



Corporate Compliance Program

October 2003

This Corporate Compliance Program of Constellation Energy Group, Inc. and its subsidiaries ("Constellation Energy" or the "Company") is designed to assist the Company in preventing, detecting and responding to criminal and other illegal or unethical conduct. The Corporate Compliance Program is designed to serve as a procedural framework for enhancing and monitoring compliance with the substantive compliance programs and policies of the Company, including, but not limited to, the Company's Principles of Business Integrity and Insider Trading Policy and policies which address (i) the Foreign Corrupt Practices Act, (ii) antitrust laws, rules and regulations, (iii) relationship amongst the various subsidiaries of the Company, and (iv) laws, rules and regulations governing the Company's operating units. In addition, the Corporate Compliance Program is intended to ensure compliance with the requirements of the Sarbanes-Oxley Act and the New York Stock Exchange as regards the handling of employee complaints. Each operating and corporate unit within the Company will continue to be responsible for complying with all company policies and procedures with such unit coordinating the reporting of their activity with the Chief Compliance Officer and Compliance Committee as further discussed below.

I. STANDARDS OF CONDUCT

The Company's general standards of conduct for director, officer, and employee compliance with applicable laws, rules and regulations are set forth in the Company's Principles of Business Integrity. The Chief Compliance Officer shall be responsible for revising and supplementing the Principles of Business Integrity, as required or advisable from time to time. In addition to the general standards of conduct set forth in the Principles of Business Integrity, policies and procedures regarding compliance with the laws, regulations and policies relating to substantive areas, as described above, are to be set forth in separate respective policies more narrowly addressing those issues, developed jointly by the Compliance Committee and the appropriate corporate or operating unit.

II. ROLE OF THE CHIEF COMPLIANCE OFFICER & COMPLIANCE COMMITTEE

- A. The Chief Compliance Officer shall be responsible for (1) supervising compliance with the Principles of Business Integrity and with the compliance procedures established by or under the Compliance Program and (2) monitoring the proper functioning of the Compliance Program in consultation with the compliance functions of Company operating and corporate units.
- B. The Chief Compliance Officer will establish a Compliance Committee comprised of representatives from Corporate Communications, Finance, Human Resources, Legal, Risk Management, Internal Audit and each of the operating units of the Company as identified by the Chief Compliance Officer from time to time (the "Compliance Committee") to assist the Chief Compliance Officer in the implementation and administration of the Compliance Program. The Chief Compliance Officer will serve as the Chair of the Compliance Committee.
- C. The Chief Compliance Officer or designee will monitor developments relating to compliance with applicable laws and standards of conduct, and, will, from time to time, distribute informational materials that explain compliance requirements, report changes in requirements or industry standards, highlight the importance of compliance, or are otherwise relevant to the Company's compliance responsibilities.
- D. The Chief Compliance Officer will review, in consultation with the Company's operating and corporate units and the Compliance Committee, the Company's compliance procedures to identify opportunities to enhance compliance with laws, regulations and Company policies.
- E. The Chief Compliance Officer will confer with management and the Compliance Committee about matters relating to the Compliance Program. The Chief Compliance Officer will (1) review with management, as deemed necessary and appropriate by the Chief Compliance Officer, any deficiencies identified or improvements required in the Compliance Program and (2) report to and meet with the Audit Committee as required by Paragraph IV.B.
- F. The Chief Compliance Officer will establish and enforce procedures so that all reports of suspected misconduct relating to Constellation Energy's operations or practices are promptly, thoroughly and properly investigated and shall, where appropriate, recommend disciplinary sanctions in accordance with Paragraph VI.

III. COMMUNICATION OF STANDARDS AND PROCEDURES TO EMPLOYEES

A. The Chief Compliance Officer will distribute to directors, officers and employees of the Company the Principles of Business Integrity and will make them available on the Company's intranet.

B. The Chief Compliance Officer will design compliance training programs as appropriate for employees whose functions or responsibilities involve the compliance with laws or standards of conduct applicable to the operations or practices of the Company, or monitor existing compliance training programs at corporate and operating units.

