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Renewal Application of Constellation NewEnergy, Inc.

4 Investments

Investments in Qualifying Facilities and Power Projects, CEP, and Joint Ventures

Qualifying Facilities and Power Projects

Our merchant energy business holds up to a 50% voting interest in 24 operating domestic energy projects that consist of electric generation, fuel processing, or fuel handling facilities. Of these 24 projects, 17 are "qualifying facilities" that receive certain exemptions and pricing under the Public Utility Regulatory Policies Act of 1978 based on the facilities' energy source or the use of a cogeneration process.

CEP

In November 2006, CEP, a limited liability company formed by our merchant energy business, completed an initial public offering. As of December 31, 2006, we owned approximately 54% of CEP and consolidated CEP. During the second quarter of 2007, CEP issued additional equity to the public and our ownership percentage fell below 50%. Therefore, we deconsolidated CEP and began accounting for our investment using the equity method under Accounting Principles Board Opinion (APB) No. 18, *The Equity Method of Accounting for Investments in Common Stock*. As of December 31, 2007, we hold a 28.5% voting interest in CEP.

Joint Ventures

In December 2006, we formed a shipping joint venture in which our merchant energy business has a 50% ownership interest. The joint venture will own and operate six freight ships. In 2007, we made cash contributions of approximately $57 million to the joint venture.

In August 2007, we formed a joint venture, UniStar Nuclear Energy, LLC (UNE) with an affiliate of Electricite de France, SA (EDF). We have a 50% ownership interest in this joint venture to develop, own, and operate new nuclear projects in the United States and Canada. The agreement with EDF includes a phased-in investment of $625 million by EDF in UNE. In 2007, EDF invested $350 million in UNE, and we contributed the new nuclear line of businesses we have developed over the past two years, which included assets with a book value of $48.7 million and the right to develop possible new nuclear projects at our existing nuclear plant locations. Upon reaching certain licensing milestones, EDF will contribute up to an additional $275 million in UNE.

As of December 31, 2007, UNE's capitalized construction work in progress was approximately $135 million. In the event that our portion of any losses incurred by UNE exceed our investment, we will continue to record those losses in earnings unless it is determined that UNE will cease operations and is subsequently dissolved.

Investments in qualifying facilities, domestic power projects, joint ventures and CEP consist of the following:

At December 31,	**2007**	2006
	(In millions)	
Qualifying facilities and domestic power projects:		
Coal	**$119.6**	$125.7
Hydroelectric	**54.7**	55.1
Geothermal	**37.6**	40.5
Biomass	**43.6**	46.6
Fuel Processing	**26.8**	33.7
Solar	**7.0**	7.0
CEP	**143.0**	—
Joint Ventures:		
Shipping JV	**56.6**	—
UNE	**52.2**	—
Other	**1.1**	—
Total	**$542.2**	$308.6

Investments in qualifying facilities, domestic power projects, CEP and joint ventures were accounted for under the following methods:

At December 31,	**2007**	2006
	(In millions)	
Equity method	**$535.2**	$301.6
Cost method	**7.0**	7.0
Total	**$542.2**	$308.6

Our percentage voting interests in these investments accounted for under the equity method range from 16% to 50%. Equity in earnings of these investments was $8.3 million in 2007, $13.8 million in 2006, and $3.6 million in 2005.

Investments Classified as Available-for-Sale

We classify the following investments as available-for-sale:

- nuclear decommissioning trust funds,
- marketable equity securities, and
- trust assets securing certain executive benefits.

This means we do not expect to hold them to maturity, and we do not consider them trading securities.

We show the fair values, gross unrealized gains and losses, and book value basis for all of our available-for-sale securities in the following tables. We use specific identification to determine cost in computing realized gains and losses.

At December 31, 2007	Book Value	Unrealized Gains	Unrealized Losses	Fair Value
	(In millions)			
Marketable equity securities	**$ 819.9**	**$266.3**	**$(0.2)**	**$1,086.0**
Corporate debt and U.S. treasuries	**224.5**	**5.4**	**—**	**229.9**
State municipal bonds	**48.3**	**2.5**	**—**	**50.8**
Totals	**$1,092.7**	**$274.2**	**$(0.2)**	**$1,366.7**

At December 31, 2006	Book Value	Unrealized Gains	Unrealized Losses	Fair Value
	(In millions)			
Marketable equity securities	$ 811.0	$221.1	$(3.3)	$1,028.8
Corporate debt and U.S. treasuries	160.1	1.9	(0.3)	161.7
State municipal bonds	68.1	5.4	(0.2)	73.3
Totals	$1,039.2	$228.4	$(3.8)	$1,263.8

In addition to the above securities, the nuclear decommissioning trust funds included $11.7 million at December 31, 2007 and $24.1 million at December 31, 2006 of cash and cash equivalents.

The preceding tables include $256.7 million in 2007 of net unrealized gains and $206.1 million in 2006 of net unrealized gains associated with the nuclear decommissioning trust funds that are reflected as a change in the nuclear decommissioning trust funds in our Consolidated Balance Sheets.

Our available-for-sale investments in our nuclear decommissioning trust funds are managed by third parties who have independent discretion over the purchases and sales of securities. Effective January 1, 2007, we recognize impairments for any of these investments for which the fair value declines below our book value. In 2007, we recognized $8.5 million pre-tax of impairment losses on our nuclear decommissioning trust investments.

Prior to 2007, we had unrealized losses relating to certain available-for-sale investments in our nuclear decommissioning trust funds that we considered to be temporary in nature and, therefore, we did not recognize an impairment for any security with an unrealized loss. We show the fair values and unrealized losses of our investments that were in a loss position at December 31, 2006 and were not impaired in the table below.

At December 31, 2006

	Less than 12 months		12 months or more		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In millions)			
Marketable equity securities	**$ 9.5**	**$(0.8)**	**$12.4**	**$(1.7)**	**$21.9**	**$(2.5)**
Corporate debt and U.S. treasuries	**10.3**	**—**	**23.7**	**(0.3)**	**34.0**	**(0.3)**
State municipal bonds	**4.8**	**—**	**14.0**	**(0.2)**	**18.8**	**(0.2)**
Total temporarily impaired securities	**$24.6**	**$(0.8)**	**$50.1**	**$(2.2)**	**$74.7**	**$(3.0)**

Gross and net realized gains and losses on available-for-sale securities were as follows:

Year ended December 31,	**2007**	2006	2005
		(In millions)	
Gross realized gains	**$ 33.5**	$ 13.3	$12.3
Gross realized losses	**(30.9)**	(13.0)	(9.3)
Net realized gains	**$ 2.6**	$ 0.3	$ 3.0

Gross realized losses for 2007 include an $8.5 million pre-tax other than temporary impairment (as explained above) for investments whose fair value declined below their book value.

The corporate debt securities, U.S. Government agency obligations, and state municipal bonds mature on the following schedule:

At December 31, 2007	
	(In millions)
Less than 1 year	$ 10.9
1-5 years	97.4
5-10 years	74.5
More than 10 years	97.9
Total maturities of debt securities	$280.7

Investments in Variable Interest Entities

RSB BondCo LLC

In 2007, BGE formed RSB BondCo LLC (BondCo), a special purpose bankruptcy-remote limited liability company. In June 2007, BondCo purchased rate stabilization property from BGE, including the right to assess, collect, and receive non-bypassable rate stabilization charges payable by all residential electric customers of BGE. These charges are being assessed in order to recover previously incurred power purchase costs that BGE deferred pursuant to Senate Bill 1.

BGE has determined that BondCo is a variable interest entity for which it is also the primary beneficiary. As a result, BGE consolidated BondCo. We discuss the consolidation method of accounting in more detail in *Note 1*.

Unconsolidated Variable Interest Entities

We have a significant interest in the following variable interest entities (VIE) for which we are not the primary beneficiary:

VIE	Nature of Involvement	Date of Involvement
Power projects and fuel supply entities	Equity investment and guarantees	Prior to 2003
Power contract monetization entities	Power sale agreements, loans, and guarantees	March 2005
Oil & gas fields	Equity investment	May 2006
Retail power supply	Power sale agreement	September 2006

We discuss the nature of our involvement with the power contract monetization VIEs in the *Customer Contract Restructuring* section below.

The following is summary information available as of December 31, 2007 about the VIEs in which we have a significant interest, but are not the primary beneficiary:

	Power Contract Monetization VIEs	All Other VIEs	Total
	(In millions)		
Total assets	$736.6	$358.1	$1,094.7
Total liabilities	583.2	195.6	778.8
Our ownership interest	—	46.1	46.1
Other ownership interests	153.4	116.4	269.8
Our maximum exposure to loss	56.5	158.0	214.5

The maximum exposure to loss represents the loss that we would incur in the unlikely event that our interests in all of these entities were to become worthless and we were required to fund the full amount of all guarantees associated with these entities. Our maximum exposure to loss as of December 31, 2007 consists of the following:

- outstanding receivables, loans, and letters of credit totaling $166.4 million,
- the carrying amount of our investment totaling $46.1 million, and
- debt and performance guarantees totaling $2.0 million.

We assess the risk of a loss equal to our maximum exposure to be remote.

Customer Contract Restructuring

In March 2005, our merchant energy business closed a transaction in which we assumed from a counterparty two power sales contracts with existing VIEs. Under the contracts, we sell power to the VIEs which, in turn, sell that power to an electric distribution utility through 2013.

The VIEs previously were created by the counterparty to issue debt in order to monetize the value of the original contracts to purchase and sell power. The difference between the contract prices at which the VIEs purchase and sell power is used to service the debt of the VIEs, which totaled $558 million at December 31, 2007.

The market price for power at the closing of our transaction was higher than the contract price under the existing power sales contracts we assumed. Therefore, we received compensation totaling $308.5 million, equal to the net present value of the difference between the contract price under the power sales contracts and the market price of power at closing. We used a portion of this amount to settle $68.5 million of existing derivative liabilities with the same counterparty, and we also loaned $82.8 million to the holder of the equity in the VIEs. As a result, we received net cash at closing of $157.2 million. We also guaranteed our subsidiaries' performance under the power sales contracts.

The table below summarizes the transaction and the net cash received at closing:

	(In millions)
Gross compensation from original power sales contracts counterparty equal to fair value of power sales contracts at closing	$308.5
Settlement of existing derivative liabilities	(68.5)
Third-party loan secured by equity in VIE	(82.8)
Net cash received at closing	$157.2

We recorded the closing of this transaction in our financial statements as follows:

	Balance Sheet	Cash Flows
Fair value of power sales contracts assumed (designated as cash-flow hedge)	Derivative liabilities	Financing cash inflow
Settlement of existing derivative liabilities	Derivative liabilities	Operating cash outflow
Third-party loan	Other assets	Investing cash outflow

We recorded the gross compensation we received to assume the power sales contracts as a financing cash inflow because it constitutes a prepayment for a portion of the market price of power, which we will sell to the VIEs over the term of the contracts and does not represent a cash inflow from current period operating activities. We record the ongoing cash flows related to the sale of power to the VIEs as a financing cash inflow in accordance with SFAS No. 149, *Amendment of FASB Statement No. 133 on Derivative and Hedging Activities.*

If the electric distribution utility were to default under its obligation to buy power from the VIEs, the equity holder could transfer its equity interests to us in lieu of repaying the loan. In this event, we would have the right to seek recovery of our losses from the electric distribution utility.

5 Intangible Assets

Goodwill

Goodwill is the excess of the cost of an acquisition over the fair value of the net assets acquired. Our goodwill balance is primarily related to our merchant energy business acquisitions. The changes in the carrying amount of goodwill for the years ended December 31, 2007 and 2006 are as follows:

2007	Balance at January 1,	Goodwill Acquired	Other(a)	Balance at December 31,
		(In millions)		
Goodwill	**$157.6**	**$103.4**	**$0.3**	**$261.3**

2006	Balance at January 1,	Goodwill Acquired	Other(a)	Balance at December 31,
		(In millions)		
Goodwill	$147.1	$11.1	$(0.6)	$157.6

(a) Other represents purchase price adjustments.

Goodwill is not amortized; rather, it is evaluated for impairment at least annually. We evaluated our goodwill in 2007 and 2006 and determined that it was not impaired. For tax purposes, $227.6 million of our goodwill balance is deductible.

Intangible Assets Subject to Amortization

Intangible assets with finite lives are subject to amortization over their estimated useful lives. The primary assets included in this category are as follows:

At December 31,	2007			2006		
	Gross Carrying Amount	Accumulated Amortization	Net Asset	Gross Carrying Amount	Accumulated Amortization	Net Asset
			(In millions)			
Software	**$494.0**	**$(232.3)**	**$261.7**	$392.3	$(182.6)	$209.7
Permits and licenses	**62.3**	**(8.0)**	**54.3**	60.4	(5.9)	54.5
Operating manuals and procedures	**38.6**	**(8.4)**	**30.2**	38.5	(7.1)	31.4
Other	**26.8**	**(19.9)**	**6.9**	26.3	(17.2)	9.1
Total	**$621.7**	**$(268.6)**	**$353.1**	$517.5	$(212.8)	$304.7

BGE had intangible assets with a gross carrying amount of $194.1 million and accumulated amortization of $124.4 million at December 31, 2007 and $191.3 million and accumulated amortization of $109.2 million at December 31, 2006 that are included in the table above. Substantially all of BGE's intangible assets relate to software.

We recognized amortization expense related to our intangible assets as follows:

Year Ended December 31,	**2007**	2006	2005
		(In millions)	
Nonregulated businesses	**$51.9**	$37.2	$30.6
BGE	**20.2**	18.6	26.3
Total Constellation Energy	**$72.1**	$55.8	$56.9

The following is our, and BGE's, estimated amortization expense for 2008 through 2012 for the intangible assets included in our, and BGE's, Consolidated Balance Sheets at December 31, 2007:

Year Ended December 31,	2008	2009	2010	2011	2012
	(In millions)				
Estimated amortization expense—Nonregulated businesses	$61.4	$60.2	$53.9	$48.3	$37.2
Estimated amortization expense—BGE	18.3	15.0	13.1	10.9	6.1
Total estimated amortization expense—Constellation Energy	$79.7	$75.2	$67.0	$59.2	$43.3

Unamortized Energy Contracts

As discussed in *Note 1*, unamortized energy contract assets and liabilities represent the remaining unamortized balance of nonderivative energy contracts acquired or derivatives designated as normal purchases and normal sales, which we previously recorded as derivative assets and liabilities.

During 2007, we acquired several pre-existing power-related contracts that had been originated by other parties in prior periods when market prices were lower than current levels. The net proceeds received in this transaction were primarily recorded as a net liability in "Unamortized energy contracts."

We present separately in our Consolidated Balance Sheets the net unamortized energy contract assets and liabilities for these contracts. The table below presents the gross and net carrying amount and accumulated amortization of the net liability that we have recorded in our Consolidated Balance Sheets:

At December 31	2007			2006		
	Carrying Amount	Accumulated Amortization	Net Liability	Carrying Amount	Accumulated Amortization	Net Liability
	(In millions)					
Unamortized energy contracts, net	$(2,290.0)	$889.5	$(1,400.5)	$(1,642.0)	$464.5	$(1,177.5)

The table below presents the estimated net favorable impact on our operating results for the amortization for these assets and liabilities over the next five-years:

Year Ended December 31,	2008	2009	2010	2011	2012
	(In millions)				
Estimated amortization	$358.9	$308.8	$289.4	$84.4	$79.3

6 Regulatory Assets (net)

As discussed in *Note 1*, the Maryland PSC and the FERC provide the final determination of the rates we charge our customers for our regulated businesses. Generally, we use the same accounting policies and practices used by nonregulated companies for financial reporting under accounting principles generally accepted in the United States of America. However, sometimes the Maryland PSC or FERC orders an accounting treatment different from that used by nonregulated companies to determine the rates we charge our customers. When this happens, we must defer certain regulated expenses and income in our Consolidated Balance Sheets as regulatory assets and liabilities. We then record them in our Consolidated Statements of Income (using amortization) when we include them in the rates we charge our customers.

We summarize regulatory assets and liabilities in the following table, and we discuss each of them separately below.

At December 31,	2007	2006
	(In millions)	
Deferred fuel costs		
Rate stabilization deferral	**$ 593.4**	$ 326.9
Other	**19.4**	37.8
Electric generation-related regulatory asset	**135.9**	154.8
Net cost of removal	**(182.3)**	(161.3)
Income taxes recoverable through future rates (net)	**63.9**	67.1
Deferred postretirement and postemployment benefit costs	**16.1**	19.3
Deferred environmental costs	**8.9**	10.0
Workforce reduction costs	**2.4**	4.9
Other (net)	**(6.6)**	(8.0)
Total regulatory assets (net)	**651.1**	451.5
Less: Current portion of regulatory assets (net)	**74.9**	62.5
Long-term portion of regulatory assets (net)	**$ 576.2**	$ 389.0

Deferred Fuel Costs

Rate Stabilization Deferral

In June 2006, Senate Bill 1 was enacted in Maryland and imposed a rate stabilization measure that capped rate increases by BGE for residential electric customers at 15% from July 1, 2006 to May 31, 2007. As a result, BGE recorded a regulatory asset on its Consolidated Balance Sheets equal to the difference between the costs to purchase power and the revenues collected from customers, as well as related carrying charges based on short-term interest rates from July 1, 2006 to May 31, 2007. In addition, as required by Senate Bill 1, the Maryland PSC approved a plan that allowed residential electric customers the option to further defer the transition to market rates from June 1, 2007 to January 1, 2008. Customers participating in the deferral from June 1, 2007 to December 31, 2007 will repay the deferred charges without interest. During 2007 and 2006, BGE deferred $306.4 million and $326.9 million, respectively, of electricity purchased for resale expenses and carrying charges, if applicable, as a regulatory asset related to the rate stabilization plans. During 2007, BGE recovered $39.2 million of electricity purchased for resale expenses and carrying charges related to the rate stabilization plan regulatory asset. BGE began amortizing the regulatory asset to earnings over a period not to exceed ten years when collection from customers began in June 2007.

Other

As described in *Note 1*, deferred fuel costs are the difference between our actual costs of purchased energy and our fuel rate revenues collected from customers. We reduce deferred fuel costs as we collect them from our customers and increase deferred fuel costs when we refund them to our customers.

We exclude deferred fuel costs from rate base because their existence is relatively short-lived. These costs are recovered in the following year through our fuel rates.

Electric Generation-Related Regulatory Asset

As a result of the deregulation of electric generation, BGE ceased to meet the requirements for the application of SFAS No. 71 for the previous electric generation portion of its business. In accordance with SFAS No. 101, *Regulated Enterprises—Accounting for the Discontinuation of Application of FASB Statement No. 71*, and EITF 97-4, *Deregulation of the Pricing of Electricity—Issues Related to the Application of FASB Statements No. 71 and 101*, BGE wrote-off all of its individual, generation-related regulatory assets and liabilities. BGE established a single, generation-related regulatory asset to be collected through its regulated transmission and distribution business, which is being amortized on a basis that approximates the pre-existing individual regulatory asset amortization schedules.

A portion of this regulatory asset represents income taxes recoverable through future rates that do not earn a regulated rate of return. These amounts were $81.1 million as of December 31, 2007 and $89.4 million as of December 31, 2006. We will continue to amortize this amount through 2017.

Another portion of this regulatory asset represents the decommissioning and decontamination fund payment for federal uranium enrichment facilities that do not earn a regulated rate of return on the rate base investment. These amounts were $2.3 million at December 31, 2007 and $5.5 million at December 31, 2006. Prior to the deregulation of electric generation, these costs were recovered through the electric fuel rate mechanism, and were excluded from rate base. We will continue to amortize this amount through 2008.

Net Cost of Removal

As discussed in *Note 1*, we use the group depreciation method for the regulated business. This method is currently an acceptable method of accounting under accounting principles generally accepted in the United States of America and is widely used in the energy, transportation, and telecommunication industries.

Historically, under the group depreciation method, the anticipated costs of removing assets upon retirement were provided for over the life of those assets as a component of depreciation expense. However, effective January 1, 2003, we adopted SFAS No. 143, *Accounting for Asset Retirement Obligations*. In addition to providing the accounting requirements for recognizing an estimated liability for legal obligations associated with the retirement of tangible long-lived assets, SFAS No. 143 precludes the recognition of expected net future costs of removal as a component of depreciation expense or accumulated depreciation.

