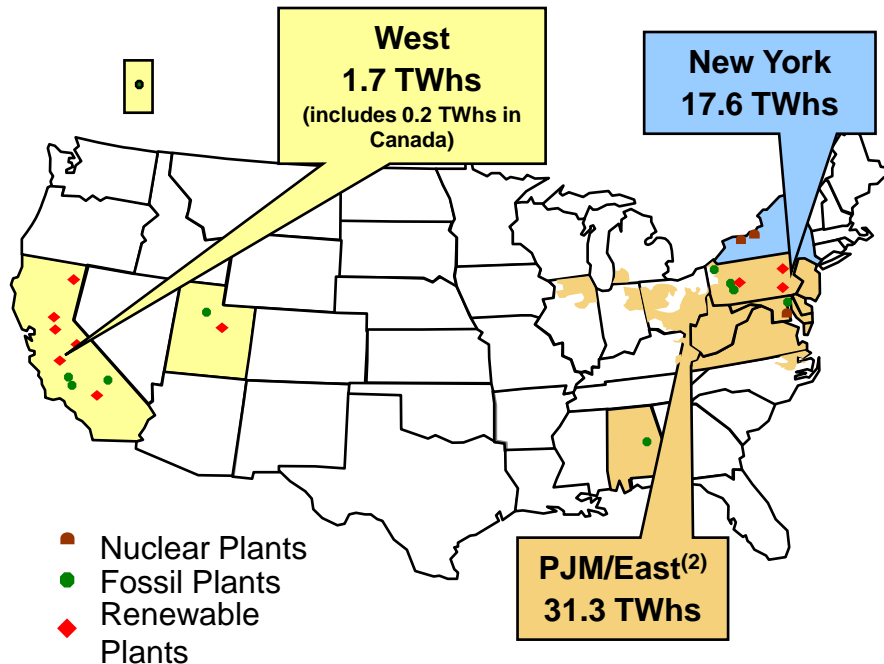


- As of April 30<sup>th</sup>, net available liquidity is estimated to be \$4.0 billion
- Active management resulted in improved net available liquidity despite declining commodity prices

<sup>(1)</sup> Risk management activities are net of commodity price movements during the period  
 Note: Numbers do not add due to rounding.

# 2009 Generation and Load Footprint

## Generation (TWhs)



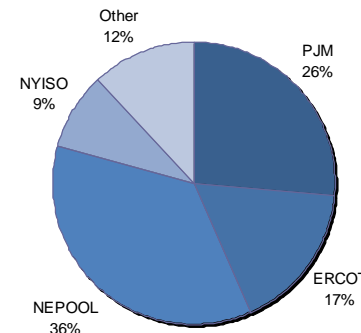
(2009 Estimated TWhs)	Non-Nuclear	Nuclear	Total
Owned (Open Position)	16.8	16.2	33.0
Contracted/Entitlements	<u>21.7</u>	<u>6.8</u>	<u>28.5</u>
Total Open Position	38.5	23.0	61.5
Owned (subject to PPA Offtake) <sup>1,3</sup>	<u>1.7</u>	<u>15.9</u>	<u>17.6</u>
Total	40.2	38.9	79.1

## Customer Supply (TWhs)

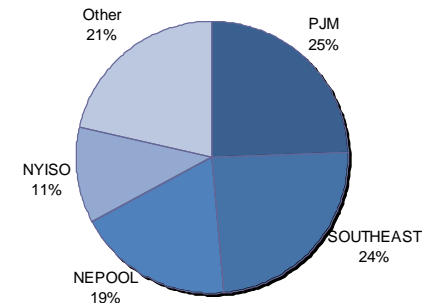
	Retail		Wholesale	
	2008	2009	2008	2009
Total Load (TWh)	72.0	60.2	121.5	80.5
% Fixed Price	50%	50%	100%	100%
Fixed Price Position (TWh) <sup>1</sup>	36.0	30.1	85.2	62.8

<sup>1</sup> Wholesale excludes mid-marketing load of 36.3TWh in 2008 and 17.7TWh in 2009

