

CONSTELLATION ENERGY GROUP INC

Form 425

April 28, 2011

Filed by Exelon Corporation

(Commission File No.

1-16169)

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.

1-12869)

Beginning

on

April

28,

2011,

Exelon

used

the

following

slides

in

discussions

with

employees.

Exelon, Constellation Energy to Merge
April 28, 2011
Creating a Clean, Competitive Future

About Constellation Energy

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A leading supplier of competitive power and natural gas, energy products and services for home and business

Customers in 38 states, Washington, D.C. and two Canadian provinces

Owns and operates Maryland's largest utility, Baltimore Gas and Electric Company

12,000+ megawatts of generating capacity
fossil, nuclear and renewable

FORTUNE 500 company

Revenues: \$14.3 billion (2010)

Ticker symbol: (NYSE) CEG

Headquartered in Baltimore, Maryland

10,000+ employees (includes CENG nuclear joint venture with EDF)

Transaction Overview

100%
stock

0.930
shares
of
EXC
for
each
share
of

CEG

Upfront transaction premium of 18.1%

(1)

\$2.10 per share Exelon dividend maintained

Expect to close in early 1Q 2012

Exelon and Constellation shareholder approvals in 3Q 2011

Regulatory approvals including FERC, DOJ, MD, NY, TX

Executive Chairman: Mayo Shattuck

President and CEO: Chris Crane

Board of Directors: 16 total (12 from Exelon, 4 from Constellation)

Exelon Corporation

78% Exelon shareholders

22% Constellation shareholders

Corporate headquarters: Chicago, IL

Constellation headquarters: Baltimore, MD

No change to utilities
headquarters

Significant employee presence maintained in IL, PA and MD

Company Name

Consideration

Pro Forma

Ownership

Headquarters

Governance

Approvals &

Timing

(1) Based on the 30-day average Exelon and Constellation closing stock prices as of April 27, 2011.

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Exelon Transaction Rationale

Increases
geographic
diversity
of
generation,
load
and
customers
in
competitive
markets

This transaction meets all of our M&A criteria and can be executed

Shared

Commitment to

Competitive

Markets

Enhances

Scalable Growth

Platform

Creates

Shareholder

Value

Expands a valuable channel to market our generation

Enhances margins in the competitive portfolio

Diversifies portfolio across the value chain

EPS break-even in 2012 and accretive by +5% in 2013

Maintains strong credit profile and financial discipline

Maintains earnings upside to future environmental regulations and power market recovery

Adds stability to earnings and cash flow

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Adds mix of clean generation to the portfolio

Clean

Generation Fleet

Constellation Transaction Rationale

Upfront premium of 18.1%
(1)

Dividend accretion of 103% post-closing

Enhances upside to power market recovery and synergies
The transaction creates financial and strategic value that is consistent with
Constellation's existing strategy
Creates
Shareholder
Value

Creates balance sheet capacity to pursue growth opportunities throughout the competitive portfolio

Reduces cost of capital

Balance Sheet

Strength

Complementary

Portfolios

Advances

strategy of matching load with physical generation in key competitive markets

Lowers collateral costs of competitive businesses

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(1) Based on the 30-day average Exelon and Constellation closing stock prices as of April 27, 2011.

\$7 billion

\$11 billion

11,430 (Total)

1,921(Nuclear)

1.2 mil. (MD)

0.7 mil. (MD)

38 states & D.C.
(5)

~106 TWh/yr

15% Generation

50% Utility

35% NewEnergy
Combination Will Result in Enhanced Scale,
Scope, Flexibility and Financial Strength
Market Value and
Enterprise
Value

(1)
Pro forma
Standalone
Owned
Generation
(in MW)

(2)
Regulated
Utilities
Competitive
Retail &
Wholesale

(4)
Business
Mix
(6)

\$27 billion

\$41 billion

25,619 (Total)

17,047(Nuclear)
Electric customers

5.4 mil. (IL, PA)
Gas customers

0.5 mil. (PA)

4 states

~59
TWh/yr

2012E EBITDA

51% Generation

49% Utilities

\$34 billion

\$52 billion

38 states & D.C.