BGE is required by the Maryland PSC to use the group depreciation method, including cost of removal, under regulatory accounting. For ratemaking purposes, net cost of removal is a component of depreciation expense and the related accumulated depreciation balance is included as a net reduction to BGE's rate base investment. For financial reporting purposes, BGE continues to accrue for the future cost of removal for its regulated gas and electric assets by increasing its regulatory liability. This liability is relieved when actual removal costs are incurred.

Income Taxes Recoverable Through Future Rates (net)

As described in *Note 1*, income taxes recoverable through future rates are the portion of our net deferred income tax liability that is applicable to our regulated business, but has not been reflected in the rates we charge our customers. These income taxes represent the tax effect of temporary differences in depreciation and the allowance for equity funds used during construction, offset by differences in deferred tax rates and deferred taxes on deferred investment tax credits. We amortize these amounts as the temporary differences reverse.

We show the change in the benefit obligations and plan assets of the pension and postretirement benefit plans in the following tables. Postretirement benefit plan amounts are presented net of expected reimbursements under Medicare Part D.

	Pension Benefits		Postretirement Benefits	
	2007	2006	**2007**	2006
	(In millions)			
Change in benefit obligation (1)				
Benefit obligation at January 1	**$1,629.8**	$1,678.6	**$441.5**	$460.4
Service cost	**49.4**	49.0	**6.5**	7.7
Interest cost	**94.7**	89.3	**24.4**	23.7
Plan participants' contributions	**—**	—	**8.7**	8.3
Actuarial (gain) loss	**(27.6)**	(49.1)	**(22.3)**	(27.1)
Special termination benefits	**1.2**	4.2	**0.3**	3.5
Benefits paid (2) (3)	**(103.3)**	(142.2)	**(37.6)**	(35.0)
Benefit obligation at December 31	**$1,644.2**	$1,629.8	**$421.5**	$441.5

(1) Amounts reflect projected benefit obligation for pension benefits and accumulated postretirement benefit obligation for postretirement benefits.

(2) Pension benefits paid include annuity payments, lump-sum distributions, and transfers to nonqualified deferred compensation plans.

(3) Postretirement benefits paid are net of Medicare Part D reimbursements.

	Pension Benefits		Postretirement Benefits	
	2007	2006	**2007**	2006
	(In millions)			
Change in plan assets				
Fair value of plan assets at January 1	**$1,161.2**	$1,107.1	**$ —**	$ —
Actual return on plan assets	**71.3**	141.1	**—**	—
Employer contribution(1)	**129.3**	55.2	**28.9**	26.7
Plan participants' contributions	**—**	—	**8.7**	8.3
Benefits paid(2) (3)	**(103.3)**	(142.2)	**(37.6)**	(35.0)
Fair value of plan assets at December 31	**$1,258.5**	$1,161.2	**$ —**	$ —

(1) Includes benefit payments for unfunded plans.

(2) Pension benefits paid include annuity payments, lump-sum distributions, and transfers to nonqualified deferred compensation plans.

(3) Postretirement benefits paid are net of Medicare Part D reimbursements.

Net Periodic Benefit Cost and Amounts Recognized in Other Comprehensive Income

We show the components of net periodic pension benefit cost in the following table:

Year Ended December 31,	**2007**	2006	2005
	(In millions)		
Components of net periodic pension benefit cost			
Service cost	**$ 49.4**	$ 49.0	$ 44.8
Interest cost	**94.7**	89.3	83.9
Expected return on plan assets	**(102.6)**	(96.6)	(100.2)
Amortization of unrecognized prior service cost	**5.2**	5.7	5.7
Recognized net actuarial loss	**32.7**	37.3	25.1
Amount capitalized as construction cost	**(11.7)**	(13.4)	(7.4)
Net periodic pension benefit cost (1)	**$ 67.7**	$ 71.3	$ 51.9

(1) Net periodic pension benefit cost excludes SFAS No. 88 termination benefits of $1.2 million in 2007, SFAS No. 88 settlement charge of $12.7 million and termination benefits of $4.2 million in 2006, and SFAS No. 88 settlement charge of $4.4 million in 2005. BGE's portion of our net periodic pension benefit costs, excluding amount capitalized, was $21.8 million in 2007, $25.0 million in 2006, and $15.0 million in 2005. The vast majority of our retirees are BGE employees.

We show the components of net periodic postretirement benefit cost in the following table:

Year Ended December 31,	**2007**	2006	2005
	(In millions)		
Components of net periodic postretirement benefit cost			
Service cost	**$ 6.5**	$ 7.7	$ 7.6
Interest cost	**24.4**	23.7	23.8
Amortization of transition obligation	**2.1**	2.1	2.1
Recognized net actuarial loss	**4.1**	6.6	6.4
Amortization of unrecognized prior service cost	**(3.5)**	(3.5)	(3.5)
Amount capitalized as construction cost	**(7.7)**	(8.2)	(7.7)
Net periodic postretirement benefit cost (1)	**$25.9**	$28.4	$28.7

(1) Net periodic postretirement benefit cost excludes SFAS No. 106 termination benefits of $0.3 million in 2007 and $3.5 million in 2006. BGE's portion of our net periodic postretirement benefit cost, excluding amounts capitalized, was $15.5 million in 2007, $16.6 million in 2006, and $17.4 million in 2005.

As a result of adopting SFAS No. 158, the following is a summary of amounts we have recorded in "Accumulated other comprehensive income" and of expected amortization of those amounts over the next twelve months:

	Pension Benefits 2007	Pension Benefits 2006	Postretirement Benefits 2007	Postretirement Benefits 2006	Expected Amortization Next 12 Months
			(In millions)		
Unrecognized actuarial loss	**$ 445.9**	$ 475.7	**$ 90.2**	$116.6	$30.6
Unrecognized prior service cost	**21.4**	26.7	**(26.2)**	(29.7)	1.4
Unrecognized transition obligation	**—**	—	**10.7**	12.8	2.1
Total	**$ 467.3**	$ 502.4	**$ 74.7**	$ 99.7	$34.1

Expected Cash Benefit Payments

The pension and postretirement benefits we expect to pay in each of the next five calendar years and in the aggregate for the subsequent five years are shown below. These estimated benefits are based on the same assumptions used to measure the benefit obligation at December 31, 2007, but include benefits attributable to estimated future employee service.

	Pension Benefits*	Postretirement Benefits: Before Medicare Part D	Postretirement Benefits: Subsidy	Postretirement Benefits: After Medicare Part D
		(In millions)		
2008	$107.2	$ 31.2	$ (2.4)	$ 28.8
2009	102.3	32.3	(2.6)	29.7
2010	115.9	33.0	(2.8)	30.2
2011	108.4	33.6	(2.9)	30.7
2012	121.8	33.9	(3.1)	30.8
2013-2017	763.4	178.6	(16.2)	162.4

* *Excludes transfers to nonqualified deferred compensation plans*

Assumptions

We made the assumptions below to calculate our pension and postretirement benefit obligations and periodic cost.

	Pension Benefits 2007	Pension Benefits 2006	Postretirement Benefits 2007	Postretirement Benefits 2006	Assumption Impacts Calculation of
Discount rate	**6.25%**	6.00%	**6.25%**	6.00%	Benefit Obligation and Periodic Cost
Expected return on plan assets	**8.75**	8.75	**N/A**	N/A	Periodic Cost
Rate of compensation increase	**4.0**	4.0	**4.0**	4.0	Benefit Obligation and Periodic Cost

Our discount rate is based on a bond portfolio analysis of high quality corporate bonds whose maturities match our expected benefit payments. Our 8.75% overall expected long-term rate of return on plan assets reflects our long-term investment strategy in terms of asset mix targets and expected returns for each asset class.

Annual health care inflation rate assumptions also impact the calculation of our postretirement benefit obligation and periodic cost. We assumed the following health care inflation rates to produce average claims by year as shown below:

At December 31,	2007	2006
Next year	**9.0%**	8.5%
Following year	**8.0%**	8.0%
Ultimate trend rate	**5.0%**	5.0%
Year ultimate trend rate reached	**2014**	2014

A one-percent increase in the health care inflation rate from the assumed rates would increase the accumulated postretirement benefit obligation by approximately $29 million as of December 31, 2007 and would increase the combined service and interest costs of the postretirement benefit cost by approximately $2 million annually.

A one-percent decrease in the health care inflation rate from the assumed rates would decrease the accumulated postretirement benefit obligation by approximately $25 million as of December 31, 2007 and would decrease the combined service and interest costs of the postretirement benefit cost by approximately $2 million annually.

Qualified Pension Plan Assets

The asset allocations for our qualified pension plans were as follows:

At December 31,	2007	2006
Equity securities	**62%**	64%
Debt securities	**31**	28
Other	**7**	8
Total	**100%**	100%

The category "Other" primarily represents investments in financial limited partnerships. Our long-term pension plan investment strategy is to seek an asset mix of 58% equity, 30% fixed income, and 12% other investments. We rebalance our portfolio periodically when the sum of equity and other investments differs from 70% by three percentage points or more, we change an outside investment advisor, or we make contributions to the trust.

We determine expected return on plan assets using a market-related value of plan assets that recognizes asset gains and losses ratably over a five-year period.

Deferred Postretirement and Postemployment Benefit Costs

Deferred postretirement and postemployment benefit costs are the costs we recorded under SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, and SFAS No. 112, *Employers' Accounting for Postemployment Benefits*, in excess of the costs we included in the rates we charge our customers. We began amortizing these costs over a 15-year period in 1998.

Deferred Environmental Costs

Deferred environmental costs are the estimated costs of investigating and cleaning up contaminated sites we own. We discuss this further in *Note 12*. We amortized $21.6 million of these costs (the amount we had incurred through October 1995) and are amortizing $6.4 million of these costs (the amount we incurred from November 1995 through June 2000) over 10-year periods in accordance with the Maryland PSC's orders. We applied for and received rate relief for an additional $5.4 million of clean-up costs incurred during the period from July 2000 through November 2005. These costs are being amortized over a 10-year period that began in January 2006.

Workforce Reduction Costs

The portions of the costs associated with our Voluntary Special Early Retirement Program and workforce reduction programs that relate to BGE's gas business are deferred as regulatory assets in accordance with the Maryland PSC's orders in prior rate cases. As a result of a 2005 gas base rate case, the remaining regulatory assets associated with workforce reductions totaling $7.3 million as of December 31, 2005 are being amortized over a 3-year period that began in January 2006. These remaining regulatory assets were previously amortized over 5-year periods beginning in January and February 2002.

Other (Net)

Other regulatory assets are comprised of a variety of current assets and liabilities that do not earn a regulatory rate of return due to their short-term nature.

7 Pension, Postretirement, Other Postemployment, and Employee Savings Plan Benefits

We offer pension, postretirement, other postemployment, and employee savings plan benefits. BGE employees participate in the benefit plans that we offer. We describe each of our plans separately below. Nine Mile Point offers its own pension, postretirement, other postemployment, and employee savings plan benefits to its employees. The benefits for Nine Mile Point are included in the tables beginning below.

We use a December 31 measurement date for our pension, postretirement, other postemployment, and employee savings plans. The following table summarizes our defined benefit liabilities and their classification in our Consolidated Balance Sheets:

At December 31,	2007	2006
	(In millions)	
Pension benefits	**$385.7**	$468.6
Postretirement benefits	**421.5**	441.5
Postemployment benefits	**66.3**	57.0
Total defined benefit obligations	**873.5**	967.1
Less: Amount recorded in other current liabilities	**44.9**	38.8
Total noncurrent defined benefit obligations	**$828.6**	$928.3

Pension Benefits

We sponsor several defined benefit pension plans for our employees. These include basic qualified plans that most employees participate in and several non-qualified plans that are available only to certain employees. A defined benefit plan specifies the amount of benefits a plan participant is to receive using information about the participant. Employees do not contribute to these plans. Generally, we calculate the benefits under these plans based on age, years of service, and pay.

Sometimes we amend the plans retroactively. These retroactive plan amendments require us to recalculate benefits related to participants' past service. We amortize the change in the benefit costs from these plan amendments on a straight-line basis over the average remaining service period of active employees.

We fund the qualified plans by contributing at least the minimum amount required under IRS regulations. We calculate the amount of funding using an actuarial method called the projected unit credit cost method. The assets in all of the plans at December 31, 2007 and 2006 were mostly marketable equity and fixed income securities.

Postretirement Benefits

We sponsor defined benefit postretirement health care and life insurance plans that cover the majority of our employees. Generally, we calculate the benefits under these plans based on age, years of service, and pension benefit levels or final base pay. We do not fund these plans. For nearly all of the health care plans, retirees make contributions to cover a portion of the plan costs. For the life insurance plan, retirees do not make contributions to cover a portion of the plan costs.

Effective in 2002, we amended our postretirement medical plans for all subsidiaries other than Nine Mile Point. Our contributions for retiree medical coverage for future retirees who were under the age of 55 on January 1, 2002 are capped at the 2002 level. We also amended our plans to increase the Medicare eligible retirees' share of medical costs.

In 2003, the President signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act). This legislation provides a prescription drug benefit for Medicare beneficiaries, a benefit that we provide to our Medicare eligible retirees. Our actuaries concluded that prescription drug benefits available under our postretirement medical plan are "actuarially equivalent" to Medicare Part D and thus qualify for the subsidy under the Act. This subsidy reduced our 2007 Accumulated Postretirement Benefit Obligation by $40.8 million and our 2007 postretirement medical payments by $2.7 million.

Liability Adjustments

Our pension accumulated benefit obligation has exceeded the fair value of our plan assets since 2001. At December 31, 2007 and 2006, our pension obligations were greater than the fair value of our plan assets for our qualified and our nonqualified pension plans as follows:

	Qualified Plans		Non-Qualified	
At December 31, 2007	Nine Mile	Other	Plans	Total
	(In millions)			
Accumulated benefit obligation	**$98.0**	**$1,332.2**	**$69.7**	**$1,499.9**
Fair value of assets	**78.6**	**1,179.9**	**—**	**1,258.5**
Unfunded obligation	**$19.4**	**$ 152.3**	**$69.7**	**$ 241.4**

	Qualified Plans		Non-Qualified	
At December 31, 2006	Nine Mile	Other	Plans	Total
	(In millions)			
Accumulated benefit obligation	$107.5	$1,306.0	$63.8	$1,477.3
Fair value of assets	54.6	1,106.6	—	1,161.2
Unfunded obligation	$ 52.9	$ 199.4	$63.8	$ 316.1

We were required to remeasure the additional minimum pension liability prior to calculating the impact of adopting SFAS No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statement No. 87, 106 and 132(R)*, on December 31, 2006. We recorded additional minimum pension liability adjustments through December 31, 2006 as follows:

	Increase (Decrease)			
	Pension Liability Adjustment	Intangible Asset *	Accumulated Other Comprehensive Loss	
			Pre-tax	After-tax
	(In millions)			
Cumulative through 2004	$ 359.6	$40.6	$(319.0)	$(192.8)
2005	121.4	(6.1)	(127.5)	(77.1)
2006	(131.1)	(5.9)	125.2	75.6
Total	$ 349.9	$28.6	$(321.3)	$(194.3)

* *Included in "Other assets" in our Consolidated Balance Sheets.*

Under SFAS No. 158, we are required to reflect the funded status of our pension plans in terms of the projected benefit obligation, which is higher than the accumulated benefit obligation because it includes the impact of expected future compensation increases on the pension obligation. In addition, SFAS No. 158 requires us to reflect the funded status of our postretirement benefits in terms of the accumulated postretirement benefit obligation.

Upon adoption of SFAS No. 158, we reversed the intangible asset associated with the minimum pension liability adjustment above, increased our pension and postretirement liabilities, and reduced equity. The following table summarizes the impact of SFAS No. 158 adjustments recorded at December 31, 2007 and 2006:

	Increase (Decrease)				
	Pension Liability	Postretirement Benefit Liability	Intangible Asset	Accumulated Other Comprehensive (Income) Loss	
				Pre-tax	After-tax
	(In millions)				
December 31, 2007 (1)	**$ 3.1**	**$(22.5)**	**$ —**	**$ 19.4**	**$ 11.6**
December 31, 2006	$152.5	$ 99.7	$(28.6)	$(280.8)	$(169.5)

(1) Amounts primarily reflect net impact of 2007 actuarial gains and losses.

Obligations and Assets

As a result of workforce reduction initiatives in the generation business, pension and postretirement special termination benefits were recorded in 2007 and 2006. We discuss the workforce reduction initiatives further in *Note 2*.

Contributions and Benefit Payments

We contributed $125 million to our qualified pension plans in March 2007, even though there was no IRS required minimum contribution in 2007. We expect to contribute $76 million to our pension plans in 2008. Our non-qualified pension plans and our postretirement benefit programs are not funded. We estimate that we will incur approximately $8 million in pension benefits for our non-qualified pension plans and approximately $29 million for retiree health and life insurance costs net of Medicare Part D during 2008.

Other Postemployment Benefits

We provide the following postemployment benefits:

- health and life insurance benefits to eligible employees determined to be disabled under our Disability Insurance Plan,
- income replacement payments for Nine Mile Point union-represented employees determined to be disabled, and
- income replacement payments for other employees determined to be disabled before November 1995 (payments for employees determined to be disabled after that date are paid by an insurance company, and the cost is paid by employees).

We recognized expense associated with our other postemployment benefits of $16.7 million in 2007, $9.6 million in 2006, and $9.2 million in 2005. BGE's portion of expense associated with other postemployment benefits was $10.2 million in 2007, $5.6 million in 2006, and $5.4 million in 2005.

We assumed the discount rate for other postemployment benefits to be 5.25% in 2007 and 5.50% in 2006. This assumption impacts the calculation of our other postemployment benefit obligation and periodic cost.

Employee Savings Plan Benefits

We sponsor defined contribution savings plans that are offered to all eligible employees. The savings plans are qualified 401(k) plans under the Internal Revenue Code. In a defined contribution plan, the benefits a participant is to receive result from regular contributions to a participant account. Matching contributions to participant accounts are made under these plans. Matching contributions to these plans were as follows:

Year Ended December 31,	**2007**	2006	2005
		(In millions)	
Nonregulated businesses	**$16.1**	$14.6	$13.5
BGE	**5.8**	5.4	5.1
Total Constellation Energy	**$21.9**	$20.0	$18.6

8 Credit Facilities and Short-Term Borrowings

Our short-term borrowings may include bank loans, commercial paper, and bank lines of credit. Short-term borrowings mature within one year from the date of issuance. We pay commitment fees to banks for providing us lines of credit. When we borrow under the lines of credit, we pay market interest rates.

Constellation Energy

Constellation Energy had a committed bank line of credit under a five-year credit facility, expiring in July 2012, of $3.85 billion and a one year $250.0 million credit facility at December 31, 2007 for short-term financial needs.

We enter into these facilities to ensure adequate liquidity to support our operations. Currently, we use the facilities to issue letters of credit primarily for our merchant energy business. Additionally, we can borrow directly from the banks or use the facilities to allow the issuance of commercial paper.

These facilities can issue letters of credit up to approximately $4.1 billion. Letters of credit issued under this facility totaled $1.8 billion at December 31, 2007. At December 31, 2006, letters of credit issued under previous credit facilities that were replaced with the five-year facility in 2007 totaled $1.6 billion. The increase in letters of credit issued is primarily due to changes in collateral requirements with counterparties as a result of commodity price changes.

In addition, Constellation Energy had $14.0 million of short-term borrowings outstanding at December 31, 2007 under a three year $50 million line of credit expiring in 2010 relating to our merchant energy business. The weighted-average effective interest rate for this outstanding borrowing was 7.44% at December 31, 2007. There were no short-term borrowings outstanding under this line of credit at December 31, 2006.

In January 2008, we entered into a new six month line of credit totaling $500.0 million. This line of credit expires in July 2008 and has an option to be extended for an additional six months, subject to the lender's approval.

BGE

BGE had no commercial paper outstanding at December 31, 2007 or 2006.

BGE has a $400.0 million five-year revolving credit facility expiring in 2011. As of December 31, 2007, BGE had $0.7 million of letters of credit issued under this facility. BGE can borrow directly from the banks or use the agreements to allow the issuance of commercial paper.