Retail Load Fixed Price Composition



Wholesale Load Fixed Price Composition



	Retail & Wholesale Combined	
	2008	2009
Total Load (TWh)	193.5	140.7
% Fixed Price	63%	66%
Fixed Price Position (TWh) <sup>1</sup>	121.2	92.9

Improved alignment of generation footprint and load obligations from 40% to 65%

<sup>(1)</sup> QFs in West and East regions

<sup>(2)</sup> Hillabee Plant currently under construction; estimated 0.1 TWhs once online

<sup>(3)</sup> Existing PPAs on NY plants

# Business Growth Drivers

## Generation Business

- 2009 and 2010 are hedged 100% and 92%, respectively, to weather continued economic downturn
- In 2011 and beyond, fossil plants are largely open to both power and fuel
  - Generation earnings are exposed to dark spread changes
  - Dark spreads are below historical average

## Customer Supply Business

- Offers potential to maximize earnings from owned generation assets
- Expect to increasingly serve load obligations with owned generation

## Baltimore Gas and Electric

- Electric and gas decoupling insulates the regulated business from demand destruction
- Maryland PSC continues to support the implementation of conservation programs
  - Capital investment expected to increase significantly from approximately \$450 million in 2009 to approximately \$700 million in 2010

# 2009 & Beyond EPS Forecast

(\$ per share)

	2009	2010	2011	2012	2013
Merchant	\$2.00 - \$2.30	\$1.70 - \$2.05	<b>EPS Impact of \$1.00 Power Price Exposure <sup>(3)</sup></b>		
			\$0.01	\$0.03	\$0.03
Utility	\$0.70 - \$0.80	\$0.60 - \$0.75	<b>EPS Impact of \$1.00 Dark Spread Exposure <sup>(2)</sup></b>		
Other Non-regulated	\$0.02 - \$0.04	\$0.04 - \$0.06	\$0.05	\$0.05	\$0.05
<b>Adjusted EPS (pre-Allocation)<sup>(1)</sup></b>	<b>\$2.80 - \$3.10</b>	<b>\$2.45 - \$2.85</b>	<b>EPS Impact of 0.1x Heat Rate Exposure <sup>(3)</sup></b>		
			\$0.01	\$0.02	\$0.01
EDF Hedge Allocation	\$0.08 - \$0.13	\$0.55 - \$0.65			
<b>Total Adjusted EPS<sup>(1)</sup></b>	<b>\$2.90 - \$3.20</b>	<b>\$3.05 - \$3.45</b>			

- 2009 and 2010 expected guidance range remains consistent with February communication
- Total Adjusted EPS ranges include assumptions related to the assignment of hedges to the Nuclear JV that may change as the terms of the transaction are finalized

<sup>(1)</sup> Data excludes Special Items and UniStar earnings

<sup>(2)</sup> MWhs exposure to Dark Spread assumed to be forecasted generation for coal-burning fleet

<sup>(3)</sup> EPS exposure assumes EDF as a business partner for 50% of the nuclear fleet

See Non-GAAP Appendix



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# Appendix



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# Q1 2009 Adjusted Earnings Per Share