(5)

~165

TWh energy sales

Expect >50% pro forma EBITDA
from competitive business

34,401 (Total)

(3)

18,968 (Nuclear)

6.6 million electric & gas customers
in IL, PA and MD

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(1) Market Value as of 4/27/11. Enterprise Value represents Market Value plus Net Debt as of 3/31/11 for Exelon and 12/31/11 for Constellation.

(2) Data as of 12/31/10. Constellation data includes 2,950 MW for Boston Generation assets and excludes 550 MW for Quail Creek.

(3) Net of market mitigation assumed to be 2,648 MW.

(4) Represents 2011 booked electric sales. Exelon load includes ComEd swap.

(5) Competitive and wholesale business also active in Alberta and Ontario, Canada.

(6) Exelon EBITDA estimates per equity research. Constellation EBITDA estimates per company guidance.

Combined Company Profile

Scale, Scope and Flexibility Across the Value Chain

Upstream

Downstream

Reserves (gas)

266 bcf

Owned Generating

Capacity

34 GWs

(1)

Electric

Transmission

7,350 miles

Electric & Gas Dist.

6.6 million customers

Retail &

Wholesale Volumes

(2)

(Electric & Gas)

~165 TWh, 405 bcf

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Note: Data as of 12/31/10 unless stated otherwise.

(1) Generation capacity net of market mitigation assumed to be 2,648 MW consisting of Brandon Shores (1,273 MW), H.A. V and CP Crane (399 MW).

(2) Electric load includes all booked 2011E competitive retail sales, wholesale sales, and sales to load serving entities including load includes all booked and forecasted 2011E competitive retail sales.

A Clean Generation Profile Creates Long-Term
Value in Competitive Markets

(1) Net of market mitigation assumed to be 2,648 MW.

(2)

Constellation generation includes Boston Generation acquisition (2,950 MW of natural gas) and excludes Quail Run (~550 MW)

Constellation nuclear reflects 50.01% interest in Constellation Energy Nuclear Group LLC.

Exelon Standalone

Total Generation: 25,619 MW

Constellation Standalone

(2)

Total Generation: 11,430 MW

Pro forma Company (Net of Mitigation)

(1)

Total Generation: 34,401 MW

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Combined company remains the premier low-cost generator

Coal

6%

Oil

8%

Gas

11%

Hydro

6%

Wind/Solar/Other

3%

Nuclear

67%

Coal

24%

Nuclear

17%

Gas

52%

Wind/Solar/Other

2%

Hydro

3%

Oil

3%

Nuclear

55%

Coal

6%

Oil

7%

Gas

24%

Hydro

6%

Wind/Solar/

Other

2%

Combining Constellation's Leading Competitive
Businesses and Exelon's Clean Generation
Captures
value
across
a
range
of market conditions
Directly links consumers of
electricity and generation
assets
Spreads
credit

risk
across
more parties
Adds asset optimization
opportunities
Generation
Load
Optimizes cost structure by
reducing
3
rd
party
transactions
Reduces working capital
requirements and liquidity
needs
Creates a platform for future growth and optimization of earnings and
cash flows
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Expertise in Operating Regulated Utilities in
Large Metropolitan Areas

3.8 million electric customers

Service Territory: 11,300 square miles

Peak Load
(1)
: 23,613 MW

2011

Rate
Base
(2)
: \$9.3 billion

1.6 million electric customers

0.5 million gas customers

Service Territory: 2,100 square miles

Peak Load
(1)
: 8,932 MW

2011
Rate
Base
(2)
: \$5.0 billion

1.2 million electric customers

0.7 million gas customers

Service Territory: 2,300 square miles

Peak Load
(1)
: 7,198 MW

2011
Rate
Base
(2)
: \$3.9 billion

(1)
Peak load represents all-time peak load.

(2)
Estimated rate base as of end of year.

(1)

Source: KEMA report as of February 2011.