9 Long-Term Debt, Common Stock and Preference Stock

Long-term Debt

Long-term debt matures in one year or more from the date of issuance. We detail our long-term debt in our Consolidated Statements of Capitalization. As you read this section, it may be helpful to refer to those statements.

Constellation Energy

In December 2007, we issued $65.0 million of tax-exempt variable rate notes to finance the acquisition, construction, installation and equipping of certain sewage and solid waste disposal facilities at one of our coal-fired power plants in Maryland.

On October 31, 2006, CEP entered into a $200.0 million secured revolving credit facility, and at December 31, 2006, CEP had $22.0 million of borrowings outstanding under this facility. However, during 2007, CEP issued additional equity to the public and our ownership percentage fell below 50 percent. Therefore, we deconsolidated CEP and began accounting for our investment using the equity method of accounting. As a result, the borrowings outstanding under the CEP credit facility at the time of deconsolidation are no longer included in our Consolidated Balance Sheets.

BGE

BGE's First Refunding Mortgage Bonds

BGE's first refunding mortgage bonds are secured by a mortgage lien on all of its assets. The generating assets BGE transferred to subsidiaries of Constellation Energy also remain subject to the lien of BGE's mortgage, along with the stock of Safe Harbor Water Power Corporation and Constellation Enterprises, Inc. We expect the assets to be released from this lien following payment in March 2008 of the last series of bonds outstanding under the mortgage and the subsequent discharge of the mortgage.

BGE is required to make an annual sinking fund payment each August 1 to the mortgage trustee. The amount of the payment is equal to 1% of the highest principal amount of bonds outstanding during the preceding 12 months. The trustee uses these funds to retire bonds from any series through repurchases or calls for early redemption. However, the trustee cannot call the 6⅜% Series, due 2008 outstanding bonds for early redemption.

BGE's Rate Stabilization Bonds

In June 2007, BondCo, a subsidiary of BGE, issued an aggregate principal amount of $623.2 million of rate stabilization bonds to recover deferred power purchase costs. We discuss BondCo in more detail in *Note 4*. Below are the details of the rate stabilization bonds:

Principal	Interest Rate	Scheduled Maturity Date
$284.0	5.47%	October 2012
220.0	5.72	April 2016
119.2	5.82	April 2017

The bonds are secured primarily by a usage-based, non-bypassable charge payable by all of BGE's residential electric customers over the next ten years. The charges will be adjusted semi-annually to ensure that the aggregate charges collected are sufficient to pay principal and interest on the bonds, as well as certain on-going costs of administering and servicing the bonds. BondCo cannot use the charges collected to satisfy any other obligations. BondCo's assets are not assets of any affiliate and are not available to pay creditors of any affiliate of BondCo. If BondCo is unable to make principal and interest payments on the bonds, neither Constellation Energy, nor BGE, are required to make the payments on behalf of BondCo.

BGE's Other Long-Term Debt

On July 1, 2000, BGE transferred $278.0 million of tax-exempt debt to our merchant energy business related to the transferred generating assets. At December 31, 2007, BGE remains contingently liable for the $147.8 million outstanding balance of this debt.

We show the weighted-average interest rates and maturity dates for BGE's fixed-rate medium-term notes outstanding at December 31, 2007 in the following table.

Series	Weighted-Average Interest Rate	Maturity Dates
E	6.66%	2008-2012
G	6.08%	2008

BGE Deferrable Interest Subordinated Debentures

On November 21, 2003, BGE Capital Trust II (BGE Trust II), a Delaware statutory trust established by BGE, issued 10,000,000 Trust Preferred Securities for $250 million ($25 liquidation amount per preferred security) with a distribution rate of 6.20%.

BGE Trust II used the net proceeds from the issuance of common securities to BGE and the Trust Preferred Securities to purchase a series of 6.20% Deferrable Interest Subordinated Debentures due October 15, 2043 (6.20% debentures) from BGE in the aggregate principal amount of $257.7 million with the same terms as the Trust Preferred Securities. BGE Trust II must redeem the Trust Preferred Securities at $25 per preferred security plus accrued but unpaid distributions when the 6.20% debentures are paid at maturity or upon any earlier redemption. BGE has the option to redeem the 6.20% debentures at any time on or after November 21, 2008 or at any time when certain tax or other events occur.

BGE Trust II will use the interest paid on the 6.20% debentures to make distributions on the Trust Preferred Securities. The 6.20% debentures are the only assets of BGE Trust II.

BGE fully and unconditionally guarantees the Trust Preferred Securities based on its various obligations relating to the trust agreement, indentures, 6.20% debentures, and the preferred security guarantee agreement.

For the payment of dividends and in the event of liquidation of BGE, the 6.20% debentures are ranked prior to preference stock and common stock.

Revolving Credit Agreement

On December 18, 2001, BGE's subsidiary, District Chilled Water Partnership (ComfortLink) entered into a $25.0 million loan agreement with the Maryland Energy Financing Administration (MEFA). The terms of the loan exactly match the terms of variable rate, tax exempt bonds due December 1, 2031 issued by MEFA for ComfortLink to finance the cost of building a chilled water distribution system. The interest rate on this debt resets weekly. These bonds, and the corresponding loan, can be redeemed at any time at par plus accrued interest while under variable rates. The bonds can also be converted to a fixed rate at ComfortLink's option.

Debt Compliance and Covenants

The credit facilities of Constellation Energy and BGE discussed in *Note 8* have limited material adverse change clauses, none of which would prohibit draws under the existing facilities. The long-term debt indentures of Constellation Energy and BGE do not contain material adverse change clauses or financial covenants.

Certain credit facilities of Constellation Energy contain a provision requiring Constellation Energy to maintain a ratio of debt to capitalization equal to or less than 65%. At December 31, 2007, the debt to capitalization ratio as defined in the credit agreements was 46%.

The credit agreement of BGE contains a provision requiring BGE to maintain a ratio of debt to capitalization equal to or less than 65%. At December 31, 2007, the debt to capitalization ratio for BGE as defined in this credit agreement was 47%. At December 31, 2007, no amounts were outstanding under these agreements.

Failure by Constellation Energy, or BGE, to comply with these covenants could result in the acceleration of the maturity of the debt outstanding under these facilities. The credit facilities of Constellation Energy contain usual and customary cross-default provisions that apply to defaults on debt by Constellation Energy and certain subsidiaries over a specified threshold.

The BGE credit facility also contains usual and customary cross-default provisions that apply to defaults on debt by BGE over a specified threshold. The indenture pursuant to which BGE has issued and outstanding mortgage bonds provides that a default under any debt instrument issued under the indenture may cause a default of all debt outstanding under such indenture.

Constellation Energy also provides credit support to Calvert Cliffs, Ginna, and Nine Mile Point to ensure these plants have funds to meet expenses and obligations to safely operate and maintain the plants.

Maturities of Long-Term Debt

Our long-term borrowings mature on the following schedule:

Year	Constellation Energy	Nonregulated Businesses	BGE	Total
		(In millions)		
2008	$ —	$ 5.6	$ 350.0	$ 355.6
2009	500.0	1.5	65.0	566.5
2010	—	0.4	56.5	56.9
2011	—	36.0	81.7	117.7
2012	705.2	1.6	172.5	879.3
Thereafter	1,256.6	323.9	1,489.4	3,069.9
Total long-term debt at December 31, 2007	$2,461.8	$369.0	$2,215.1	$5,045.9

At December 31, 2007, we had long-term loans totaling $339.8 million that mature after 2007, which are periodically remarketed and could require repayment prior to maturity following any unsuccessful remarketing. As a result of these provisions, at December 31, 2007, $25.0 million is classified as current portion of long-term debt at BGE.

Weighted-Average Interest Rates for Variable Rate Debt

Our weighted-average interest rates for variable rate debt were:

At December 31,	2007	2006
Nonregulated Businesses (including Constellation Energy)		
Loans under credit agreements	3.77%	3.69%
Tax-exempt debt	3.53%	3.63%
Fixed-rate debt converted to floating*	6.43%	6.26%

** As discussed in Note 13, we have entered into interest rate swaps relating to $450.0 million of our fixed-rate debt.*

Common Stock

Share Repurchase Program

In October 2007, our board of directors approved a common share repurchase program for up to $1 billion of our outstanding common shares. Subsequent to this approval, on October 31, 2007, we entered into an accelerated share repurchase agreement with a financial institution to repurchase a total of $250.0 million, and, on November 2, 2007, we purchased 2,023,527 of outstanding shares of our common stock, which represents the minimum number of shares deliverable under the agreement, for a total of $187.5 million.

We account for the accelerated share repurchase agreement as two separate transactions: as shares of common stock acquired at cost and a forward contract indexed to our own common stock. We accounted for the shares of common stock repurchased in November as a reduction to common shareholders' equity at cost. We accounted for the forward contract as a component of common shareholders' equity at fair value, which totaled $62.5 million at inception. The forward contract was settled on January 23, 2008 based on a discount to the volume-weighted average trading price of our common stock during that period. As a result, the financial institution delivered 514,376 additional shares to us to complete the transaction.

The remainder of the common share repurchase program is expected to be executed over the next 24 months in a manner that preserves flexibility to pursue additional strategic investment opportunities.

Preference Stock

Each series of BGE preference stock has no voting power, except for the following:

- the preference stock has one vote per share on any charter amendment which would create or authorize any shares of stock ranking prior to or on a parity with the preference stock as to either dividends or distribution of assets, or which would substantially adversely affect the contract rights, as expressly set forth in BGE's charter, of the preference stock, each of which requires the affirmative vote of two-thirds of all the shares of preference stock outstanding; and
- whenever BGE fails to pay full dividends on the preference stock and such failure continues for one year, the preference stock shall have one vote per share on all matters, until and unless such dividends shall have been paid in full. Upon liquidation, the holders of the preference stock of each series outstanding are entitled to receive the par amount of their shares and an amount equal to the unpaid accrued dividends.

10 Taxes

The components of income tax expense are as follows:

Year Ended December 31,	**2007**	2006	2005
	(Dollar amounts in millions)		
Income Taxes			
Current			
Federal	**$168.2**	$246.3	$ 14.3
State	**40.6**	37.2	32.7
Current taxes charged to expense	**208.8**	283.5	47.0
Deferred			
Federal	**184.7**	50.7	107.9
State	**41.5**	23.7	16.1
Deferred taxes charged to expense	**226.2**	74.4	124.0
Investment tax credit adjustments	**(6.7)**	(6.9)	(7.1)
Income taxes per Consolidated Statements of Income	**$428.3**	$351.0	$163.9

Total income taxes are different from the amount that would be computed by applying the statutory Federal income tax rate of 35% to book income before income taxes as follows:

Reconciliation of Income Taxes Computed at Statutory Federal Rate to Total Income Taxes			
Income from continuing operations before income taxes (excluding BGE preference stock dividends)	**$1,263.9**	$1,112.8	$ 713.0
Statutory federal income tax rate	**35%**	35%	35%
Income taxes computed at statutory federal rate	**442.4**	389.5	249.5
Increases (decreases) in income taxes due to			
Depreciation differences not normalized on regulated activities	**3.7**	3.6	3.8
Amortization of deferred investment tax credits	**(6.7)**	(6.9)	(7.1)
Synthetic fuel tax credits flowed through to income	**(166.2)**	(120.2)	(114.9)
Estimated synthetic fuel tax credit phase-out	**110.3**	44.3	—
State income taxes, net of federal income tax benefit	**53.4**	42.6	31.5
Merger-related transaction costs	**—**	(5.3)	5.3
Other	**(8.6)**	3.4	(4.2)
Total income taxes	**$ 428.3**	$ 351.0	$ 163.9
Effective income tax rate	**33.9%**	31.5%	23.0%

In 2007, the State of Maryland increased its corporate tax rate from 7% to 8.25% effective January 1, 2008. In accordance with SFAS No. 109, *Accounting for Income Taxes*, the impact from adjusting all existing deferred income tax assets and liabilities for the effect of changes in tax laws or rates should be included in operating results in the period that includes the enactment date. In 2007, we recognized a $0.7 million after-tax charge for the net impact of the changes in the Maryland tax rate on deferred income tax assets and liabilities, net of the related federal deferred income tax benefit. The impact to BGE is discussed below.

Current income taxes will begin to be recorded at the higher Maryland corporate income tax rate effective in 2008 and will be reflected in our ongoing operating results beginning on January 1, 2008.

BGE's effective tax rate was 40.7% in 2007, 37.5% in 2006, and 38.8% in 2005. The difference between BGE's effective tax rate and the 35% statutory federal income tax rate is primarily related to Maryland corporate income taxes, net of the related federal income tax benefit. BGE's after-tax effective state rate of 7.6% for 2007 includes an adjustment of deferred income tax liabilities to reflect the November 19, 2007 enactment into law of a change in the Maryland corporate income tax rate, as discussed above. In 2006, BGE's effective tax rate includes the benefit of merger-related costs incurred in 2005 that were deductible in 2006 as a result of the termination of the merger with FPL Group (0.5%) and a deduction for dividends paid to the employee savings plan (0.5%).

The major components of our net deferred income tax liability are as follows:

At December 31,	Constellation Energy 2007	Constellation Energy 2006	BGE 2007	BGE 2006
	(In millions)			
Deferred Income Taxes				
Deferred tax liabilities				
Net property, plant and equipment	**$1,570.7**	$1,539.1	**$ 583.8**	$ 524.2
Qualified nuclear decommissioning trust funds	**360.3**	339.5	**—**	—
Regulatory assets, net	**312.0**	203.3	**312.0**	203.3
Mark-to-market energy assets and liabilities, net	**217.8**	154.7	**—**	—
Other	**122.6**	185.1	**12.2**	72.7
Total deferred tax liabilities	**2,583.4**	2,421.7	**908.0**	800.2
Deferred tax assets				
Asset retirement obligation	**368.3**	384.6	**—**	—
Defined benefit obligations	**362.0**	390.6	**61.6**	39.8
Financial investments and hedging instruments	**426.1**	757.2	**—**	—
Deferred investment tax credits	**20.4**	22.1	**4.8**	4.7
Other	**118.8**	105.7	**11.9**	10.6
Total deferred tax assets	**1,295.6**	1,660.2	**78.3**	55.1
Total deferred tax liability, net	**1,287.8**	761.5	**829.7**	745.1
Less: Current portion of deferred tax (asset)/liability	**(300.7)**	(674.3)	**44.1**	47.4
Long-term portion of deferred tax liability, net	**$1,588.5**	$1,435.8	**$ 785.6**	$ 697.7

Synthetic Fuel Tax Credits

Our merchant energy business has investments in facilities that manufacture solid synthetic fuel produced from coal as defined under the Internal Revenue Code (IRC) for which we can claim tax credits on our Federal income tax return through 2007. We recognize the tax benefit of these credits in our Consolidated Statements of Income when we believe it is highly probable that the credits will be sustained. The synthetic fuel process involves combining coal material with a chemical reagent to create a significant chemical change. A taxpayer may request a private letter ruling from the IRS to support its position that the synthetic fuel produced undergoes a significant chemical change and thus qualifies for synthetic fuel tax credits.

We own a minority ownership in four synthetic fuel facilities located in Virginia and West Virginia. These facilities have received private letter rulings from the IRS. In 2004, the IRS concluded its examination of the partnership that owns these facilities for the tax years 1998 through 2001 and the IRS did not disallow any of the previously recognized synthetic fuel credits.

We also have a 99% ownership in a South Carolina facility that produces synthetic fuel. We have received favorable private letter rulings from the IRS on the South Carolina facility. In 2006, the IRS concluded its examination of the partnership that owns the South Carolina facility for the 2003 and 2004 tax years and the IRS did not disallow any of the previously recognized synthetic fuel credits.

The IRC provides for a phase-out of synthetic fuel tax credits if average annual wellhead oil prices increase above certain levels. To determine the amount of the phase-out, we are required to compare average annual wellhead oil prices per barrel as published by the IRS (reference price) to a Gross National Product inflation adjusted oil price for the year, also published by the IRS. The reference price is determined based on wellhead prices for all domestic oil production as published by the Energy Information Administration (EIA). For 2007, we estimate the tax credit reduction would begin if the reference price exceeds approximately $56 per barrel and would be fully phased out if the reference price exceeds approximately $71 per barrel.

Based on monthly EIA published wellhead oil prices for the ten months ended October 31, 2007 and November and December NYMEX prices for light, sweet, crude oil (adjusted for the 2007 difference between EIA and NYMEX prices), we estimate a 70% tax credit phase-out in 2007. We recorded the effect of this phase-out estimate as a reduction in tax credits of $110.3 million during 2007.

While we believe the production and sale of synthetic fuel from all of our synthetic fuel facilities meet the conditions to qualify for tax credits under the IRC, we cannot predict the timing or outcome of any future challenge by the IRS, legislative or regulatory action, or the ultimate impact of such events on the synthetic fuel tax credits that we have claimed to date, but the impact could be material to our financial results.

Income Tax Audits

We file income tax returns in the United States and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for the years before 2002. In February 2008, the IRS completed its examination of our consolidated federal income tax returns for the tax years 2002 through 2004. We intend to file an administrative appeal of certain audit adjustments made by the IRS as part of its examination. Although the final outcome of the 2002-2004 IRS audit and future tax audits is uncertain, we believe that adequate provisions for income taxes have been made for potential liabilities resulting from such matters.

Unrecognized Tax Benefits

The following table summarizes our total unrecognized tax benefits at January 1, 2007, the date of adoption of FIN 48:

At January 1, 2007	*(In millions)*
Total liabilities reflected in our balance sheet for unrecognized tax benefits of $56.7 million less $12.1 million of interest and penalties	$ 44.6
Other unrecognized tax benefits not reflected in our balance sheet	59.4
Total unrecognized tax benefits	$104.0

The adoption of FIN 48 did not have a material impact on BGE's financial results.

Other unrecognized tax benefits relate to outstanding federal and state refund claims for which no tax benefit was previously provided in our financial statements because the claims do not meet the "more-likely-than-not" threshold. Included in this amount is $52.0 million of refund claims that have been disallowed by the applicable tax authorities for which we assess the probability of tax benefit recognition to be remote. We discuss the adoption of FIN 48 in more detail in *Note 1*.

The following table summarizes the change in unrecognized tax benefits during 2007 and our total unrecognized tax benefits at December 31, 2007:

At December 31, 2007	*(In millions)*
Total unrecognized tax benefits, January 1, 2007	$104.0
Increases in tax positions related to the current year	13.3
Increases in tax positions related to prior years	3.8
Reductions in tax positions related to prior years	(6.0)
Reductions in tax positions as a result of a lapse of the applicable statute of limitations	(0.6)
Total unrecognized tax benefits, December 31, 2007 (1)	$114.5

(1) BGE's portion of our total unrecognized tax benefits at December 31, 2007 was $17.8 million.

Increases in current and prior year tax positions and reductions in prior year tax positions are primarily due to unrecognized tax benefits for repair deductions measured at amounts consistent with proposed IRS adjustments for prior years. There was no significant change in tax expense as a result of 2007 activity.

Interest and penalties recorded in our Consolidated Statements of Income as tax expense relating to liabilities for unrecognized tax benefits were $4.7 million for the year ended December 31, 2007. As a result, accrued interest and penalties recognized in our Consolidated Balance Sheets increased from $12.1 million at January 1, 2007 to $16.8 million at December 31, 2007.

If the total amount of unrecognized tax benefits of $114.5 million as of December 31, 2007 were ultimately realized, our income tax expense would decrease by approximately $71 million. The $71 million includes the $52 million of disallowed refund claims discussed above.

In 2007, the IRS proposed certain adjustments to our 2002-2004 deductions for repairs and casualty losses. We do not anticipate the adjustments, if any, would result in a material impact on our financial results. However, we anticipate that it is reasonably possible that we will make an additional payment in the range of $20 to $25 million by December 31, 2008, which will reduce our liabilities for unrecognized tax benefits.

11 Leases

There are two types of leases—operating and capital. Capital leases qualify as sales or purchases of property and are reported in our Consolidated Balance Sheets. Our capital leases are not material in amount. All other leases are operating leases and are reported in our Consolidated Statements of Income. We expense all lease payments associated with our regulated business. Lease expense and future minimum payments for long-term, noncancelable, operating leases are not material to BGE's financial results. We present information about our operating leases below.