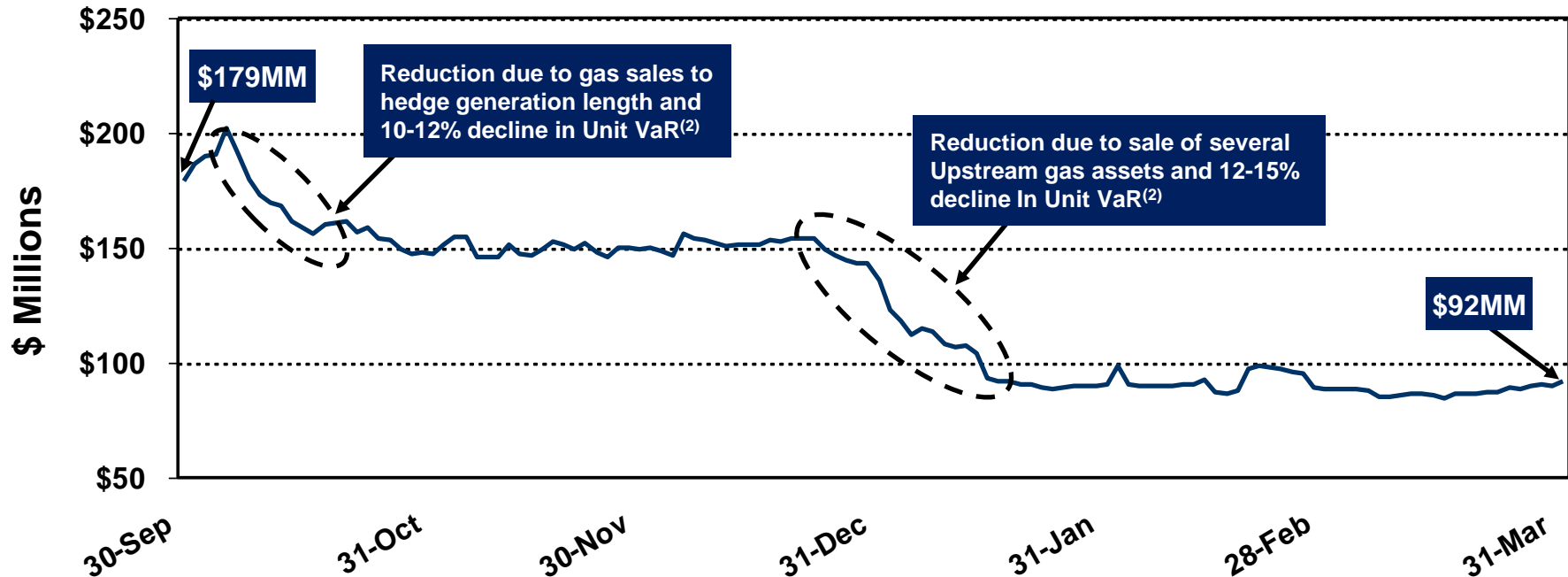
<i>(\$ per share)</i>	Q1 2009	Q1 2008
<b>Adjusted Earnings Per Share <sup>(1)</sup></b>	<b>\$0.74</b>	<b>\$0.95</b>
Loss on Economic Non-Qualifying Hedges	0.00	(0.19)
Special Items	(1.36)	0.04
Synfuel Earnings	0.00	0.01
<b>GAAP Earnings Per Share</b>	<b>(\$0.62)</b>	<b>\$0.81</b>

<b>Adjusted Earnings Per Share <sup>(1)</sup></b>	<b>Change</b>			
<i>(\$ per share)</i>	Q1 2009	Q1 2008	EPS	%
Merchant	\$0.33	\$0.58	(\$0.25)	(43%)
BGE	0.41	0.37	0.04	11%
Other Non-regulated	0.00	0.00	0.00	N.M.
<b>Adjusted Earnings Per Share <sup>(1)</sup></b>	<b>\$0.74</b>	<b>\$0.95</b>	<b>(\$0.21)</b>	<b>(22%)</b>

<sup>(1)</sup> Excludes special items, certain economic, non-qualifying hedges, and synfuel earnings  
See Non-GAAP Appendix

# Economic Value at Risk (EVaR)

Economic Value at Risk (2009 – 2013) (1)



- Since September, total EVaR decreased from \$179 million to \$92 million at the end of March
- Since January, optimization book EVaR decreased from \$14 million to \$8 million at the end of March

(1) Economic Value at Risk (EVaR) represents the maximum one day loss of economic value for our total portfolio assuming no new trades are executed. It is estimated as a 1-in-20 day event, or with a 95% Confidence Interval. All generation, customer supply, commodities and businesses for sale portfolio positions from 2009-2013 are included in the Economic Value at Risk calculation.