A Leader in the U.S. Commercial and
Industrial Retailer Landscape

450

400

Opportunities for Continued Growth

Increased customer shopping creates
opportunities for capturing market share

Vehicle to offer value-added products and
innovative customer solutions

Constellation remains the top supplier in the C&I market

Exelon Energy has become a top 10 supplier in the C&I market
Top 15 Non-Residential Retailers based on Estimated Annualized Sales (TWh)
(1)
25
0
20
40
60
80
100
120
2009
2010
2011E
Exelon
Constellation
Electric Volumes
MWh-Millions

Employee Considerations

Employee Considerations

This transaction is driven by strategic fit rather than synergies, but as with any merger, there will be some job reductions due to overlap in corporate center roles

No merger-related job reductions anticipated in utilities or in either company's nuclear plants

Some groups will be moving:

Power Team will be moving to Baltimore to be combined with Constellation's retail/wholesale and marketing business; this will include some BSC positions supporting Power Team

Kennett Square will become Exelon Nuclear's headquarters; that shift will be accomplished largely through the movement of open positions and attrition, and Cantera will remain the Midwest headquarters; Exelon Power will continue to be headquartered at Kennett Square

How many positions and groups will ultimately be impacted is not yet known; while most integration will be complete sooner, some transitions could take as long as 36 months

Relocation and severance plans will be available to help affected employees transition
(1)

Assumes potential mitigation requirements to be ~2,648 MW.

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Our Commitment to You

Exelon is committed to open, complete, frequent communication. We will communicate with our employees as information is available. In addition:

We will work to mitigate the impact of any job losses, focusing first on the elimination of vacant positions.

We will manage any required downsizing through attrition and voluntary separation to the extent we can.

We

will
freeze
hiring
in
some
parts
of
the
organization
from
now
through
closing,
to ensure that individuals impacted by consolidation have the first opportunity for
any vacancies.

We
will
work
aggressively
to
redeploy
individuals
whose
jobs
are
eliminated
or
who are not able to relocate with their functions.
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Your Commitment to Exelon

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This is an exciting time, and it is also a time of significant change. A feeling of uncertainty is normal, especially for those groups that are directly impacted by the merger.

We ask that you stay focused on your work, and on our Vision of being the best group of electric generation and electric and gas delivery companies in the united States; this is the single most important thing you can do as we work through the transition process

Changes
will
not
happen
overnight

the
transaction
will
not
close
until
early
2012; some changes may take more than 36 months to fully implement

Exelon and Constellation will soon introduce new integration communications, as well as vehicles for seeking employee comments and feedback on the merger; be on the lookout for those in the near future.

For the latest information, Exelon and Constellation have jointly established a website on the merger:

www.exelonconstellationmerger.com

Cautionary Statements Regarding Forward-Looking
Statements

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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 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, 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 Corporation (Exelon) and Constellation Energy Group, Inc. (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. 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 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, 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 March 31, 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 12; and (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. These risks, as well
as other risks associated with the proposed merger, will be more

fully discussed in the joint proxy

statement/prospectus that will be included in the Registration Statement on Form S-4 that Exelon will file with the SEC
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.

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Cautionary Statements Regarding Forward-Looking
Statements (Cont'd)

Additional Information and Where to Find It

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This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of

any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Exelon intends to file with the SEC a registration statement on Form S-4 that will include a joint proxy statement/prospectus and other relevant documents to be mailed by Exelon and Constellation to their respective security holders in connection with the proposed merger of Exelon and Constellation. **WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME**

AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION about Exelon, Constellation and the

proposed merger. Investors and security holders will be able to obtain these materials (when they are available) and other documents filed with the SEC free of charge at the SEC's website, www.sec.gov. In addition, a copy of the joint proxy statement/prospectus (when it becomes available) 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, Baltimore, MD 21202. Investors and security holders may also read and copy any reports, statements and other information filed by Exelon, or Constellation, with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room.

Participants in the Merger Solicitations

Exelon, Constellation, and their respective directors, executive officers and certain other members of management

and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction.

Information regarding Exelon's directors and executive officers is available in its proxy statement filed with the SEC by Exelon on March 24, 2011 in connection with its 2011 annual meeting of shareholders, and information regarding Constellation's directors and executive officers is available in its proxy statement filed with the SEC by Constellation on April 15, 2011 in connection with its 2011 annual meeting of shareholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

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