Outgoing Lease Payments

We, as lessee, lease certain facilities and equipment. The lease agreements expire on various dates and have various renewal options. We also enter into certain power purchase agreements which are accounted for as operating leases. Under these agreements, we are required to make fixed capacity payments, as well as variable payments based on actual output of the plants. We record these payments as "Fuel and purchased energy expenses" in our Consolidated Statements of Income. We exclude from our future minimum lease payments table the variable payments related to the output of the plant due to the contingency associated with these payments.

We also enter into time charter purchase agreements which entitle us to the use of dry bulk freight vessels in the management of our global coal and logistics services. Certain of these contracts must be accounted for as leases. During 2007, we entered into time charter leases with terms ranging in duration from 1 to 60 months. These arrangements do not include provisions for material rent increases and do not have provisions for rent holidays, contingent rentals or other incentives. In 2007, we recognized aggregate lease expense of approximately $535 million related to 65 dry bulk freight vessels hired under time charter arrangements. The average term of these arrangements is approximately 4 months. We record the payments as "Fuel and purchased energy expenses" in our Consolidated Statements of Income.

We recognized expense related to our operating leases as follows:

	Fuel and purchased energy expenses	Operating expenses	Total
		(In millions)	
2007	$758.7	$28.2	$786.9
2006	162.6	24.7	187.3
2005	103.2	24.8	128.0

At December 31, 2007, we owed future minimum payments for long-term, noncancelable, operating leases as follows:

Year	Power Purchase Agreements	Other	Total
		(In millions)	
2008	$ 479.3	$ 26.3	$ 505.6
2009	235.8	24.6	260.4
2010	171.1	23.1	194.2
2011	210.4	22.1	232.5
2012	219.0	19.2	238.2
Thereafter	782.8	109.7	892.5
Total future minimum lease payments	$2,098.4	$225.0	$2,323.4

Sub-Lease Arrangements

We provide time charters of dry bulk freight vessels as part of the logistical services provided to our global customers that qualify as sub-leases of our time charter purchase contracts. In 2007, we recorded sub-lease income of approximately $214 million related to our time charter sub-leases. We did not have any material sub-lease income for 2006 or 2005. We record sub-lease income as part of "Nonregulated revenues" in our Consolidated Statements of Income. As of December 31, 2007, the future minimum rentals to be received for these time charters is shown below:

Year	Time Charter Sub-Leases
	(In millions)
2008	$109.2
2009	30.7
2010	—
2011	—
2012	—
Thereafter	—
Total future minimum lease rentals	$139.9

12 Commitments, Guarantees, and Contingencies

Commitments

We have made substantial commitments in connection with our merchant energy, regulated electric and gas, and other nonregulated businesses. These commitments relate to:

- purchase of electric generating capacity and energy,
- procurement and delivery of fuels,
- the capacity and transmission and transportation rights for the physical delivery of energy to meet our obligations to our customers, and
- long-term service agreements, capital for construction programs, and other.

Our merchant energy business enters into various long-term contracts for the procurement and delivery of fuels to supply our generating plant requirements. In most cases, our contracts contain provisions for price escalations, minimum purchase levels, and other financial commitments. These contracts expire in various years between 2008 and 2020. In addition, our merchant energy business enters into long-term contracts for the capacity and transmission rights for the delivery of energy to meet our physical obligations to our customers. These contracts expire in various years between 2008 and 2019.

Our merchant energy business also has committed to long-term service agreements and other purchase commitments for our plants.

Our regulated electric business enters into various contracts with differing terms for the procurement of electricity. These contracts, representing approximately 66% of our estimated requirements, expire between 2008 and 2010. As discussed in *Note 1*, the cost of power under these contracts is fully recoverable, and therefore is excluded from the table later in this Note.

Our regulated gas business enters into various long-term contracts for the procurement, transportation, and storage of gas. Our regulated gas business has gas transportation and storage contracts that expire between 2008 and 2028. These contracts are recoverable under BGE's gas cost adjustment clause discussed in *Note 1*, and therefore are excluded from the table later in this Note.

Our other nonregulated businesses have committed to gas purchases and to contributions of additional capital for construction programs and joint ventures in which they have an interest.

We have also committed to long-term service agreements and other obligations related to our information technology systems.

At December 31, 2007, we estimate our future obligations to be as follows:

	Payments				
	2008	2009-2010	2011-2012	Thereafter	Total
	(In millions)				
Merchant Energy:					
Purchased capacity and energy	$ 425.2	$ 489.6	$213.8	$ 276.4	$1,405.0
Fuel and transportation	1,825.1	1,503.5	649.7	918.9	4,897.2
Long-term service agreements, capital, and other	146.8	12.6	6.8	17.8	184.0
Total merchant energy	2,397.1	2,005.7	870.3	1,213.1	6,486.2
Corporate and Other:					
Long-term service agreements, capital, and other	50.5	5.7	0.7	—	56.9
Regulated:					
Purchase obligations and other	61.8	23.5	12.8	1.5	99.6
Total future obligations	$2,509.4	$2,034.9	$883.8	$1,214.6	$6,642.7

Long-Term Power Sales Contracts

We enter into long-term power sales contracts in connection with our load-serving activities. We also enter into long-term power sales contracts associated with certain of our power plants. Our load-serving power sales contracts extend for terms through 2019 and provide for the sale of energy to electricity distribution utilities and certain retail customers. Our power sales contracts associated with our power plants extend for terms into 2014 and provide for the sale of all or a portion of the actual output of certain of our power plants. All long-term contracts were executed at pricing that approximated market rates, including profit margin, at the time of execution.

Guarantees

Our guarantees do not represent incremental Constellation Energy Group obligations; rather they primarily represent parental guarantees of subsidiary obligations. The following table summarizes the maximum exposure based on the stated limit of our outstanding guarantees at December 31, 2007:

At December 31, 2007	Stated Limit
	(In millions)
Competitive supply guarantees	$13,538.0
Nuclear guarantees	807.8
BGE guarantees	263.3
Other non-regulated guarantees	105.3
Power project guarantees	47.2
Total guarantees	$14,761.6

At December 31, 2007, Constellation Energy had a total of $14,761.6 million in guarantees in outstanding related to loans, credit facilities, and contractual performance of certain of its subsidiaries as described below.

- Constellation Energy guaranteed $13,538.0 million on behalf of our subsidiaries for competitive supply activities. These guarantees are put into place in order to allow our subsidiaries the flexibility needed to conduct business with counterparties without having to post other forms of collateral. While the face amount of these guarantees is $13,538.0 million, our calculated fair value of obligations for commercial transactions covered by these guarantees was $3,460.6 million at December 31, 2007. If the parent company was required to fund these subsidiary obligations, the total amount based on December 31, 2007 market prices would be $3,460.6 million. For those guarantees related to our derivative liabilities, the fair value of the obligation is recorded in our Consolidated Balance Sheets.
- Constellation Energy guaranteed $807.8 million primarily on behalf of our nuclear generating facilities mostly due to nuclear insurance and for credit support to ensure these plants have funds to meet expenses and obligations to safely operate and maintain the plants.
- BGE guaranteed the Trust Preferred Securities of $250.0 million of BGE Trust II, an unconsolidated investment, as discussed in *Note 9*.
- BGE guaranteed two-thirds of certain debt of Safe Harbor Water Power Corporation, an unconsolidated investment. At December 31, 2007, Safe Harbor Water Power Corporation had outstanding debt of $20.0 million. The maximum amount of BGE's guarantee is $13.3 million.
- Constellation Energy guaranteed $95.1 million on behalf of our other nonregulated businesses primarily for loans and performance bonds of which $25.0 million was recorded in our Consolidated Balance Sheets at December 31, 2007.
- Our other nonregulated business guaranteed $10.2 million primarily for performance bonds.
- Our merchant energy business guaranteed $47.2 million for loans and other performance guarantees related to certain power projects in which we have an investment.

We believe it is unlikely that we would be required to perform or incur any losses associated with guarantees of our subsidiaries' obligations.

Contingencies

Revenue Sufficiency Guarantee Costs

During 2006, the FERC issued orders finding that the Midwest Independent System Operator (MISO) violated its tariff by incorrectly allocating revenue sufficiency guarantee (RSG) charges among market participants. In March 2007, after rejecting a methodology proposal from MISO, FERC ordered MISO to reallocate RSG costs based on its existing tariff back to the date of FERC's original order (April 2006). Based on this FERC order, we recorded an immaterial liability during 2007 in our Consolidated Balance Sheets for our share of the RSG charges. This liability was subsequently settled with MISO later in 2007.

Environmental Matters

Solid and Hazardous Waste

The Environmental Protection Agency (EPA) and several state agencies have notified us that we are considered a potentially responsible party with respect to the clean-up of certain environmentally contaminated sites. We cannot estimate the final clean-up costs for all of these sites, but the current estimated costs for, and current status of, each site is described in more detail below.

68th Street Dump

In 1999, the EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, which is its list of sites targeted for clean-up and enforcement, and sent a general notice letter to BGE and 19 other parties identifying them as potentially liable parties at the site. In March 2004, we and other potentially responsible parties formed the 68th Street Coalition and entered into consent order negotiations with the EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the EPA and 19 of the potentially responsible parties, including BGE, with respect to investigation of the site became effective. The settlement requires the potentially responsible parties, over the course of several years, to identify contamination at the site and recommend clean-up options. BGE is fully indemnified by a wholly-owned subsidiary of Constellation Energy for costs related to this settlement, as well as any clean-up costs. The clean-up costs will not be known until the investigation is closer to completion. However, those costs could have a material effect on our financial results.

Kane and Lombard

The EPA issued its record of decision for the Kane and Lombard Drum site located in Baltimore, Maryland on September 30, 2003, which specified the clean-up plan for the site, consisting of enhanced reductive dechlorination, a soil management plan, and institutional controls. An EPA order requiring cleanup of the site by 18 parties, including Constellation Energy, became effective in November 2006. The EPA estimates that total clean-up costs will be approximately $7 million. Our share of site-related costs will be 11.1% of the total. We recorded a liability in our Consolidated Balance Sheets for our share of the clean-up costs that we believe is probable.

Spring Gardens

In December 1996, BGE signed a consent order with the Maryland Department of the Environment that requires it to implement remedial action plans for contamination at and around the Spring Gardens site, located in Baltimore, Maryland. The Spring Gardens site was once used to manufacture gas from coal and oil. Based on remedial action plans and cost modeling performed in late 2006, BGE estimates its probable clean-up costs will total $43 million. BGE has recorded these costs as a liability in its Consolidated Balance Sheets and has deferred these costs, net of accumulated amortization and amounts it recovered from insurance companies, as a regulatory asset. Based on the results of studies at this site, it is reasonably possible that additional costs could exceed the amount BGE has recognized by approximately $3 million. Through December 31, 2007, BGE has spent approximately $41 million for remediation at this site.

BGE also has investigated other small sites where gas was manufactured in the past. We do not expect the clean-up costs of the remaining smaller sites to have a material effect on our financial results.

Air Quality

In late July 2005, we received two Notices of Violation (NOVs) from the Placer County Air Pollution Control District, Placer County California (District) alleging that the Rio Bravo Rocklin facility located in Lincoln, California had violated certain District air emission regulations. We have a combined 50% ownership interest in the partnership which owns the Rio Bravo Rocklin facility. The NOVs allege a total of 38 violations between January 2003 and March 2005 of either the facility's air permit or federal, state, and county air emission standards related to nitrogen oxide, carbon monoxide, and particulate emissions, as well as violations of certain monitoring and reporting requirements during that time period. The maximum civil penalties for the alleged violations range from $10,000 to $40,000 per violation. Management of the Rio Bravo Rocklin facility is currently discussing the allegations in the NOVs with District representatives. It is not possible to determine the actual liability, if any, of the partnership that owns the Rio Bravo Rocklin facility.

In May 2007, a subsidiary of Constellation Energy entered into a consent decree with the Maryland Department of the Environment to resolve alleged violations of air quality opacity standards at three fossil fuel plants in Maryland. The consent decree requires the subsidiary to pay a $100,000 penalty, provide $100,000 to a supplemental environmental project, and install technology to control emissions from those plants.

Water Quality

In October 2007, a subsidiary of Constellation Energy entered into a consent decree with the Maryland Department of the Environment relating to groundwater contamination at a third party facility that was licensed to accept fly ash, a byproduct generated by our coal-fired plants. The consent decree requires the payment of a $1.0 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. We recorded a liability in our Consolidated Balance Sheets of approximately $5 million, which includes the $1 million penalty and our estimate of probable costs to remediate contamination, replace drinking water supplies, and monitor groundwater conditions. We estimate that it is reasonably possible that we could incur additional costs of up to approximately $10 million more than the liability that we accrued.

In November 2007, a class action complaint was filed in Baltimore City Circuit Court alleging that the subsidiary's ash placement operations at the third party site damaged surrounding properties. The complaint seeks injunctive and remedial relief relating to the alleged contamination and unspecified damages. We cannot predict the timing, or outcome, of this proceeding.

Litigation

In the normal course of business, we are involved in various legal proceedings. We discuss the significant matters below.

Challenges to the Illinois Auction

In March 2007, the Illinois Attorney General filed a complaint at FERC against the wholesale suppliers, including our wholesale marketing, risk management and trading operation, that were successful bidders in the recent Illinois auction. The complaint alleged that the rates resulting from the auction were not "just and reasonable" and requested that FERC commence a proceeding to determine if the rates were just and reasonable and to investigate evidence of price manipulation. In July 2007, the Illinois legislature approved comprehensive legislation to address several energy issues in the state. This legislation has been signed into law by the Governor of Illinois, and the Attorney General's claims have been dismissed.

In addition, two class action complaints were filed in Illinois state court against these wholesale suppliers alleging that they engaged in deceptive practices, including colluding in setting prices and actual price fixing. The complaints requested unspecified damages in an amount to be proven at trial. These complaints were moved to federal court and on December 21, 2007 the federal court dismissed the actions without prejudice to the right of the plaintiffs to pursue claims at the FERC or at the Illinois Commerce Commission.

We believe we have meritorious defenses to any claims challenging our conduct in the auction and intend to defend against any such claims vigorously. However, we cannot predict the timing, or outcome, of any such claims, or their possible effect on our financial results.

Mercury

Since September 2002, BGE, Constellation Energy, and several other defendants have been involved in numerous actions filed in the Circuit Court for Baltimore City, Maryland alleging mercury poisoning from several sources, including coal plants formerly owned by BGE. The plants are now owned by a subsidiary of Constellation Energy. In addition to BGE and Constellation Energy, approximately 11 other defendants, consisting of pharmaceutical companies, manufacturers of vaccines, and manufacturers of Thimerosal have been sued. Approximately 70 cases, involving claims related to approximately 132 children, have been filed to date, with each claimant seeking $20 million in compensatory damages, plus punitive damages, from us.

In rulings applicable to all but three of the cases, involving claims related to approximately 47 children, the Circuit Court for Baltimore City dismissed with prejudice all claims against BGE and Constellation Energy. Plaintiffs may attempt to pursue appeals of the rulings in favor of BGE and Constellation Energy once the cases are finally concluded as to all defendants. We believe that we have meritorious defenses and intend to defend the remaining actions vigorously. However, we cannot predict the timing, or outcome, of these cases, or their possible effect on our, or BGE's, financial results.

Asbestos

Since 1993, BGE and certain Constellation Energy subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Constellation Energy knew of and exposed individuals to an asbestos hazard. In addition to BGE and Constellation Energy, numerous other parties are defendants in these cases.

Approximately 538 individuals who were never employees of BGE or Constellation Energy have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and Constellation Energy in these actions. To date, most asbestos claims against us have been dismissed or resolved without any payment and a small minority have been resolved for amounts that were not material to our financial results. The remaining claims are currently pending in state courts in Maryland and Pennsylvania.

BGE and Constellation Energy do not know the specific facts necessary to estimate its potential liability for these claims. The specific facts we do not know include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors,
- the names of the plaintiffs' employers,
- the dates on which and the places where the exposure allegedly occurred, and
- the facts and circumstances relating to the alleged exposure.

Until the relevant facts are determined, we are unable to estimate what our, or BGE's, liability might be. Although insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions, the potential effect on our, or BGE's, financial results could be material.

Storage of Spent Nuclear Fuel

The Nuclear Waste Policy Act of 1982 (NWPA) required the federal government through the Department of Energy (DOE), to develop a repository for, and disposal of, spent nuclear fuel and high-level radioactive waste. The NWPA and our contracts with the DOE required the DOE to begin taking possession of spent nuclear fuel generated by nuclear generating units no later than January 31, 1998. The DOE has stated that it will not meet that obligation until 2017 at the earliest.

This delay has required that we undertake additional actions related to on-site fuel storage at Calvert Cliffs and Nine Mile Point, including the installation of on-site dry fuel storage capacity at Calvert Cliffs. In January 2004, we filed a complaint against the federal government in the United States Court of Federal Claims seeking to recover damages caused by the DOE's failure to meet its contractual obligation to begin disposing of spent nuclear fuel by January 31, 1998. The case is currently stayed, pending litigation in other related cases.

In connection with our purchase of Ginna, all of Rochester Gas & Electric Corporation's (RG&E) rights and obligations related to recovery of damages for DOE's failure to meet its contractual obligations were assigned to us. However, we have an obligation to reimburse RG&E for up to $10 million in recovered damages for such claims.

Nuclear Insurance

We maintain nuclear insurance coverage for Calvert Cliffs, Nine Mile Point, and Ginna in four program areas: liability, worker radiation, property, and accidental outage. These policies contain certain industry standard exclusions, including, but not limited to, ordinary wear and tear, and war.

In November 2002, the President signed into law the Terrorism Risk Insurance Act ("TRIA") of 2002, which was extended by the Terrorism Risk Insurance Extension Act of 2005 and the Terrorism Risk Insurance Program Reauthorization Act of 2007. Under the TRIA, property and casualty insurance companies are required to offer insurance for losses resulting from Certified acts of terrorism. Certified acts of terrorism are determined by the Secretary of the Treasury, in concurrence with the Secretary of State and Attorney General, and primarily are based upon the occurrence of significant acts of terrorism that intimidate the civilian population of the United States or attempt to influence policy or affect the conduct of the United States Government. Our nuclear liability, nuclear property and accidental outage insurance programs, as discussed later in this section, provide coverage for Certified acts of terrorism.

If there were an accident or an extended outage at any unit of Calvert Cliffs, Nine Mile Point or Ginna, it could have a substantial adverse impact on our financial results.

Nuclear Liability Insurance

Pursuant to the Price-Anderson Act, we are required to insure against public liability claims resulting from nuclear incidents to the full limit of public liability. This limit of liability consists of the maximum available commercial insurance of $300 million and mandatory participation in an industry-wide retrospective premium assessment program. The retrospective premium assessment is $100.6 million per reactor, increasing the total amount of insurance for public liability to approximately $10.8 billion. Under the retrospective assessment program, we can be assessed up to $503 million per incident at any commercial reactor in the country, payable at no more than $75 million per incident per year. This assessment also applies in excess of our worker radiation claims insurance and is subject to inflation and state premium taxes. In addition, the U.S. Congress could impose additional revenue-raising measures to pay claims.

Worker Radiation Claims Insurance

We participate in the American Nuclear Insurers Master Worker Program that provides coverage for worker tort claims filed for radiation injuries. Effective January 1, 1998, this program was modified to provide coverage to all workers whose nuclear-related employment began on or after the commencement date of reactor operations. Waiving the right to make additional claims under the old policy was a condition for coverage under the new policy. We describe the old and new policies below:

- All nuclear worker claims reported on or after January 1, 1998 are covered by a new insurance policy. The new policy provides a single industry aggregate limit of $200 million for occurrences of radiation injury claims against all those insured by this policy prior to January 1, 2003 and $300 million for occurrences of radiation injury claims against all those insured by this policy on or after January 1, 2003.
- All nuclear worker claims reported prior to January 1, 1998 are still covered by the old policy. Insureds under the old policies, with no current operations, are not required to purchase the new policy described above, and may still make claims against the old policies through 2007. If radiation injury claims under these old policies exceed the policy reserves, all policyholders could be retroactively assessed, with our share being up to $6.3 million. Effective December 31, 2007, the discovery period under the old policy expired. All claims are closed and no new claims can be filed.