(2) Unit VaR is the Value at Risk per unit of the respective commodity and represents the cost of VaR

# Generation Earnings Outlook (pre-EDF JV)

<i>(\$ millions)</i>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
<b>Total Output (MM MWh's)</b>	51	52	53	53
<b>Unhedged GM</b>				
Nuclear	1,531	1,658	1,704	1,755
Non-Nuclear	722	744	736	792
<b>O&amp;M</b>				
Nuclear	(791)	(806)	(843)	(891)
Non-Nuclear	(352)	(407)	(419)	(398)
<b>Unhedged EBITDA</b>	<b>1,110</b>	<b>1,189</b>	<b>1,177</b>	<b>1,259</b>
<b>Hedges</b>				
PPA/RSA	(103)	(141)	(170)	(138)
Other Hedges	20	(137)	27	(18)
<b>Hedged EBITDA</b>	<b>1,027</b>	<b>911</b>	<b>1,035</b>	<b>1,103</b>
<b>Hedge %</b>	<b>100%</b>	<b>92%</b>	<b>58%</b>	<b>43%</b>

Note: All forward curves as of end of 1Q 2009.

Note: Numbers may not add due to rounding

# Forward Market and Average Hedged Prices

	2009	2010	2011	2012
<u>Market Curves</u>				
NYMEX Gas (\$/MMBtu)	4.3	5.9	6.7	7.0
NYMEX Coal (\$/Ton)	49.2	56.0	61.5	64.5
PJM WHUB (\$/MWh) (7 x 24)	43.0	50.0	54.0	57.3
NY WHUB (\$/MWh) (7 x 24)	34.9	42.5	44.4	47.4
 <u>Average Hedged Prices</u>				
Power – Fossil Plants (\$/MWh)	59.1	53.5	46.2	NA
% Hedged Fossil	100%	88%	11%	0%
Power – PJM Nuclear Plants (\$/MWh)	55.3	55.7	65.6	67.7
% Hedged PJM Nuclear	100%	100%	100%	84%
Power – NY Nuclear Plants (\$/MWh)	40.5	44.1	41.6	42.9
% Hedged NY Nuclear	100%	90%	83%	67%
Coal (\$/ton) <sup>(1)</sup>	51.6	65.9	70.7	N/A
% Hedged	100%	91%	23%	0%

<sup>(1)</sup> Coal prices (\$/ton) do not include transportation costs of approximately \$20 - \$30 per ton. Coal tons are comprised mainly of Appalachian Coal.