IV. MONITORING, AUDITING AND REPORTING

A. Auditing

1. The Chief Compliance Officer will be responsible for the design of internal audits to promote compliance with applicable laws and standards of conduct. The Chief Compliance Officer will call upon the assistance of Internal Audit and other corporate and operating units to coordinate, as appropriate, any such audits. Such audits shall be conducted under the supervision of the Corporate Compliance Officer.

2. If in the conduct of such audits, information becomes available that suggests that a potential violation of law has occurred or that the Company may be exposed to civil or criminal liability, the Chief Compliance Officer shall assume responsibility for the conduct of the audit/investigation as provided in Section V below.

3. Copies of all audit reports relating to compliance with laws and standards of conduct will be provided to the Chief Compliance Officer and the Audit Committee. Copies of all financial audits will be provided to the Chief Financial Officer and the Audit Committee.

B. Reporting

1. The Chief Compliance Officer will establish and administer a reporting system, in which:

a. any employee may report to the Chief Compliance Officer (or a designee of the Chief Compliance Officer) any suspected misconduct relating to the Company's operations or practices of which any employee may have knowledge, including without limitation, concerns regarding accounting, internal auditing controls or auditing matters;

b. no employee will suffer any penalty, retribution or career disadvantage for good faith reporting of any suspected misconduct;

c. any reports of misconduct may be anonymous; and

d. inquiries as well as the identity of reporting employees will be kept confidential (except in instances where the Company is required to reveal information in order to enforce the Principles of Business Integrity or by applicable law or judicial order).

2. The Chief Compliance Officer will report to management and the Audit Committee on the functioning of the reporting system.

3. The Chief Compliance Officer will report to the Audit Committee on any reported concerns regarding accounting, internal auditing controls or auditing matters, in accordance with the requirements of the Sarbanes-Oxley Act and the New York Stock Exchange and any other applicable regulatory requirements.

V. RESPONSE TO VIOLATIONS

A. It is the policy of the Company that, if a violation of any applicable law or standard of conduct relating to the business of the Company is detected, the Company will take reasonable steps to respond appropriately to the violation and to prevent further violations, including any modifications to the Compliance Program.

B. Whenever the Chief Compliance Officer receives information regarding a possible violation of any applicable law or standard of conduct, the Chief Compliance Office or her designee will take appropriate steps to examine information and conduct the investigation necessary to determine whether an actual violation has occurred and shall take such actions as she deems appropriate to preserve and utilize, if appropriate, the attorney-client privilege, the work product doctrine, or the self-evaluation privilege. The Chief Compliance Officer or her designee will recommend to management an appropriate course of action.

C. The Chief Compliance Officer will consider whether the Compliance Program or Company policies and procedures should be modified to better address the occurrence that resulted in the violation and shall make recommendations to management, as appropriate.

VI. DISCIPLINE

It is the policy of the Company that the standards of conduct set forth in the Principles of Business Integrity will be enforced through appropriate disciplinary mechanisms. Disciplinary actions may include termination of employment and filing of criminal charges, and may extend, as appropriate, to managers responsible for the failure to prevent, detect or respond to an offense.

VII. ROLE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee will, from time to time:

A. Meet with the Chief Compliance Officer and management with respect to the Compliance Program generally, and will review:

1. the dissemination of the Principles of Business Integrity;
2. the Chief Compliance Officer's review of compliance communications and training sessions generally, including their effectiveness;
3. the results of any audits relating to compliance with laws or standards of conduct;
4. the reporting system required by Paragraph IV.B;
5. any recommendations made by the Chief Compliance Officer to management and implementation actions by management.

B. Provide direction to the Chief Compliance Officer and the Chief Financial Officer regarding any reported concerns regarding accounting, internal accounting controls or auditing matters; and

C. Report to the Board of Directors as needed with respect to the Audit Committee's meetings with the Chief Compliance Officer and management, and with respect to the Compliance Program generally.