The sellers of Nine Mile Point retain the liabilities for existing and potential claims that occurred prior to November 7, 2001. In addition, the Long Island Power Authority, which continues to own 18% of Unit 2 at Nine Mile Point, is obligated to assume its pro rata share of any liabilities for retrospective premiums and other premium assessments. RG&E, the seller of Ginna, retains the liabilities for existing and potential claims that occurred prior to June 10, 2004. If claims under these policies exceed the coverage limits, the provisions of the Price-Anderson Act would apply.

Nuclear Property Insurance

Our policies provide $500 million in primary coverage at each nuclear plant—Calvert Cliffs, Nine Mile Point, and Ginna. In addition, we maintain $1.77 billion of excess coverage at Ginna and $2.25 billion in excess coverage under a blanket excess program offered by the industry mutual insurer at both Calvert Cliffs and Nine Mile Point. Under the blanket excess policy, Calvert Cliffs and Nine Mile Point share $1.0 billion of the total $2.25 billion of excess property coverage. Therefore, in the unlikely event of two full limit property damage losses at Calvert Cliffs and Nine Mile Point, we would recover $4.5 billion instead of $5.5 billion. This coverage currently is purchased through the industry mutual insurance company. If accidents at plants insured by the mutual insurance company cause a shortfall of funds, all policyholders could be assessed, with our share being up to $97.4 million.

Losses resulting from non-certified acts of terrorism are covered as a common occurrence, meaning that if non-certified terrorist acts occur against one or more commercial nuclear power plants insured by our nuclear property insurance company within a 12-month period, they would be treated as one event and the owners of the plants where the acts occurred would share one full limit of liability (currently $3.24 billion).

Accidental Nuclear Outage Insurance

Our policies provide indemnification on a weekly basis for losses resulting from an accidental outage of a nuclear unit. Coverage begins after a 12-week deductible period and continues at 100% of the weekly indemnity limit for 52 weeks and then 80% of the weekly indemnity limit for the next 110 weeks. Our coverage is up to $490.0 million per unit at Calvert Cliffs and Ginna, $420.0 million for Unit 1 of Nine Mile Point, and $401.8 million for Unit 2 of Nine Mile Point. This amount can be reduced by up to $98.0 million per unit at Calvert Cliffs and $84.0 million for Nine Mile Point if an outage of more than one unit is caused by a single insured physical damage loss.

Non-Nuclear Property Insurance

Our conventional property insurance provides coverage of $1.0 billion per occurrence for Certified acts of terrorism as defined under TRIA, Terrorism Risk Insurance Extension Act of 2005 and the Terrorism Risk Insurance Program Reauthorization Act of 2007. Our conventional property insurance program also provides coverage for non-certified acts of terrorism up to an annual aggregate limit of $1.0 billion. If a terrorist act occurs at any of our facilities, it could have a significant adverse impact on our financial results.

13 Hedging Activities and Fair Value of Financial Instruments

SFAS No. 133 Hedging Activities

We are exposed to market risk, including changes in interest rates and the impact of market fluctuations in the price and transportation costs of electricity, natural gas, and other commodities.

Commodity Prices

Merchant Energy Business

Our merchant energy business uses a variety of derivative and non-derivative instruments to manage the commodity price risk of our competitive supply activities and our electric generation facilities, including power sales, fuel and energy purchases, gas purchased for resale, emission credits, weather risk, freight and the market risk of outages. In order to manage these risks, we may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and purchases of fuel and energy. The objectives for entering into such hedges include:

- fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on our electric generation operations,
- fixing the price of a portion of anticipated fuel purchases for the operation of our power plants,
- fixing the price for a portion of anticipated energy purchases to supply our load-serving customers,
- fixing the price for a portion of anticipated sales of natural gas to customers, and
- fixing the price for a portion of anticipated sales or purchases of freight and coal.

The portion of forecasted transactions hedged may vary based upon management's assessment of market, weather, operational, and other factors.

Our merchant energy business designated certain fixed-price forward contracts as cash-flow hedges of forecasted sales of energy and forecasted purchases of fuel and energy for the years 2007 through 2016 under SFAS No. 133. Our merchant energy business had net unrealized pre-tax losses on these cash-flow hedges recorded in "Accumulated other comprehensive income" of $1,498.7 million at December 31, 2007 and $2,227.1 million at December 31, 2006.

We expect to reclassify $760.4 million of net pre-tax losses on cash-flow hedges from "Accumulated other comprehensive income" into earnings during the next twelve months based on the market prices at December 31, 2007. However, the actual amount reclassified into earnings could vary from the amounts recorded at December 31, 2007, due to future changes in market prices. Additionally, for cash-flow hedges settled by physical delivery of the underlying commodity, "Reclassification of net gains on hedging instruments from OCI to net income" represents the fair value of those derivatives, which is realized through gross settlement at the contract price.

In addition, during 2007, we de-designated contracts previously designated as cash-flow hedges for which the forecasted transactions originally hedged are probable of not occurring, and as a result we recognized a pre-tax loss of $24.4 million. The majority of the pre-tax loss associated with de-designated contracts in 2007 resulted from the deconsolidation of CEP. During 2006, we de-designated contracts previously designated as cash-flow hedges for which the forecasted transactions originally hedged are probable of not occurring, and as a result we recognized a pre-tax loss of $35.3 million. The majority of the pre-tax loss associated with de-designated contracts in 2006 resulted from the initial public offering of CEP and the sale of our gas-fired plants. During 2005, we terminated a contract previously designated as a cash-flow hedge. The forecasted transaction originally hedged was probable of not occurring and as a result we recognized a pre-tax loss of $6.1 million.

Our merchant energy business also enters into natural gas storage contracts under which the gas in storage qualifies for fair value hedge accounting treatment under SFAS No. 133. We record changes in fair value of these hedges related to our retail competitive supply operations as a component of "Fuel and purchased energy expenses" in our Consolidated Statements of Income. We record changes in fair value of these hedges related to our wholesale competitive supply operations as a component of "Nonregulated revenues" in our Consolidated Statements of Income.

We recorded in earnings the following pre-tax gains (losses) related to hedge ineffectiveness:

Year ended December 31,	**2007**	2006	2005
		(In millions)	
Cash-flow hedges	**$(31.4)**	$13.4	$(19.4)
Fair value hedges	**24.4**	27.7	(2.2)
Total	**$ (7.0)**	$41.1	$(21.6)

The ineffectiveness amounts in the table above exclude $7.3 million of pre-tax losses that we recognized as a result of market price changes for the year ended December 31, 2007. These losses represent the change in fair value of derivatives that no longer qualify for cash-flow hedge accounting due to reduced price correlation between the hedge and the risk being hedged, but remain designated as hedges prospectively. In addition, we recognized a $3.8 million pre-tax loss in 2007 and a $8.9 million pre-tax gain in 2006 related to the change in value for the portion of our fair value hedges excluded from ineffectiveness testing.

Regulated Gas Business

BGE uses basis swaps in the winter months (November through March) to hedge its price risk associated with natural gas purchases under its market-based rates incentive mechanism and under its off-system gas sales program. BGE also uses fixed-to-floating and floating-to-fixed swaps to hedge its price risk associated with its off-system gas sales. The fixed portion represents a specific dollar amount that BGE will pay or receive, and the floating portion represents a fluctuating amount based on a published index that BGE will receive or pay. BGE's regulated gas business internal guidelines do not permit the use of swap agreements for any purpose other than to hedge price risk. The impact of these swaps on our, and BGE's, financial results is immaterial.

Regulated Electric Business
BGE uses basis swaps to hedge its price risk associated with electricity purchases. BGE's regulated electric business internal guidelines do not permit the use of swap agreements for any purpose other than to hedge price risk. The impact of these swaps on our, and BGE's, financial results is immaterial.

Interest Rates
We use interest rate swaps to manage our interest rate exposures associated with new debt issuances, to manage our exposure to fluctuations in interest rates on variable rate debt, and to optimize the mix of fixed and floating-rate debt. The swaps used to manage our exposure prior to the issuance of new debt and to manage the exposure to fluctuations in interest rates on variable rate debt are designated as cash-flow hedges under SFAS No. 133, with the effective portion of gains and losses, net of associated deferred income tax effects, recorded in "Accumulated other comprehensive income" in our Consolidated Statements of Common Shareholders' Equity and Comprehensive Income and Consolidated Statements of Capitalization, in anticipation of planned financing transactions. We reclassify gains and losses on the hedges from "Accumulated other comprehensive income" into "Interest expense" in our Consolidated Statements of Income during the periods in which the interest payments being hedged occur.

The swaps used to optimize the mix of fixed and floating-rate debt are designated as fair value hedges under SFAS No. 133. We record any gains or losses on swaps that qualify for fair value hedge accounting treatment, as well as changes in the fair value of the debt being hedged, in "Interest expense," and we record any changes in fair value of the swaps and the debt in "Derivative assets and liabilities" and "Long-term debt" in our Consolidated Balance Sheets. In addition, we record the difference between interest on hedged fixed-rate debt and floating-rate swaps in "Interest expense" in the periods that the swaps settle.

"Accumulated other comprehensive income" includes net unrealized pre-tax gains on interest rate cash-flow hedges terminated upon debt issuance totaling $11.9 million at December 31, 2007 and $12.5 million at December 31, 2006. We expect to reclassify $0.1 million of pre-tax net gains on these cash-flow hedges from "Accumulated other comprehensive income" into "Interest expense" during the next twelve months. We had no hedge ineffectiveness on these swaps.

During 2004, to optimize the mix of fixed and floating-rate debt, we entered into interest rate swaps qualifying as fair value hedges relating to $450 million of our fixed-rate debt maturing in 2012 and 2015, and converted this notional amount of debt to floating-rate. The fair value of these hedges was an unrealized gain of $11.8 million at December 31, 2007 and was recorded as an increase in our "Derivative assets" and an increase in our "Long-term debt." The fair value of these hedges was an unrealized loss of $7.1 million at December 31, 2006 and was recorded as an increase in our "Derivative liabilities" and a decrease in our "Long-term debt." We had no hedge ineffectiveness on these interest rate swaps.

Fair Value of Financial Instruments
The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Significant differences can occur between the fair value and carrying amount of financial instruments that are recorded at historical amounts. We use the following methods and assumptions for estimating fair value disclosures for financial instruments:

- cash and cash equivalents, net accounts receivable, other current assets, certain current liabilities, short-term borrowings, current portion of long-term debt, and certain deferred credits and other liabilities: because of their short-term nature, the amounts reported in our Consolidated Balance Sheets approximate fair value,
- investments and other assets: the fair value is based on quoted market prices where available, and
- long-term debt: the fair value is based on quoted market prices where available or by discounting remaining cash flows at current market rates.

We show the carrying amounts and fair values of financial instruments included in our Consolidated Balance Sheets in the following table:

At December 31,	2007		2006	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	(In millions)			
Investments and other assets— Constellation Energy	**$1,634.2**	**$1,634.5**	$1,468.8	$1,469.3
Fixed-rate long-term debt:				
Constellation Energy	**4,244.3**	**4,307.5**	4,383.8	4,513.8
BGE	**2,215.1**	**2,178.6**	1,716.7	1,712.6
Variable-rate long-term debt:				
Constellation Energy	**801.6**	**801.6**	723.2	723.2
BGE	**—**	**—**	—	—

14 Stock-Based Compensation

Under our long-term incentive plans, we grant stock options, performance and service-based restricted stock, performance- and service-based units, and equity to officers, key employees, and members of the Board of Directors. In May 2007, shareholders approved Constellation Energy's 2007 Long-Term Incentive Plan, under which we can grant up to a total of 9,000,000 shares. Any shares covered by an outstanding award under any of our long-term incentive plans that are forfeited or cancelled, expire or are settled in cash will become available for issuance under the 2007 Long-Term Incentive Plan. At December 31, 2007, there were 9,244,969 shares available for issuance under the 2007 Long-Term Incentive Plan. At December 31, 2007, we had stock options, restricted stock, performance unit and equity grants outstanding as discussed below. We may issue new shares, reuse forfeited shares, or buy shares in the market in order to deliver shares to employees for our equity grants. BGE officers and key employees participate in our stock-based compensation plans. The expense recognized by BGE in 2007, 2006, and 2005 was not material to BGE's financial results.

Non-Qualified Stock Options

Options are granted with an exercise price equal to the market value of the common stock at the date of grant, become vested over a period up to three years (expense recognized in tranches), and expire ten years from the date of grant. The fair value of our stock-based awards was estimated as of the date of grant using the Black-Scholes option pricing model based on the following weighted- average assumptions:

	2007	2006	2005
Risk-free interest rate	**4.69%**	—	4.10%
Expected life (in years)	**4.0**	—	2.9*
Expected market price volatility factor	**20.3%**	—	21.3%
Expected dividend yield	**2.5%**	—	3.0%

** Includes 2.0 million fully vested options granted in December 2005, which would have been cancelled upon a change in control if our proposed merger with FPL Group would have been consummated and for which an expected life of one year was used to value the grant. Excluding this grant, we used a weighted-average expected life assumption of 5 years for 2005 grants.*

During 2006, no stock options were granted to employees in anticipation of the proposed merger with FPL Group, which was terminated in October 2006. We discuss the termination of the merger in more detail in *Note 15*.

We use the historical data related to stock option exercises in order to estimate the expected life of our stock options. We also use historical data in order to estimate the volatility factor (measured on a daily basis) for a period equal to the duration of the expected life of option awards. We believe that the use of historical data to estimate these factors provides a reasonable basis for our assumptions. The risk-free interest rate for the periods within the expected life of the option is based on the U.S Treasury yield curve in effect and the expected dividend yield is based on our current estimate for dividend payout at the time of grant. We disclose the pro-forma effect on net income and earnings per share for the periods prior to adoption of SFAS No. 123R in *Note 1*.

Summarized information for our stock option grants is as follows:

	2007		2006		2005	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
			(Shares in thousands)			
Outstanding, beginning of year	**6,051**	**$47.23**	7,172	$45.24	7,365	$31.62
Granted with exercise prices at fair market value	**1,759**	**76.22**	—	—	3,840	54.94
Exercised	**(1,411)**	**41.91**	(1,050)	33.77	(3,935)	29.32
Forfeited/expired	**(254)**	**67.85**	(71)	45.22	(98)	42.19
Outstanding, end of year	**6,145**	**$55.90**	6,051	$47.23	7,172	$45.24
Exercisable, end of year	**4,043**	**$48.51**	4,401	$46.94	4,022	$45.31
Weighted-average fair value per share of options granted with exercise prices at fair market value		**$13.76**		$ —		$ 7.13

The following table summarizes additional information about stock options during 2007, 2006 and 2005:

	2007	2006	2005
		(In millions)	
Stock Option Expense Recognized	**$15.1**	$ 6.7	$ 14.4
Stock Options Exercised:			
Cash Received for Exercise Price	**43.4**	35.5	35.3
Intrinsic Value Realized by Employee	**67.6**	27.6	109.8
Realized Tax Benefit	**26.7**	10.9	43.4
Fair Value of Shares that Vested	**82.7**	82.6	232.0

As of December 31, 2007, we had $11.5 million of unrecognized compensation cost related to the unvested portion of outstanding stock option awards, of which $8.1 million is expected to be recognized during 2008.

The following table summarizes additional information about stock options outstanding at December 31, 2007 (stock options in thousands):

	Outstanding		Exercisable		Weighted-Average
Range of Exercise Prices	Stock Options	Aggregate Intrinsic Value	Stock Options	Aggregate Intrinsic Value	Remaining Contractual Life
		(In millions)		(In millions)	(In years)
$ 20.00 – $40.00	1,435	$ 97.7	1,435	$ 97.7	5.2
$ 40.00 – $60.00	3,128	149.9	2,608	123.0	5.6
$ 60.00 – $80.00	1,537	41.9	—	—	9.1
$80.00 – $100.00	45	0.6	—	—	9.5
	6,145	$290.1	4,043	$220.7	

Restricted Stock Awards

In addition to stock options, we issue common stock based on meeting certain service goals. This stock vests to participants at various times ranging from one to five years if the service goals are met. In accordance with SFAS No. 123R, we account for our service-based awards as equity awards, whereby we recognize the value of the market price of the underlying stock on the date of grant to compensation expense over the service period either ratably or in tranches (depending if the award has cliff or graded vesting).

We recorded compensation expense related to our restricted stock awards of $35.8 million in 2007, $24.5 million in 2006, and $28.2 million in 2005. The tax benefits received associated with our restricted awards were $17.6 million in 2007, $10.9 million in 2006, and $7.5 million in 2005.

Summarized share information for our restricted stock awards is as follows:

	2007	2006	2005
		(Shares in thousands)	
Outstanding, beginning of year	**1,207**	1,272	1,223
Granted	**710**	511	485
Released to participants	**(552)**	(502)	(359)
Cancelled	**(43)**	(74)	(77)
Outstanding, end of year	**1,322**	1,207	1,272
Weighted-average fair value of restricted stock granted (per share)	**$75.29**	$58.68	$51.23
Total fair value of shares for which restriction has lapsed (in millions)	**$ 44.5**	$ 27.6	$ 19.0

As of December 31, 2007, we had $26.8 million of unrecognized compensation cost related to the unvested portion of outstanding restricted stock awards expected to be recognized within a 26-month period. At December 31, 2007, we have recorded in "Common shareholders' equity" approximately $42.3 million and approximately $31.7 million at December 31, 2006 for the unvested portion of service-based restricted stock granted from 2003 until 2007 to officers and other employees that is contingently redeemable in cash upon a change in control.

Performance-Based Units

In accordance with SFAS No. 123R, we recognize compensation expense ratably for our performance-based awards, which are classified as liability awards, for which the fair value of the award is remeasured at each reporting period. Each unit is equivalent to $1 in value and cliff vests at the end of a three-year service and performance period. The level of payout is based on the achievement of certain performance goals at the end of the three-year period and will be settled in cash. We recorded compensation expense of $17.6 million in 2007, $24.0 million in 2006, and $7.0 million in 2005 for these awards. During the 12 months ended December 31, 2007, our 2004 performance-based unit award vested and we paid $19.7 million in cash to settle the award. As of December 31, 2007 we had $17.2 million of unrecognized compensation cost related to the unvested portion of outstanding performance-based unit awards expected to be recognized within a 26-month period.

Equity-Based Grants

We recorded compensation expense of $0.9 million in 2007, $0.6 million in 2006, and $0.5 million in 2005 related to equity-based grants to members of the Board of Directors.

15 Merger and Acquisitions

Subsequent Event—Asset Acquisition

In February 2008, we acquired the Hillabee Energy Center, a partially completed 774 MW gas fired combined-cycle power generation facility located in Alabama for $155.5 million. We plan to complete the construction of this facility and expect it to be ready for commercial operation in early 2010.

Cornerstone Energy

On July 1, 2007, we acquired Cornerstone Energy, Inc (CEI). We include CEI, part of our retail competitive supply operation, in our merchant energy business segment and have included its results of operations in our consolidated financial statements since the date of acquisition. CEI provides natural gas supply and related services to commercial, industrial and institutional customers across the central United States. CEI is expected to add approximately 100 billion cubic feet of natural gas to our annual volumes served.

We acquired 100% ownership for $108.3 million, which was paid in cash. As part of the purchase, we acquired $7.3 million in cash.

The total consideration for accounting purposes, consisting of cash and other noncash consideration, including the fair value of certain preexisting contracts with CEI, was equal to $137.6 million.

Our final purchase price allocation for the net assets acquired is as follows:

At July 1, 2007

	(In millions)
Cash	$ 7.3
Other Current Assets	89.6
Total Current Assets	96.9
Goodwill (1)	103.4
Net Property, Plant and Equipment	0.5
Other Assets	6.7
Total Assets Acquired	207.5
Current Liabilities	(66.3)
Deferred Credits and Other Liabilities	(3.6)
Total Liabilities	(69.9)
Net Assets Acquired	$137.6

1) Approximately $99 million is deductible for tax purposes.

The pro-forma impact of the CEI acquisition would not have been material to our results of operations for the years ended December 31, 2007, 2006 and 2005.

Acquisitions of Working Interests in Gas Producing Fields

In 2007, we acquired working interests of 41% and 55% in two gas and oil producing properties in Oklahoma for $208.9 million, subject to closing adjustments. We purchased leases, producing wells, inventory, and related equipment. We have included the results of operations from these properties in our merchant energy business segment since the date of acquisition.