# Net Available Liquidity

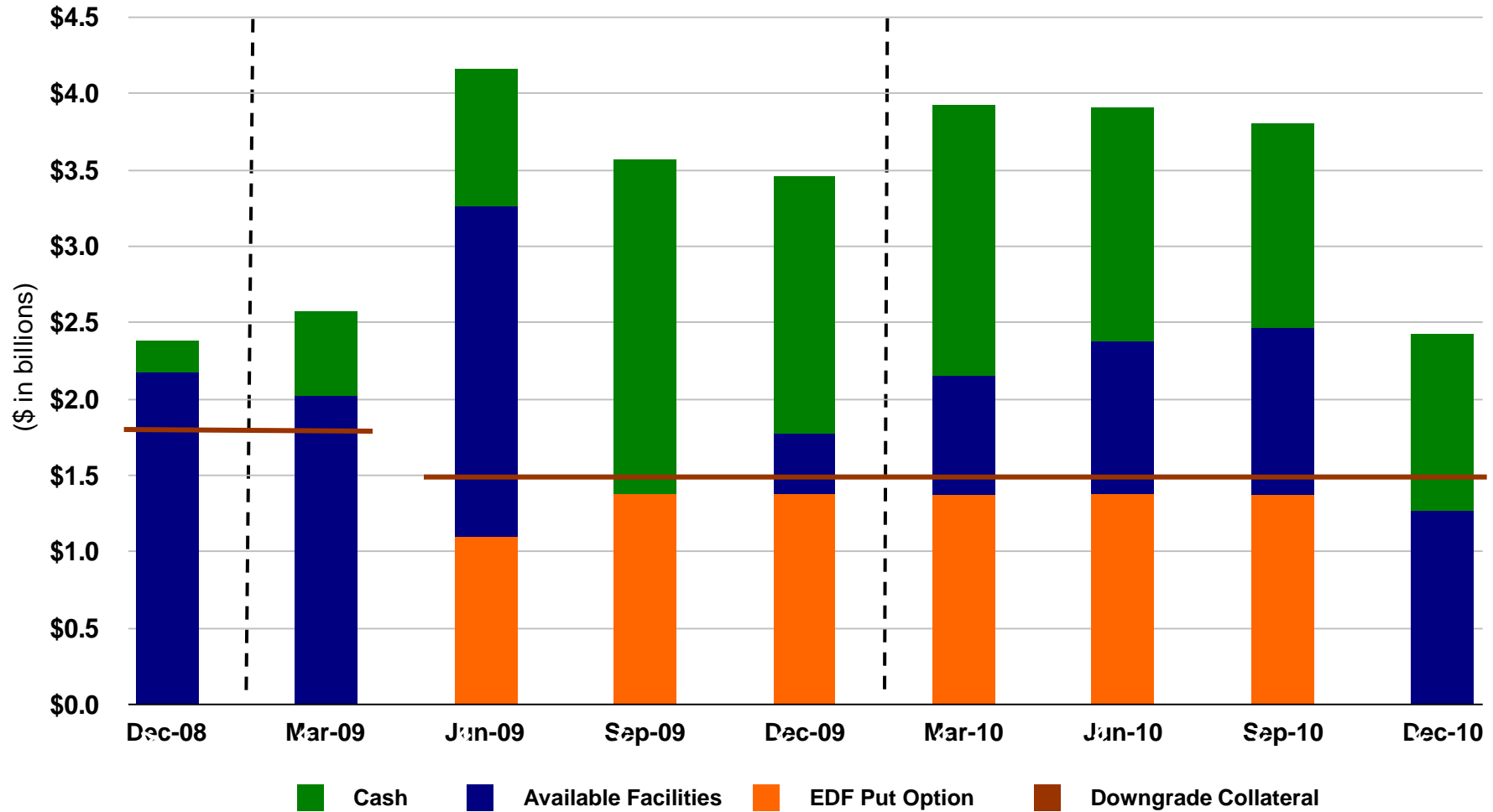
<i>(\$ in billions)</i>	<b>Actual December 31, 2008</b>	<b>Actual March 31, 2009</b>	<b>Estimated April 30, 2009</b>
Credit facilities	\$6.6	\$6.6	\$6.0
Less: Letters of credit issued <sup>(1)</sup>	(3.6)	(3.4)	(3.1)
Less: Cash drawn on credit facilities	(0.9)	(1.1)	(0.7)
Undrawn facilities	\$2.2	\$2.1	\$2.2
Less: Commercial paper outstanding	--	--	--
Net available facilities	\$2.2	\$2.1	\$2.2
Add: Cash	0.2	0.5	0.7
Add: EDF Put	--	--	1.1
<b>Net available liquidity</b>	<b>\$2.4</b>	<b>\$2.6</b>	<b>\$4.0</b>

Estimated net available liquidity improved to \$4.0 billion following asset divestitures, contract novations and the receipt of incremental liquidity from the EDF put