Our purchase price was allocated to the net assets acquired as follows:

At March 23, 2007

	(In millions)
Property, Plant and Equipment	
Inventory	$ 0.2
Unproved property	28.8
Proved property	179.9
Net Assets Acquired	$ 208.9

The pro-forma impact of the acquisition of these working interests would not have been material to our results of operations for the years ended December 31, 2007, 2006 and 2005.

In the first quarter of 2006, we acquired working interests in gas and oil producing properties for approximately $100 million in cash. We purchased leases, producing wells, and related equipment. We have included the results of operations in our merchant energy business segment since the date of acquisition.

Termination of Merger Agreement with FPL Group, Inc.

On October 24, 2006, Constellation Energy and FPL Group agreed to terminate the Agreement and Plan of Merger the parties had entered into on December 18, 2005. In connection with the termination of the merger agreement, Constellation Energy acquired certain development rights from FPL Group relating to a wind power project in Western Maryland. During 2007, we wrote-off our investment in these development rights. See *Note 2* for further detail.

We incurred merger costs during the year ended December 31, 2006 totaling $18.3 million pre-tax. Our total pre-tax merger-related costs were $35.3 million.

16 Related Party Transactions—BGE

Income Statement

BGE is obligated to provide market-based standard offer service to all of its electric customers for varying periods. Bidding to supply BGE's market-based standard offer service to electric customers will occur from time to time through a competitive bidding process approved by the Maryland PSC.

Our wholesale marketing, risk management, and trading operation supplied a substantial portion of BGE's market-based standard offer service obligation to residential electric customers through May 31, 2007, and will supply a portion of BGE's market-based standard offer service obligations for all electric customers from June 1, 2007 through May 31, 2009.

The cost of BGE's purchased energy from nonregulated subsidiaries of Constellation Energy to meet its standard offer service obligation was as follows:

Year Ended December 31,	2007	2006	2005
		(In millions)	
Electricity purchased for resale expenses	**$ 1,139.6**	$1,062.0	$805.9

In addition, Constellation Energy charges BGE for the costs of certain corporate functions. Certain costs are directly assigned to BGE. We allocate other corporate function costs based on a total percentage of expected use by BGE. We believe this method of allocation is reasonable and approximates the cost BGE would have incurred as an unaffiliated entity.

The following table presents the costs Constellation Energy charged to BGE in each period.

Year ended December 31,	2007	2006	2005
		(In millions)	
Charges to BGE	**$ 160.8**	$ 148.8	$130.3

Balance Sheet

BGE participates in a cash pool under a Master Demand Note agreement with Constellation Energy. Under this arrangement, participating subsidiaries may invest in or borrow from the pool at market interest rates. Constellation Energy administers the pool and invests excess cash in short-term investments or issues commercial paper to manage consolidated cash requirements. Under this arrangement, BGE had invested $78.4 million at December 31, 2007 and $60.6 million at December 31, 2006.

BGE's Consolidated Balance Sheets include intercompany amounts related to corporate functions performed at the Constellation Energy holding company, BGE's purchases to meet its standard offer service obligation, BGE's charges to Constellation Energy and its nonregulated affiliates for certain services it provides them, and the participation of BGE's employees in the Constellation Energy defined benefit plans.

We believe our allocation methods are reasonable and approximate the costs that would be charged to unaffiliated entities.

17 Quarterly Financial Data (Unaudited)

Our quarterly financial information has not been audited but, in management's opinion, includes all adjustments necessary for a fair statement. Our business is seasonal in nature with the peak sales periods generally occurring during the summer and winter months. Accordingly, comparisons among quarters of a year may not represent overall trends and changes in operations.

2007 Quarterly Data—Constellation Energy

	Revenues	Income from Operations	Income from Continuing Operations	Earnings Applicable to Common Stock	Earnings Per Share from Continuing Operations-Diluted	Earnings Per Share of Common Stock-Diluted
	(In millions, except per share amounts)					
Quarter Ended						
March 31	**$ 5,111.1**	**$ 302.4**	**$197.3**	**$195.7**	**$1.08**	**$1.07**
June 30	**4,876.3**	**154.4**	**116.3**	**116.3**	**0.64**	**0.64**
September 30	**5,856.4**	**425.1**	**250.7**	**251.4**	**1.37**	**1.38**
December 31	**5,349.4**	**452.5**	**258.1**	**258.1**	**1.42**	**1.42**
Year Ended December 31	**$21,193.2**	**$1,334.4**	**$822.4**	**$821.5**	**$4.51**	**$4.50**

2007 Quarterly Data—BGE

	Revenues	Income from Operations	Earnings Applicable to Common Stock
	(In millions)		
Quarter Ended			
March 31	**$ 922.1**	**$136.0**	**$ 66.0**
June 30	**707.1**	**50.5**	**13.6**
September 30	**896.9**	**66.5**	**24.4**
December 31	**892.4**	**81.3**	**22.6**
Year Ended December 31	**$3,418.5**	**$334.3**	**$126.6**

The sum of the quarterly earnings per share amounts may not equal the total for the year due to the effects of rounding and dilution as a result of issuing common shares during the year. Constellation Energy revenues for the quarter ended March 31, 2007 and June 30, 2007 have been reclassified to conform with the current presentation.

First quarter results include:

- a $1.6 million loss after-tax for the discontinued operations of our High Desert Facility.

Second quarter results include:

- a $8.0 million gain after-tax on sales of equity of CEP,
- a $12.2 million charge after-tax related to a cancelled wind development project, and
- workforce reduction costs totaling $1.4 million after-tax.

Third quarter results include:

- a $24.3 million gain after-tax on sales of equity of CEP, and
- a $0.6 million loss after-tax for the discontinued operations of our Hawaiian geothermal facility, and
- a $1.3 million gain after-tax for the discontinued operations of our High Desert Facility.

Fourth quarter results include:

- a $6.9 million gain after-tax on sales of equity of CEP.

We discuss these items in *Note 2*.

2006 Quarterly Data—Constellation Energy

	Revenues	Income from Operations	Income from Continuing Operations	Earnings Applicable to Common Stock	Earnings Per Share from Continuing Operations-Diluted	Earnings Per Share of Common Stock-Diluted
	(In millions, except per share amounts)					
Quarter Ended						
March 31	$ 4,859.2	$ 204.0	$101.6	$113.9	$0.56	$0.63
June 30	4,378.8	178.3	74.0	93.1	0.41	0.52
September 30	5,393.4	530.9	306.4	324.4	1.69	1.79
December 31	4,653.5	420.3	266.6	405.0	1.46	2.22
Year Ended December 31	$19,284.9	$1,333.5	$748.6	$936.4	$4.12	$5.16

2006 Quarterly Data—BGE

	Revenues	Income from Operations	Earnings Applicable to Common Stock
	(In millions)		
Quarter Ended			
March 31	$ 924.2	$141.1	$ 68.4
June 30	642.3	58.5	18.4
September 30	764.5	83.0	35.6
December 31	684.4	86.5	34.7
Year Ended December 31	$3,015.4	$369.1	$157.1

The sum of the quarterly earnings per share amounts may not equal the total for the year due to the effects of rounding and dilution as a result of issuing common shares during the year.

First quarter results include:

- an $11.4 million gain after-tax for the discontinued operations of our High Desert facility,
- a $0.9 million gain after-tax for the discontinued operations of our other nonregulated international operations,
- merger-related costs totaling $1.5 million after-tax, of which BGE recorded $0.5 million after-tax, and
- workforce reduction costs totaling $1.3 million after-tax.

Second quarter results include:

- a $19.1 million gain after-tax for the discontinued operations of our High Desert facility, and
- merger-related costs totaling $6.0 million after-tax, of which BGE recorded $1.6 million after-tax.

Third quarter results include:

- an $18.0 million gain after-tax for the discontinued operations of our High Desert facility,
- workforce reduction costs totaling $13.1 million after-tax, and
- merger-related costs totaling $2.5 million after-tax, of which BGE recorded $0.7 million after-tax.

Fourth quarter results include:

- a $47.1 million gain after-tax on sale of gas-fired plants,
- a $17.9 million gain after-tax on the initial public offering of CEP,
- a $138.4 million gain after-tax for the discontinued operations of our High Desert facility,
- workforce reduction costs totaling $2.6 million after-tax, and
- tax benefits associated with merger-related costs totaling $(4.3) million after-tax, of which BGE recorded $(1.6) million after-tax.

We discuss these items in *Note 2*.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Items 9A and 9A(T). Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The principal executive officers and principal financial officer of both Constellation Energy and BGE have evaluated the effectiveness of the disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2007 (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, Constellation Energy's and BGE's disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

Each of Constellation Energy and BGE maintains a system of internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). The Management's Reports on Internal Control Over Financial Reporting of each of Constellation Energy and BGE are included in *Item 8. Financial Statements and Supplementary Data* included in this report. As BGE is not an accelerated filer as defined in Exchange Act Rule 12b-2, its Management's Report on Internal Control Over Financial Reporting is not deemed to be filed for purposes of Section 18 of the Exchange Act as permitted by the rules and regulations of the Securities and Exchange Commission.

Changes in Internal Control

During the quarter ended December 31, 2007, there has been no change in either Constellation Energy's or BGE's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, either Constellation Energy's or BGE's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

BGE meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K for a reduced disclosure format. Accordingly, all items in this section related to BGE are not presented.

Item 10. Directors and Executive Officers of the Registrant

The information required by this item with respect to directors will be set forth under *Election of Directors* in the Proxy Statement and incorporated herein by reference.

The information required by this item with respect to executive officers of Constellation Energy Group, pursuant to instruction 3 of paragraph (b) of Item 401 of Regulation S-K, is set forth following Item 4 of Part I of this Form 10-K under *Executive Officers of the Registrant.*

Item 11. Executive Compensation

The information required by this item will be set forth under *Executive and Director Compensation* and *Report of Compensation Committee* in the Proxy Statement and incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The additional information required by this item will be set forth under *Stock Ownership* in the Proxy Statement and incorporated herein by reference.

Equity Compensation Plan Information

The following table reflects our equity compensation plan information as of December 31, 2007:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in item (a))
	(In thousands)		*(In thousands)*
Equity compensation plans approved by security holders	5,097	$58.79	9,245
Equity compensation plans not approved by security holders	1,048	$41.83	—
Total	6,145	$55.90	9,245

The plans that do not require shareholder approval are the Constellation Energy Group, Inc. 2002 Senior Management Long-Term Incentive Plan (Designated as Exhibit No. 10(p)) and the Constellation Energy Group, Inc. Management Long-Term Incentive Plan (Designated as Exhibit No. 10(q)). A brief description of the material features of each of these plans is set forth below.

2002 Senior Management Long-Term Incentive Plan

The 2002 Senior Management Long-Term Incentive Plan became effective May 24, 2002 and authorized the issuance of up to 4,000,000 shares of Constellation Energy common stock in connection with the grant of equity awards. No further awards will be made under this plan. Any shares covered by an outstanding award that is forfeited or cancelled, expires or is settled in cash will become available for issuance under the shareholder-approved 2007 Long-Term Incentive Plan. Shares delivered pursuant to awards under this plan may be authorized and unissued shares or shares purchased on the open market in accordance with the applicable securities laws. Restricted stock, restricted stock unit, and performance unit award payouts will be accelerated and stock options and stock appreciation rights gains will be paid in cash in the event of a change in control, as defined in the plan. The plan is administered by Constellation Energy's Chief Executive Officer.

Management Long-Term Incentive Plan
The Management Long-Term Incentive Plan became effective February 1, 1998 and authorized the issuance of up to 3,000,000 shares of Constellation Energy common stock in connection with the grant of equity awards. No further awards will be made under this plan. Any shares covered by an outstanding award that is forfeited or cancelled, expires or is settled in cash will become available for issuance under the shareholder-approved 2007 Long-Term Incentive Plan. Shares delivered pursuant to awards under the plan may be authorized and unissued shares or shares purchased on the open market in accordance with applicable securities laws. Restricted stock, restricted stock units, and performance unit award payouts will be accelerated and stock options and stock appreciation rights will become fully exercisable in the event of a change in control, as defined by the plan. The plan is administered by Constellation Energy's Chief Executive Officer.

Item 13. Certain Relationships and Related Transactions, and Director Independence
The additional information required by this item will be set forth under *Related Persons Transactions* and *Determination of Independence* in the Proxy Statement and incorporated herein by reference.

Item 14. Principal Accountant Fees and Services
The information required by this item will be set forth under *Ratification of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm for 2008* in the Proxy Statement and incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this Report:

1. Financial Statements:

   Reports of Independent Registered Public Accounting Firm dated February 26, 2008 of PricewaterhouseCoopers LLP

   Consolidated Statements of Income—Constellation Energy Group for three years ended December 31, 2007

   Consolidated Balance Sheets—Constellation Energy Group at December 31, 2007 and December 31, 2006

   Consolidated Statements of Cash Flows—Constellation Energy Group for three years ended December 31, 2007

   Consolidated Statements of Common Shareholders' Equity and Comprehensive Income—Constellation Energy Group for three years ended December 31, 2007

   Consolidated Statements of Capitalization—Constellation Energy Group at December 31, 2007 and December 31, 2006

   Consolidated Statements of Income—Baltimore Gas and Electric Company for three years ended December 31, 2007

   Consolidated Balance Sheets—Baltimore Gas and Electric Company at December 31, 2007 and December 31, 2006

   Consolidated Statements of Cash Flows—Baltimore Gas and Electric Company for three years ended December 31, 2007

   Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

   Schedule II—Valuation and Qualifying Accounts

   Schedules other than Schedule II are omitted as not applicable or not required.

3. Exhibits Required by Item 601 of Regulation S-K.

Exhibit Number	
*2	— Agreement and Plan of Share Exchange between Baltimore Gas and Electric Company and Constellation Energy Group, Inc. dated as of February 19, 1999. (Designated as Exhibit No. 2 to the Registration Statement on Form S-4 dated March 3, 1999, File No. 33-64799.)
*2(a)	— Agreement and Plan of Reorganization and Corporate Separation (Nuclear). (Designated as Exhibit No. 2(a) to the Current Report on Form 8-K dated July 7, 2000, File Nos. 1-12869 and 1-1910.)
*2(b)	— Agreement and Plan of Reorganization and Corporate Separation (Fossil). (Designated as Exhibit No. 2(b) to the Current Report on Form 8-K dated July 7, 2000, File Nos. 1-12869 and 1-1910.)
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*2(d)	— Termination and Release Agreement, dated October 24, 2006, by and among Constellation Energy Group, Inc., FPL Group, Inc. and CF Merger Corporation (Designated as Exhibit 2.1 to the Current Report on Form 8-K dated October 25, 2006, File Nos. 1-12869 and 1-1910.)
*3(a)	— Articles of Amendment and Restatement of the Charter of Constellation Energy Group, Inc. as of April 30, 1999. (Designated as Exhibit No. 99.2 to the Current Report on Form 8-K dated April 30, 1999, File No. 1-1910.)
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*3(c)	— Certificate of Correction to the Charter of Constellation Energy Group, Inc. as of September 13, 1999. (Designated as Exhibit No. 3(c) to the Annual Report on Form 10-K for the year ended December 31, 1999, File Nos. 1-12869 and 1-1910.)

*3(d) — Charter of BGE, restated as of August 16, 1996. (Designated as Exhibit No. 3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, File No. 1-1910.)

*3(e) — Articles Supplementary to the Charter of Constellation Energy Group, Inc. as of November 20, 2001. (Designated as Exhibit No. 3(e) to the Annual Report on Form 10-K for the year ended December 31, 2001, File Nos. 1-12869 and 1-1910.)

*3(f) — Bylaws of BGE, as amended to October 16, 1998. (Designated as Exhibit No. 3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, File No. 1-1910.)

*3(g) — Articles Supplementary to the Charter of Constellation Energy Group, Inc. as of April 10, 2007 (Designated as Exhibit 3(a) to the Current Report on Form 8-K dated April 10, 2007, File No. 1-12869.)

3(h) — Bylaws of Constellation Energy Group, Inc., as amended to February 22, 2008.

*4(a) — Indenture between Constellation Energy Group, Inc. and the Bank of New York, Trustee dated as of March 24, 1999. (Designated as Exhibit No. 4(a) to the Registration Statement on Form S-3 dated March 29, 1999, File No. 333-75217.)

*4(b) — First Supplemental Indenture between Constellation Energy Group, Inc. and the Bank of New York, Trustee dated as of January 24, 2003. (Designated as Exhibit No. 4(b) to the Registration Statement on Form S-3 dated January 24, 2003, File No. 333-102723.)

*4(c) — Supplemental Indenture between BGE and Bankers Trust Company, as Trustee, dated as of June 20, 1995, supplementing, amending and restating Deed of Trust dated February 1, 1919. (Designated as Exhibit No. 4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1995, File No. 1-1910); as supplemented by Supplemental Indentures dated as of June 15, 1996 (Designated as Exhibit No. 4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1996,) and as of June 26, 2000 (Designated as Exhibit 4(c) to the Annual Report on Form 10-K for the year ended December 31, 2006, File Nos. 1-12869 and 1-1910.)

*4(d) — Indenture dated July 1, 1985, between BGE and The Bank of New York (Successor to Mercantile-Safe Deposit and Trust Company), Trustee. (Designated as Exhibit 4(a) to the Registration Statement on Form S-3, File No. 2-98443); as supplemented by Supplemental Indentures dated as of October 1, 1987 (Designated as Exhibit 4(a) to the Current Report on Form 8-K, dated November 13, 1987, File No. 1-1910) and as of January 26, 1993 (Designated as Exhibit 4(b) to the Current Report on Form 8-K, dated January 29, 1993, File No. 1-1910.)

*4(e) — Form of Subordinated Indenture between the Company and The Bank of New York, as Trustee in connection with the issuance of the Junior Subordinated Debentures. (Designated as Exhibit 4(d) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(f) — Form of Supplemental Indenture between the Company and The Bank of New York, as Trustee in connection with the issuances of the Junior Subordinated Debentures. (Designated as Exhibit 4(e) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(g) — Form of Preferred Securities Guarantee (Designated as Exhibit 4(f) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(h) — Form of Junior Subordinated Debenture (Designated as Exhibit 4(h) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(i) — Form of Amended and Restated Declaration of Trust (including Form of Preferred Security) (Designated as Exhibit 4(c) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(j) — Indenture dated as of July 24, 2006 between Constellation Energy Group, Inc. and Deutsche Bank Trust Company Americas, as trustee. (Designated as Exhibit 4(a) to the Registration Statement on Form S-3 filed July 24, 2006, File No. 333-135991.)

*4(k) — Indenture dated as of July 24, 2006 between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee. (Designated as Exhibit 4(b) to the Registration Statement on Form S-3 filed July 24, 2006, File No. 333-135991.)

*4(l) — First Supplemental Indenture between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, dated as of October 13, 2006. (Designated as Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*4(m) — Indenture dated as of June 29, 2007, by and between RSB BondCo LLC and Deutsche Bank Trust Company Americas, as Trustee and Securities Intermediary. (Designated as Exhibit 4.1 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*4(n) — Series Supplement to Indenture dated as of June 29, 2007 by and between RSB BondCo LLC and Deutsche Bank Trust Company Americas, as Trustee and Securities Intermediary (Designated as Exhibit 4.2 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(a) — Executive Annual Incentive Plan of Constellation Energy Group, Inc., as amended and restated. (Designated as Exhibit No. 10(a) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(b) — Constellation Energy Group, Inc. 1995 Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit No. 10(b) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, File Nos. 1-12869 and 1-1910.)

*10(c) — Constellation Energy Group, Inc. Nonqualified Deferred Compensation Plan, as amended and restated. (Designated as Exhibit No. 10(c) to the Annual Report on Form 10-K for the year ended December 31, 2002, File Nos. 1-12869 and 1-1910.)

*10(d) — Constellation Energy Group, Inc. Deferred Compensation Plan for Non-Employee Directors, as amended and restated. (Designated as Exhibit 10(a) to the Quarterly Report on Form 10-Q for the Quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(e) — Amended and restated change in control severance agreement between Constellation Energy Group, Inc. and Thomas V. Brooks. (Designated as Exhibit 10(f) to the Annual Report on Form 10-K for the year ended December 31, 2005.)