Note: Numbers may not sum due to rounding

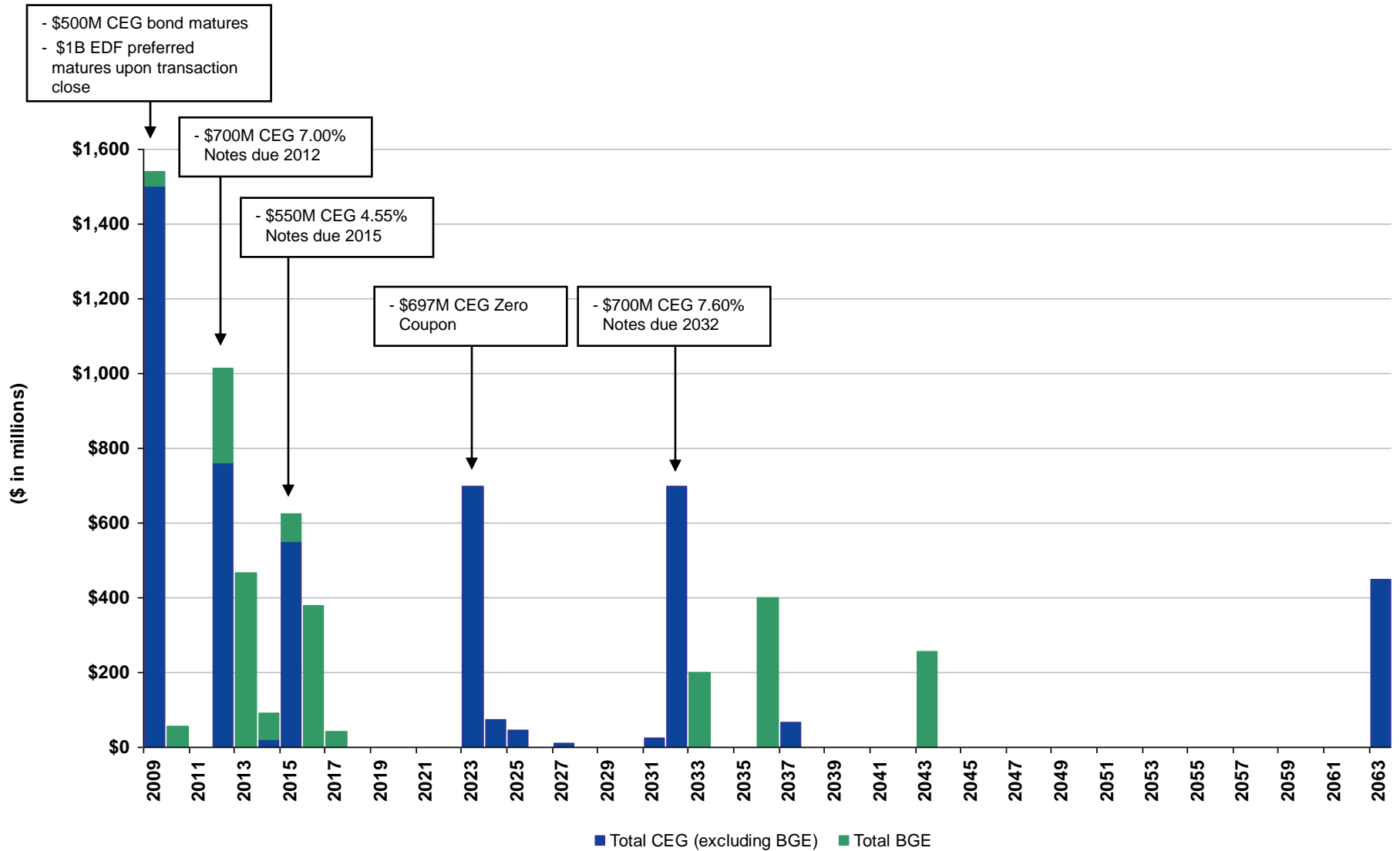
<sup>(1)</sup> Includes letters of credit posted under uncommitted facilities