*10(f) — Grantor Trust Agreement Dated as of February 27, 2004 between Constellation Energy Group, Inc. and Citibank, N.A. (Designated as Exhibit No. 10(d) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File Nos. 1-12869 and 1-1910.)

*10(g) — Amended and restated change in control severance agreement between Constellation Energy Group, Inc. and Mayo A. Shattuck III. (Designated as Exhibit 10.2 to the Current Report on Form 8-K dated December 19, 2005, File Nos. 1-12869 and 1-1910.)

*10(h) — Grantor Trust Agreement dated as of February 27, 2004 between Constellation Energy Group, Inc. and T. Rowe Price Trust Company. (Designated as Exhibit No. 10(b) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File Nos. 1-12869 and 1-1910.)

*10(i) — Constellation Energy Group, Inc. Benefits Restoration Plan, as amended and restated. (Designated as Exhibit No. 10(m) to the Annual Report on Form 10-K for the year ended December 31, 2001, File Nos. 1-12869 and 1-1910.)

*10(j) — Constellation Energy Group, Inc. Supplemental Pension Plan, as amended and restated. (Designated as Exhibit No. 10(d) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(k) — Constellation Energy Group, Inc. Senior Executive Supplemental Plan, as amended and restated. (Designated as Exhibit No. 10(e) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(l) — Constellation Energy Group, Inc. Supplemental Benefits Plan, as amended and restated. (Designated as Exhibit No. 10(p) to the Annual Report on Form 10-K for the year ended December 31, 2001, File Nos. 1-12869 and 1-1910.)

*10(m) — Constellation Energy Group, Inc. Executive Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit 10(b) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(n) — Constellation Energy Group, Inc. 2002 Executive Annual Incentive Plan, as amended and restated. (Designated as Exhibit 10(o) to the Annual Report on Form 10-K for the year ended December 31, 2006, File Nos. 1-12869 and 1-1910.)

*10(o) — Constellation Energy Group, Inc. 2002 Senior Management Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit 10(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(p) — Constellation Energy Group, Inc. Management Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit 10(d) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(q) — Summary of Constellation Energy Group, Inc. Board of Directors Non-Employee Director Compensation Program. (Designated as Exhibit 10(x) to the Annual Report on Form 10-K for the year ended December 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(r) — Constellation Energy Group, Inc. 2007 Long-Term Incentive Plan. (Designated as Exhibit 10(t) to the Annual Report on Form 10-K for the year ended December 31, 2006, File Nos. 1-12869 and 1-1910.)

*10(s) — Investor Agreement, dated July 20, 2007, by and between Constellation Energy Group, Inc. and Electricite de France International, SA (Designated as Exhibit 10.1 to the Current Report on Form 8-K dated July 25, 2007, File No. 1-12869.)

*10(t) — Agreed Upon Departure Term Sheet, dated May 18, 2007, by and between Constellation Energy Group, Inc. and E. Follin Smith (Designated as Exhibit 10(b) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, File Nos. 1-12869 and 1-1910.)

*10(u) — Letter Agreement, dated October 31, 2007, by and between Constellation Energy Group, Inc. and J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Associates, London Branch (Designated as Exhibit 10.1 to the Current Report on Form 8-K dated November 1, 2007, File No. 1-12869.)

*10(v) — Rate Stabilization Property Purchase and Sale Agreement dated as of June 29, 2007 by and between RSB BondCo LLC and Baltimore Gas and Electric Company, as seller (Designated as Exhibit 10.1 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(w) — Rate Stabilization Property Service Agreement dated as of June 29, 2007 by and between RSB BondCo LLC and Baltimore Gas and Electric Company, as servicer (Designated as Exhibit 10.2 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(x) — Administration Agreement dated as of June 29, 2007 by and between RSB BondCo LLC and Baltimore Gas and Electric Company, as administrator (Designated as Exhibit 10.3 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(y) — Amended and restated change in control severance agreement between Constellation Energy Group, Inc. and John R. Collins (Designated as Exhibit 10(bb) to the Annual Report on Form 10-K for the year ended December 31, 2005, File Nos. 1-12869 and 1-1910.)

12(a) — Constellation Energy Group, Inc. and Subsidiaries Computation of Ratio of Earnings to Fixed Charges.

12(b) — Baltimore Gas and Electric Company and Subsidiaries Computation of Ratio of Earnings to Fixed Charges and Computation of Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements.

21 — Subsidiaries of the Registrant.

23 — Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.

31(a) — Certification of Chairman of the Board, President and Chief Executive Officer of Constellation Energy Group, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(b) — Certification of Executive Vice President and Chief Financial Officer of Constellation Energy Group, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(c) — Certification of President and Chief Executive Officer of Baltimore Gas and Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(d) — Certification of Senior Vice President and Chief Financial Officer of Baltimore Gas and Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32(a) — Certification of Chairman of the Board, President and Chief Executive Officer of Constellation Energy Group, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32(b) — Certification of Executive Vice President and Chief Financial Officer of Constellation Energy Group, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32(c) — Certification of President and Chief Executive Officer of Baltimore Gas and Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32(d) — Certification of Senior Vice President and Chief Financial Officer of Baltimore Gas and Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by Reference.

CONSTELLATION ENERGY GROUP, INC. AND SUBSIDIARIES
AND
BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to Other Accounts—Describe	(Deductions)—Describe	Balance at end of period
			(In millions)		
Reserves deducted in the Balance Sheet from the assets to which they apply:					
Constellation Energy					
Accumulated Provision for Uncollectibles					
2007	$ 48.9	$31.3	$ —	$ (35.3)(A)	$ 44.9
2006	47.4	29.7	—	(28.2)(A)	48.9
2005	43.1	30.9	—	(26.6)(A)	47.4
Valuation Allowance					
Net unrealized (gain) loss on available for sale securities					
2007	(18.5)	—	1.2 (B)	—	(17.3)
2006	0.6	—	(19.1)(B)	—	(18.5)
2005	0.1	—	0.5 (B)	—	0.6
Net unrealized (gain) loss on nuclear decommissioning trust funds					
2007	(206.1)	—	(50.6)(B)	—	(256.7)
2006	(110.3)	—	(95.8)(B)	—	(206.1)
2005	(73.3)	—	(37.0)(B)	—	(110.3)
BGE					
Accumulated Provision for Uncollectibles					
2007	16.1	21.0	—	(16.0)(A)	21.1
2006	13.0	18.1	—	(15.0)(A)	16.1
2005	13.0	14.1	—	(14.1)(A)	13.0

(A) Represents principally net amounts charged off as uncollectible.

(B) Represents amounts recorded in or reclassified from accumulated other comprehensive income.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Constellation Energy Group, Inc., the Registrant, has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSTELLATION ENERGY GROUP, INC.
(REGISTRANT)

Date: February 26, 2008

By /s/ MAYO A. SHATTUCK III

Mayo A. Shattuck III
Chairman of the Board, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of Constellation Energy Group, Inc., the Registrant, and in the capacities and on the dates indicated.

Signature	Title	Date
Principal executive officer and director:		
By /s/ M. A. Shattuck III **M. A. Shattuck III**	Chairman of the Board, President, Chief Executive Officer, and Director	February 26, 2008
Principal financial officer:		
By /s/ J. R. Collins **J. R. Collins**	Executive Vice President and Chief Financial Officer	February 26, 2008
Principal accounting officer:		
By /s/ R. K. Feuerman **R. K. Feuerman**	Vice President, Controller and Chief Accounting Officer	February 26, 2008
Directors:		
/s/ Y. C. de Balmann **Y. C. de Balmann**	Director	February 26, 2008
/s/ A. C. Berzin **A. C. Berzin**	Director	February 26, 2008
/s/ J. T. Brady **J. T. Brady**	Director	February 26, 2008
/s/ E. A. Crooke **E. A. Crooke**	Director	February 26, 2008
/s/ J. R. Curtiss **J. R. Curtiss**	Director	February 26, 2008

Signature		Title	Date
/s/	F. A. Hrabowski, III **F. A. Hrabowski, III**	Director	February 26, 2008
/s/	N. Lampton **N. Lampton**	Director	February 26, 2008
/s/	R. J. Lawless **R. J. Lawless**	Director	February 26, 2008
/s/	J. L. Skolds **J. L. Skolds**	Director	February 26, 2008
/s/	M. D. Sullivan **M. D. Sullivan**	Director	February 26, 2008

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Baltimore Gas and Electric Company, the Registrant, has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY
(REGISTRANT)

February 26, 2008

By /s/ KENNETH W. DEFONTES, JR.

Kenneth W. DeFontes, Jr.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of Baltimore Gas and Electric Company, the Registrant, and in the capacities and on the dates indicated.

Signature	Title	Date
Principal executive officer and director:		
By /s/ K. W. DeFontes, Jr. **K. W. DeFontes, Jr.**	President, Chief Executive Officer, and Director	February 26, 2008
Principal financial and accounting officer:		
By /s/ J. R. Collins **J. R. Collins**	Senior Vice President and Chief Financial Officer	February 26, 2008
Directors:		
/s/ T. F. Brady **T. F. Brady**	Chairman of the Board of Directors	February 26, 2008
/s/ M. A. Shattuck III **M. A. Shattuck III**	Director	February 26, 2008

EXHIBIT INDEX

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*4(c)	— Supplemental Indenture between BGE and Bankers Trust Company, as Trustee, dated as of June 20, 1995, supplementing, amending and restating Deed of Trust dated February 1, 1919. (Designated as Exhibit No. 4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1995, File No. 1-1910); as supplemented by Supplemental Indentures dated as of June 15, 1996 (Designated as Exhibit No. 4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1996,) and as of June 26, 2000 (Designated as Exhibit 4(c) to the Annual Report on Form 10-K for the year ended December 31, 2006, File Nos. 1-12869 and 1-1910.)

*4(d) — Indenture dated July 1, 1985, between BGE and The Bank of New York (Successor to Mercantile-Safe Deposit and Trust Company), Trustee. (Designated as Exhibit 4(a) to the Registration Statement on Form S-3, File No. 2-98443); as supplemented by Supplemental Indentures dated as of October 1, 1987 (Designated as Exhibit 4(a) to the Current Report on Form 8-K, dated November 13, 1987, File No. 1-1910) and as of January 26, 1993 (Designated as Exhibit 4(b) to the Current Report on Form 8-K, dated January 29, 1993, File No. 1-1910.)

*4(e) — Form of Subordinated Indenture between the Company and The Bank of New York, as Trustee in connection with the issuance of the Junior Subordinated Debentures. (Designated as Exhibit 4(d) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(f) — Form of Supplemental Indenture between the Company and The Bank of New York, as Trustee in connection with the issuances of the Junior Subordinated Debentures. (Designated as Exhibit 4(e) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(g) — Form of Preferred Securities Guarantee (Designated as Exhibit 4(f) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(h) — Form of Junior Subordinated Debenture (Designated as Exhibit 4(h) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(i) — Form of Amended and Restated Declaration of Trust (including Form of Preferred Security) (Designated as Exhibit 4(c) to the Registration Statement on Form S-3 dated August 5, 2003, File No. 333-107681.)

*4(j) — Indenture dated as of July 24, 2006 between Constellation Energy Group, Inc. and Deutsche Bank Trust Company Americas, as trustee. (Designated as Exhibit 4(a) to the Registration Statement on Form S-3 filed July 24, 2006, File No. 333-135991.)

*4(k) — Indenture dated as of July 24, 2006 between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee. (Designated as Exhibit 4(b) to the Registration Statement on Form S-3 filed July 24, 2006, File No. 333-135991.)

*4(l) — First Supplemental Indenture between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, dated as of October 13, 2006. (Designated as Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*4(m) — Indenture dated as of June 29, 2007, by and between RSB BondCo LLC and Deutsche Bank Trust Company Americas, as Trustee and Securities Intermediary. (Designated as Exhibit 4.1 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*4(n) — Series Supplement to Indenture dated as of June 29, 2007 by and between RSB BondCo LLC and Deutsche Bank Trust Company Americas, as Trustee and Securities Intermediary (Designated as Exhibit 4.2 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(a) — Executive Annual Incentive Plan of Constellation Energy Group, Inc., as amended and restated. (Designated as Exhibit No. 10(a) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(b) — Constellation Energy Group, Inc. 1995 Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit No. 10(b) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, File Nos. 1-12869 and 1-1910.)

*10(c) — Constellation Energy Group, Inc. Nonqualified Deferred Compensation Plan, as amended and restated. (Designated as Exhibit No. 10(c) to the Annual Report on Form 10-K for the year ended December 31, 2002, File Nos. 1-12869 and 1-1910.)

*10(d) — Constellation Energy Group, Inc. Deferred Compensation Plan for Non-Employee Directors, as amended and restated. (Designated as Exhibit 10(a) to the Quarterly Report on Form 10-Q for the Quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(e) — Amended and restated change in control severance agreement between Constellation Energy Group, Inc. and Thomas V. Brooks. (Designated as Exhibit 10(f) to the Annual Report on Form 10-K for the year ended December 31, 2005.)

*10(f) — Grantor Trust Agreement Dated as of February 27, 2004 between Constellation Energy Group, Inc. and Citibank, N.A. (Designated as Exhibit No. 10(d) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File Nos. 1-12869 and 1-1910.)

*10(g) — Amended and restated change in control severance agreement between Constellation Energy Group, Inc. and Mayo A. Shattuck III. (Designated as Exhibit 10.2 to the Current Report on Form 8-K dated December 19, 2005, File Nos. 1-12869 and 1-1910.)

*10(h) — Grantor Trust Agreement dated as of February 27, 2004 between Constellation Energy Group, Inc. and T. Rowe Price Trust Company. (Designated as Exhibit No. 10(b) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File Nos. 1-12869 and 1-1910.)

*10(i) — Constellation Energy Group, Inc. Benefits Restoration Plan, as amended and restated. (Designated as Exhibit No. 10(m) to the Annual Report on Form 10-K for the year ended December 31, 2001, File Nos. 1-12869 and 1-1910.)

*10(j) — Constellation Energy Group, Inc. Supplemental Pension Plan, as amended and restated. (Designated as Exhibit No. 10(d) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(k) — Constellation Energy Group, Inc. Senior Executive Supplemental Plan, as amended and restated. (Designated as Exhibit No. 10(e) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(l) — Constellation Energy Group, Inc. Supplemental Benefits Plan, as amended and restated. (Designated as Exhibit No. 10(p) to the Annual Report on Form 10-K for the year ended December 31, 2001, File Nos. 1-12869 and 1-1910.)

*10(m) — Constellation Energy Group, Inc. Executive Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit 10(b) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(n) — Constellation Energy Group, Inc. 2002 Executive Annual Incentive Plan, as amended and restated. (Designated as Exhibit 10(o) to the Annual Report on Form 10-K for the year ended December 31, 2006, File Nos. 1-12869 and 1-1910.)

*10(o) — Constellation Energy Group, Inc. 2002 Senior Management Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit 10(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(p) — Constellation Energy Group, Inc. Management Long-Term Incentive Plan, as amended and restated. (Designated as Exhibit 10(d) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File Nos. 1-12869 and 1-1910.)

*10(q) — Summary of Constellation Energy Group, Inc. Board of Directors Non-Employee Director Compensation Program. (Designated as Exhibit 10(x) to the Annual Report on Form 10-K for the year ended December 31, 2004, File Nos. 1-12869 and 1-1910.)

*10(r) — Constellation Energy Group, Inc. 2007 Long-Term Incentive Plan. (Designated as Exhibit 10(t) to the Annual Report on Form 10-K for the year ended December 31, 2006, File Nos. 1-12869 and 1-1910.)

*10(s) — Investor Agreement, dated July 20, 2007, by and between Constellation Energy Group, Inc. and Electricite de France International, SA (Designated as Exhibit 10.1 to the Current Report on Form 8-K dated July 25, 2007, File No. 1-12869.)

*10(t) — Agreed Upon Departure Term Sheet, dated May 18, 2007, by and between Constellation Energy Group, Inc. and E. Follin Smith (Designated as Exhibit 10(b) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, File Nos. 1-12869 and 1-1910.)

*10(u) — Letter Agreement, dated October31, 2007, by and between Constellation Energy Group, Inc. and J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Associates, London Branch (Designated as Exhibit 10.1 to the Current Report on Form 8-K dated November 1, 2007, File No. 1-12869.)

*10(v) — Rate Stabilization Property Purchase and Sale Agreement dated as of June 29, 2007 by and between RSB BondCo LLC and Baltimore Gas and Electric Company, as seller (Designated as Exhibit 10.1 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(w) — Rate Stabilization Property Service Agreement dated as of June 29, 2007 by and between RSB BondCo LLC and Baltimore Gas and Electric Company, as servicer (Designated as Exhibit 10.2 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(x) — Administration Agreement dated as of June 29, 2007 by and between RSB BondCo LLC and Baltimore Gas and Electric Company, as administrator (Designated as Exhibit 10.3 to the Current Report on Form 8-K dated July 5, 2007, File No. 1-1910.)

*10(y) — Amended and restated change in control severance agreement between Constellation Energy Group, Inc. and John R. Collins (Designated as Exhibit 10(bb) to the Annual Report on Form 10-K for the year ended December 31, 2005, File Nos. 1-12869 and 1-1910.)

12(a) — Constellation Energy Group, Inc. and Subsidiaries Computation of Ratio of Earnings to Fixed Charges.

12(b) — Baltimore Gas and Electric Company and Subsidiaries Computation of Ratio of Earnings to Fixed Charges and Computation of Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements.

21 — Subsidiaries of the Registrant.

23 — Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.

31(a) — Certification of Chairman of the Board, President and Chief Executive Officer of Constellation Energy Group, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(b) — Certification of Executive Vice President and Chief Financial Officer of Constellation Energy Group, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(c) — Certification of President and Chief Executive Officer of Baltimore Gas and Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(d) — Certification of Senior Vice President and Chief Financial Officer of Baltimore Gas and Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32(a) — Certification of Chairman of the Board, President and Chief Executive Officer of Constellation Energy Group, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32(b) — Certification of Executive Vice President and Chief Financial Officer of Constellation Energy Group, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32(c) — Certification of President and Chief Executive Officer of Baltimore Gas and Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32(d) — Certification of Senior Vice President and Chief Financial Officer of Baltimore Gas and Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by Reference.

Exhibit 12(a)

CONSTELLATION ENERGY GROUP, INC. AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	12 Months Ended				
	December 2007	December 2006	December 2005	December 2004	December 2003
			(In millions)		
Income from Continuing Operations (Before Extraordinary Loss and Cumulative Effects of Changes in Accounting Principles)	**$ 822.4**	$ 748.6	$ 535.9	$ 498.4	$409.4
Taxes on Income, Including Tax Effect for BGE Preference Stock Dividends	**419.2**	343.1	155.4	110.2	213.7
Adjusted Income	**$1,241.6**	$1,091.7	$ 691.3	$ 608.6	$623.1
Fixed Charges:					
Interest and Amortization of Debt Discount and Expense and Premium on all Indebtedness, net of amounts capitalized	**$ 292.8**	$ 315.9	$ 297.6	$ 315.9	$325.6
Earnings Required for BGE Preference Stock Dividends	**22.3**	21.1	21.6	21.4	21.7
Capitalized Interest and Allowance for Funds Used During Construction	**19.4**	13.7	9.9	9.7	11.7
Interest Factor in Rentals	**96.7**	4.5	6.1	4.1	3.5
Total Fixed Charges	**$ 431.2**	$ 355.2	$ 335.2	$ 351.1	$362.5
Amortization of Capitalized Interest	**$ 3.5**	$ 4.3	$ 3.7	$ 2.8	$ 2.4
Earnings (1)	**$1,656.9**	$1,437.5	$1,020.3	$ 952.8	$976.3
Ratio of Earnings to Fixed Charges	**3.84**	4.05	3.04	2.71	2.69

(1) Earnings are deemed to consist of income from continuing operations (before extraordinary items, cumulative effects of changes in accounting principles, and income (loss) from discontinued operations) that includes earnings of Constellation Energy's consolidated subsidiaries, equity in the net income of unconsolidated subsidiaries, income taxes (including deferred income taxes, investment tax credit adjustments, and the tax effect of BGE's preference stock dividends), and fixed charges (including the amortization of capitalized interest but excluding the capitalization of interest).