# Projected 2009-2010 Net Available Liquidity



Projected Year-End 2009 Net Available Liquidity has improved by \$700 million

# Debt Maturity Profile as of 3/31/09

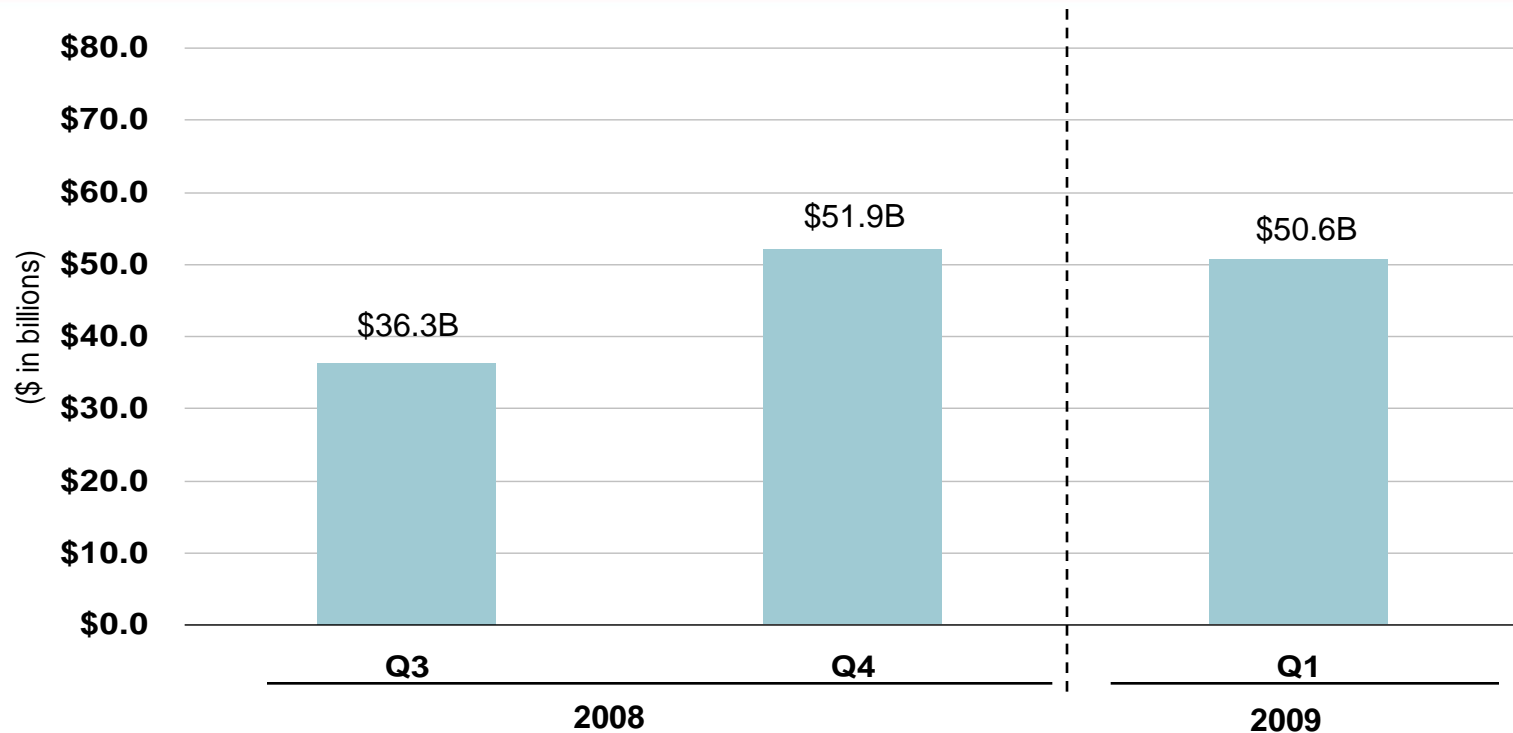


# Gross Derivatives – Overview

- Gross derivative balances are part of required accounting disclosures but are not intended to illustrate the risk in a portfolio
  - Gross derivative balances are an accounting metric that shows how much of a portfolio is valued using observable market data
  - Controls such as robust independent price verification support valuation
- Two factors drive the size of the gross derivative balance
  - Volatility of market prices
  - Number of contracts
- Gross balances do not illustrate market risk, correlation risk, or credit risk
  - Changes in gross derivatives often move inversely to actual risk
  - Gross balances ignore legally binding master agreements that substantively reduce credit risk
- Metrics intended to illustrate risk include:
  - Economic value at risk, which includes all derivative and accrual positions and contracts
  - Changes in derivative quantities, which will now be required disclosure in public filings upon adoption of SFAS161

Gross derivative balances illustrate how contracts are valued, but they are not intended to be used to assess the risk in a company's portfolio

# Gross Derivatives – Assets



Quarter-to-Quarter Change	\$15.6B	(\$1.2B)
Change Due to:		
Commodity Price Volatility	\$21.0B	\$19.0B
Change in Number of Contracts	(\$5.4B)	(\$20.2B)

**Changes in the Gross Derivative Balance is only impacted by two forces:**

- Commodity price volatility, which is market-based and not controlled by CEG
- Change in Number of Contracts, which decreased in Q4 and Q1 due to de-risking activity that is now largely complete



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# Non-GAAP Appendix



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# Summary of Non-GAAP Measures

Non-GAAP Measure	Slide(s) Where Used in Presentation	Most Comparable GAAP Measure	Slide Containing Reconciliation
Adjusted EPS		Reported GAAP EPS	
Q108 Actual	12		22
Q109 Actual	12		22
EPS Guidance	10		22

# Adjusted EPS Q1 2009 and 2008

We exclude special items and certain economic, non-qualifying hedges because we believe that it is appropriate for investors to consider results excluding these items, in addition to our results in accordance with GAAP. We have also adjusted earnings to exclude synfuel results due to the potential volatility and phase-out of the tax credits. We believe such a measure provides a picture of our results that is comparable among periods since it 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 (in particular, 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. Effective in 2009, we are no longer adjusting our Reported GAAP EPS for synfuel earnings, due to the expiration of the tax credit, and non-qualifying hedges, which were related to activities conducted by our recently divested operations.

## RECONCILIATION:

	Merchant	Regulated Electric	Regulated Gas	BGE	Other Nonreg.	Total	
	A	B	C	D = (B+C)	E	F = (A+D+E)	
<b>1Q09 ACTUAL RESULTS:</b>							
<b>Reported GAAP EPS</b>	\$ (1.02)	\$ 0.21	\$ 0.20	\$ 0.41	\$ (0.01)	\$ (0.62)	
Loss from Discontinued Operations	-	-	-	-	-	-	<b>GAAP MEASURES</b>
<b>EPS Before Discontinued Operations</b>	(1.02)	0.21	0.20	0.41	(0.01)	(0.62)	
Special Items:							
Operations being Divested	(0.93)	-	-	-	-	(0.93)	
Unistar Earnings	-	-	-	-	(0.01)	(0.01)	
Merger Termination & Strategic Alternative Costs	(0.21)	-	-	-	-	(0.21)	
Credit Facility Fees - Merger Related	(0.02)	-	-	-	-	(0.02)	
Workforce Reduction Costs	(0.02)	-	-	-	-	(0.02)	
Other Impairments Associated with Divestitures	(0.03)	-	-	-	-	(0.03)	
CEP Impairment	(0.02)	-	-	-	-	(0.02)	
Nuclear Decommissioning Trust Impairments	(0.12)	-	-	-	-	(0.12)	
Total Special Items	(1.35)	-	-	-	(0.01)	(1.36)	
<b>Adjusted EPS</b>	<b>\$ 0.33</b>	<b>\$ 0.21</b>	<b>\$ 0.20</b>	<b>\$ 0.41</b>	<b>\$ -</b>	<b>\$ 0.74</b>	<b>NON-GAAP MEASURE</b>
<b>1Q08 ACTUAL RESULTS:</b>							
<b>Reported GAAP EPS</b>	\$ 0.40	\$ 0.19	\$ 0.22	\$ 0.41	\$ -	\$ 0.81	
Loss from Discontinued Operations	-	-	-	-	-	-	<b>GAAP MEASURES</b>
<b>EPS Before Discontinued Operations</b>	0.40	0.19	0.22	0.41	-	0.81	
Special Items, Non-qualifying Hedges, and Synfuel Results Included in Operations:							
Non-qualifying hedges	(0.19)	-	-	-	-	(0.19)	
Synthetic fuel facility results	0.01	-	-	-	-	0.01	
Effective Tax Rate Impact - BGE Credit	-	0.02	0.02	0.04	-	0.04	
Total Special Items, Non-qualifying Hedges, and Synfuel Results	(0.18)	0.02	0.02	0.04	-	(0.14)	
<b>Adjusted EPS</b>	<b>\$ 0.58</b>	<b>\$ 0.17</b>	<b>\$ 0.20</b>	<b>\$ 0.37</b>	<b>\$ -</b>	<b>\$ 0.95</b>	<b>NON-GAAP MEASURE</b>

## EARNINGS GUIDANCE

Constellation Energy is unable to reconcile its earnings guidance excluding special items to GAAP earnings per share because we do not predict the future impact of special items such as the cumulative effect of changes in accounting principles and the disposition of assets. See above reconciliation for actual Special Items.



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