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED AND PREFERENCE DIVIDEND REQUIREMENTS

	12 Months Ended				
	December 2007	December 2006	December 2005	December 2004	December 2003
			(In millions)		
Income from Continuing Operations (Before Extraordinary Loss)	**$139.8**	$170.3	$189.0	$166.3	$163.2
Taxes on Income	**96.0**	102.2	119.9	102.5	105.2
Adjusted Income	**$235.8**	$272.5	$308.9	$268.8	$268.4
Fixed Charges:					
Interest and Amortization of Debt Discount and Expense and Premium on all Indebtedness, net of amounts capitalized	**$127.9**	$104.6	$ 95.6	$ 97.3	$112.8
Interest Factor in Rentals	**0.3**	0.3	0.3	0.5	0.7
Total Fixed Charges	**$128.2**	$104.9	$ 95.9	$ 97.8	$113.5
Preferred and Preference Dividend Requirements: (1)					
Preferred and Preference Dividends	**$ 13.2**	$ 13.2	$ 13.2	$ 13.2	$ 13.2
Income Tax Required	**9.1**	8.0	8.4	8.1	8.6
Total Preferred and Preference Dividend Requirements	**$ 22.3**	$ 21.2	$ 21.6	$ 21.3	$ 21.8
Total Fixed Charges and Preferred and Preference Dividend Requirements	**$150.5**	$126.1	$117.5	$119.1	$135.3
Earnings (2)	**$364.0**	$377.4	$404.8	$366.6	$381.9
Ratio of Earnings to Fixed Charges	**2.84**	3.60	4.22	3.75	3.36
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements	**2.42**	2.99	3.45	3.08	2.82

(1) Preferred and preference dividend requirements consist of an amount equal to the pre-tax earnings that would be required to meet dividend requirements on preferred stock and preference stock.

(2) Earnings are deemed to consist of income from continuing operations (before extraordinary loss) that includes earnings of BGE's consolidated subsidiaries, income taxes (including deferred income taxes and investment tax credit adjustments), and fixed charges other than capitalized interest.

Exhibit 21

SUBSIDIARIES OF CONSTELLATION ENERGY GROUP, INC.*

	Jurisdiction of Incorporation
Baltimore Gas and Electric Company	Maryland
Constellation Holdings, Inc.	Maryland
Constellation Investments, Inc.	Maryland
Constellation Power, Inc.	Maryland
Constellation Real Estate Group, Inc.	Maryland
Constellation Enterprises, Inc.	Maryland
Constellation Energy Commodities Group, Inc.	Delaware
Constellation Energy Projects and Services Group, Inc.	Delaware
Safe Harbor Water Power Corporation	Pennsylvania
BGE Home Products & Services, Inc.	Maryland
Constellation Energy Resources, LLC	Delaware
Constellation NewEnergy, Inc.	Delaware
Constellation Energy Nuclear Group, LLC	Maryland
Calvert Cliffs Nuclear Power Plant, Inc.	Maryland
Constellation Power Source Generation, Inc.	Maryland
Constellation Power Source Holdings, Inc.	Maryland
BGE Capital Trust II	Delaware
Nine Mile Point Nuclear Station, LLC	Delaware
R. E. Ginna Nuclear Power Plant, LLC	Maryland

* The names of certain indirectly owned subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary pursuant to Rule 1-02(w) of Regulation S-X.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Constellation Energy

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 and Form S-8 (Nos. 333-135991, 333-24705, and 33-49801, and 33-59545, 333-45051, 333-46980, 333-89046, 333-129802, 333-81292, 33-56084, and 333-143260, respectively) of Constellation Energy Group, Inc. of our report dated February 26, 2008 relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Baltimore, Maryland
February 26, 2008

Baltimore Gas and Electric Company

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-135991) of Baltimore Gas and Electric Company of our report dated February 26, 2008 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Baltimore, Maryland
February 26, 2008

Exhibit 31(a)

CONSTELLATION ENERGY GROUP, INC.

CERTIFICATION

I, Mayo A. Shattuck III, certify that:

1. I have reviewed this report on Form 10-K of Constellation Energy Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2008

/s/ MAYO A. SHATTUCK III

Chairman of the Board, President and Chief Executive Officer

Exhibit 31(b)

CONSTELLATION ENERGY GROUP, INC.

CERTIFICATION

I, John R. Collins, certify that:

1. I have reviewed this report on Form 10-K of Constellation Energy Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2008

/s/ JOHN R. COLLINS

Executive Vice President and Chief Financial Officer

Exhibit 31(c)

BALTIMORE GAS AND ELECTRIC COMPANY

CERTIFICATION

I, Kenneth W. DeFontes, Jr., certify that:

1. I have reviewed this report on Form 10-K of Baltimore Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2008

/s/ KENNETH W. DEFONTES, JR.

President and Chief Executive Officer

Exhibit 31(d)

BALTIMORE GAS AND ELECTRIC COMPANY

CERTIFICATION

I, John R. Collins, certify that:

1. I have reviewed this report on Form 10-K of Baltimore Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2008

/s/ JOHN R. COLLINS

Senior Vice President and Chief Financial Officer

Exhibit 32(a)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mayo A. Shattuck III, Chairman of the Board, President and Chief Executive Officer of Constellation Energy Group, Inc., certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(i) The accompanying Annual Report on Form 10-K for the year ended December 31, 2007 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Constellation Energy Group, Inc.

/s/ MAYO A. SHATTUCK III

Mayo A. Shattuck III
Chairman of the Board, President and Chief Executive Officer

Date: February 27, 2008

Exhibit 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John R. Collins, Executive Vice President and Chief Financial Officer of Constellation Energy Group, Inc., certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(i) The accompanying Annual Report on Form 10-K for the year ended December 31, 2007 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Constellation Energy Group, Inc.

/s/ JOHN R. COLLINS

John R. Collins
Executive Vice President and Chief Financial Officer

Date: February 27, 2008

Exhibit 32(c)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth W. DeFontes, Jr., President and Chief Executive Officer of Baltimore Gas and Electric Company, certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(i) The accompanying Annual Report on Form 10-K for the year ended December 31, 2007 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ KENNETH W. DEFONTES, JR.

Kenneth W. DeFontes, Jr.
President and Chief Executive Officer

Date: February 27, 2008

Exhibit 32(d)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John R. Collins, Senior Vice President and Chief Financial Officer of Baltimore Gas and Electric Company, certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(i) The accompanying Annual Report on Form 10-K for the year ended December 31, 2007 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ JOHN R. COLLINS

John R. Collins
Senior Vice President and Chief Financial Officer

Date: February 27, 2008

CONSTELLATION ENERGY GROUP INC

FORM 8-K
(Current report filing)

Filed 09/22/08 for the Period Ending 09/22/08

Address	100 CONSTELLATION WAY BALTIMORE, MD 21202
Telephone	4107832800
CIK	0001004440
Symbol	CEG
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): September 22, 2008

CONSTELLATION ENERGY GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of Incorporation)

1-12869 **(Commission File Number)**	**52-1964611** **(IRS Employer Identification No.)**
750 E. Pratt Street, Baltimore, MD **(Address of Principal Executive Offices)**	**21202** **(Zip Code)**

(410) 470-2800
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events

On September 22, 2008, Constellation Energy Group, Inc. ("Constellation") hosted an investor conference call to discuss the transactions contemplated by the Stock Purchase Agreement, dated as of September 19, 2008 (the "Purchase Agreement"), by and between Constellation and MidAmerican Energy Holdings Company ("MidAmerican"), and the Agreement and Plan of Merger, dated as of September 19, 2008 (the "Merger Agreement"), by and among Constellation, MidAmerican and MEHC Merger Sub Inc., a wholly owned subsidiary of MidAmerican. A copy of the presentation used in connection with that discussion is attached as Exhibit 99.1 to this Current Report on Form 8-K. On September 22, 2008, Constellation issued a media advisory release announcing this investor conference call. A copy of the media advisory release is attached as Exhibit 99.2 to this Current Report on Form 8-K. A copy of the Purchase Agreement and the Merger Agreement were filed previously as Exhibits 10.1 and 2.1, respectively, to the Current Report on Form 8-K filed by Constellation on September 22, 2008.

* * * *

Forward-Looking Statements . This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements relating to the proposed transaction between Constellation and MidAmerican and the expected timing and completion of the transaction. Words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "will," "should," "may," and other similar expressions are intended to identify forward looking statements. Such statements are based upon the current beliefs and expectations of our management and involve a number of significant risks and uncertainties, many of which are difficult to predict and are generally beyond the control of Constellation and MidAmerican. Actual results may differ materially from the results anticipated in these forward-looking statements. There can be no assurance as to the timing of the closing of the transaction, or whether the transaction will close at all. The following factors, among others, could cause or contribute to such material differences: the ability to obtain the approval of the transaction by Constellation's shareholders; the ability to obtain governmental approvals of the transaction or to satisfy other conditions to the transaction on the terms and expected timeframe or at all; transaction costs; economic conditions; a material adverse change in the business, assets, financial condition or results of operations of Constellation; a material deterioration in Constellation's retail and/or wholesale businesses and assets; and the effects of disruption from the transaction making it more difficult to maintain relationships with employees, customers, other business partners or government entities. Additional factors that could cause Constellation's results to differ materially from those described in the forward-looking statements can be found in the periodic reports filed with the Securities and Exchange Commission and in the proxy statement Constellation intends to file with the Securities and Exchange Commission and mail to its shareholders with respect to the proposed transaction, which are or will be available at the Securities and Exchange Commission's Web site (http://www.sec.gov) at no charge. Constellation assumes no responsibility to update any forward-looking statements as a result of new information or future developments except as expressly required by law.

Additional Information and Where to Find It . This communication is being made in respect of the proposed merger transaction involving Constellation and MidAmerican. In connection with the proposed transaction, Constellation will file with the Securities and Exchange Commission a proxy statement and will mail the proxy statement to its shareholders. Shareholders are encouraged to read the proxy statement regarding the proposed transaction in its entirety when it becomes available because it will contain important information about the transaction. Shareholders will be able to obtain a free copy of the proxy statement, as well as other filings made by Constellation regarding Constellation, MidAmerican and the proposed transaction, without charge, at the Securities and Exchange Commission's Internet site (http://www.sec.gov). These materials can also be obtained, when available, without charge, by directing a request to Constellation, Shareholder Services, 100 Constellation Way, Baltimore, Maryland 21202.

Participants in the Solicitation . Constellation, MidAmerican and their respective executive officers, directors and other persons may be deemed to be participants in the solicitation of proxies from Constellation's shareholders with respect to the proposed transaction. Information regarding the officers and directors of Constellation is included in its Annual Report on Form 10-K for the year ended December 31, 2007 and Constellation's notice of annual meeting and proxy statement for its most recent annual meeting, which were filed with the Securities and Exchange Commission on February 27, 2008 and April 29, 2008, respectively. Other information regarding the participants in the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the Securities and Exchange Commission in connection with the proposed transaction.

No Offer or Solicitation . This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, 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. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Item 9.01 Exhibits

(d)

Exhibit 99.1 Investor Presentation Slides, dated September 22, 2008.

Exhibit 99.2 Media Advisory Release of Constellation, dated September 22, 2008.

SIGNATURES

According to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on September 22, 2008.

CONSTELLATION ENERGY GROUP, INC.

By: /s/ Charles A. Berardesco
Charles A. Berardesco
Its: Vice President, Deputy General Counsel, Chief Compliance Officer and Corporate Secretary

Exhibit 99.1

Constellation Energy

Constellation Energy and MidAmerican Energy Holdings Company Investor Conference Call

September 22, 2008

The way energy works.

Constellation Energy

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; 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; 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 ability to attract and retain customers in our competitive supply activities and to adequately forecast their energy usage; 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 liquidity and competitiveness of wholesale markets for energy commodities; uncertainties associated with estimating natural gas reserves, developing properties and extracting gas; 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 inability of BGE to recover all its costs associated with providing customers service; the effect of weather and general economic and business conditions on energy supply, demand, and prices; 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 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; 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; our ability to successfully identify and complete acquisitions and sales of businesses and assets; 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.

Constellation Energy

Non-solicitation

This communication is being made in respect of the proposed merger transaction involving Constellation Energy and MidAmerican Energy Holdings Company. In connection with the proposed transaction, Constellation Energy will file with the Securities and Exchange Commission a proxy statement and will mail the proxy statement to its shareholders. Shareholders are encouraged to read the proxy statement regarding the proposed transaction when it becomes available because it will contain important information. Shareholders will be able to obtain a free copy of the proxy statement, as well as other filings made by Constellation Energy regarding Constellation Energy, MidAmerican Energy Holdings Company and the proposed transaction, without charge, at the Securities and Exchange Commission's Internet site (http://www.sec.gov). These materials can also be obtained, when available, without charge, by directing a request to Constellation Energy per the investor relations contact information below.

Constellation Energy, MidAmerican Energy Holdings Company and their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Constellation Energy's directors and executive officers is available in Constellation Energy's notice of annual meeting and proxy statement for its most recent annual meeting and Constellation Energy's Annual Report on Form 10-K for the year ended December 31, 2007 which were filed with the Securities and Exchange Commission on February 27, 2008 and April 29, 2008, respectively. Other information regarding the participants in the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the Securities and Exchange Commission.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, 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. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Constellation Energy

Mayo A. Shattuck III

Chairman, President and Chief Executive Officer
Constellation Energy

The way energy works

Constellation Energy

Overview

- Constellation Energy Group to be acquired by MidAmerican Energy Holdings for $26.50 per share
- Constellation Energy will become a wholly owned subsidiary of MidAmerican
- Constellation issued to MidAmerican $1 billion of convertible preferred equity yielding 8 percent
- Transaction expected to close within one year
- 8-K filing with SEC contains full terms of agreement

Pending approval, Constellation Energy to become a subsidiary of MidAmerican

Constellation Energy

New Ownership Brings Stability

Berkshire Hathaway Inc

MidAmerican Energy Holdings Company

- Agreement made with the best interests of all relevant stakeholders
- MidAmerican and Berkshire Hathaway committed to Constellation Energy business plan and strategic direction
- Berkshire has a track record of granting autonomous operation to its subsidiaries
- Combination of industry leaders brings experience, knowledge, stability, and reputation

Constellation Energy

Strategic Transformation

- August Analyst Meeting outlined action plan to address liquidity
  - Entered into firm, underwritten commitment for an additional $2 billion credit facility with RBS and UBS
  - Near-term actions in commodities business (upstream gas, international coal / freight business, etc.)
  - Continue to evaluate strategic alternatives for commodities business
  - Pursue opportunities to grow physical asset base
- Recent turmoil in the capital markets and the potential impact on the company forced a more aggressive strategic decision

Constellation Energy

Review

- Agreement made with all stakeholders' best interests in mind
- Support from MidAmerican and Berkshire Hathaway brings stability and experience to Constellation Energy
- Constellation Energy to continue to operate autonomously, working to execute on long-term strategic plan

MidAmerican offers the best course for all Constellation Energy stakeholders

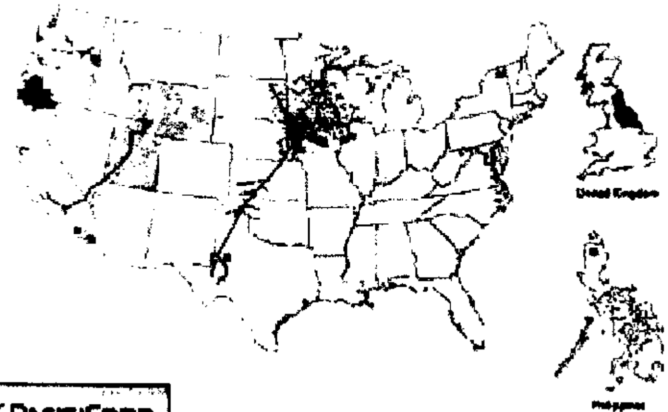
Constellation Energy

Gregory E. Abel

President and Chief Executive Officer
MidAmerican Energy Holdings Company

The way energy works.

MidAmerican Energy Group



- 7 million electric and natural gas customers worldwide
- 17,400 miles of interstate natural gas pipeline with approximately 6.9 bcf capacity
- 21,177 megawatts of owned and contracted generation
- 24.5 percent of generation is renewable or non-carbon
- $12.4 billion of revenues*
- $39 billion of assets*
- 88% owned by Berkshire Hathaway

* As of 12/31/07

Constellation Energy

Mayo A. Shattuck III

Chairman, President and Chief Executive Officer
Constellation Energy

The way energy works.

Constellation Energy

News Release

Media Line: 410 470-7433
www.constellation.com

Constellation Energy Nuclear Group
Constellation Energy Commodities Group
Constellation Energy Control & Dispatch Group
Constellation Energy Projects & Services Group
Constellation NewEnergy
Baltimore Gas and Electric Company
BGE Home

Media Contacts:
Robert L. Gould/Debra Larsson
410-470-7433

Investor Contacts:
Kevin Hadlock, 410-470-3647
Janet Mosher, 410 470-1884

Constellation Energy To Host Conference Call

BALTIMORE – Sept. 22, 2008 – Constellation Energy (NYSE: CEG) will host a conference call at 11:00 a.m. (EDT) today (Monday, Sept. 22, 2008) to discuss the proposed merger with MidAmerican Energy Holdings Company announced on Sept. 19, 2008.

To participate, analysts, investors, media and the public in the U.S. may dial (888) 455-2894 shortly before 11:00 a.m. The international phone number is (773) 681-5899. The conference password is ENERGY. A replay will be available for 90 days approximately one hour after the end of the call by dialing (800) 778-9714 or (402) 220-2072 (international). No password is required to listen to the replay.

A live audio webcast of the conference call, presentation slides and the earnings press release will be available on the Investor Relations page of Constellation Energy's Web site (http://www.constellation.com). A webcast replay, as well as a replay in downloadable MP3 format, will also be available on the Constellation Energy's Web site shortly after the completion of the call. The call will also be recorded and archived on the site.

About Constellation Energy

Constellation Energy (http://www.constellation.com), a FORTUNE 125 company with 2007 revenues of $21 billion, is the nation's largest competitive supplier of electricity to large commercial and industrial customers and the nation's largest wholesale power seller. Constellation Energy also manages fuels and energy services on behalf of energy intensive industries and utilities. It owns a diversified fleet of 83 generating units located throughout the United States, totaling approximately 9,000 megawatts of generating capacity. The company delivers electricity and natural gas through the Baltimore Gas and Electric Company (BGE), its regulated utility in Central Maryland.

Forward-Looking Statements and Additional Information

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements relating to the proposed transaction between Constellation Energy and MidAmerican Energy Holdings Company and the expected timing and completion of the transaction. Words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "will," "should," "may," and other similar expressions are intended to identify forward looking statements. Such statements are based upon the current beliefs and expectations of our management and involve a number of significant risks and uncertainties, many of which are difficult to predict and generally beyond the control of Constellation Energy and MidAmerican. Actual results may differ materially from the results anticipated in these forward-looking statements. The following factors, among others, could cause or contribute to such material differences: the ability to obtain the approval of the transaction by Constellation Energy's shareholders; the ability to obtain governmental approvals of the transaction or to satisfy other conditions to the transaction on the terms and expected timeframe or at all; transaction costs; economic conditions; and the effects of disruption from the transaction making it more difficult to maintain relationships with employees, customers, other business partners or government entities. Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found in the 2007 Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission and in the proxy statement Constellation Energy intends to file with the Securities and Exchange Commission and mail to its shareholders with respect to the proposed transaction, each of which are or will be available at the Securities and Exchange Commission's Web site (http://www.sec.gov) at no charge.

This communication is being made in respect of the proposed merger transaction involving Constellation Energy and MidAmerican Energy Holdings Company. In connection with the proposed transaction, Constellation Energy will file with the Securities and Exchange Commission a proxy statement and will mail the proxy statement to its shareholders. Shareholders are encouraged to read the proxy statement regarding the proposed transaction when it becomes available because it will contain important information. Shareholders will be able to obtain a free copy of the proxy statement, as well as other filings made by Constellation Energy regarding Constellation Energy, MidAmerican Energy Holdings Company and the proposed transaction, without charge, at the Securities and Exchange Commission's Internet site (http://www.sec.gov). These materials can also be obtained, when available, without charge, by directing a request to Constellation Energy per the investor relations contact information below.

Constellation Energy, MidAmerican Energy Holdings Company and their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Constellation Energy's directors and executive officers is available in Constellation Energy's notice of annual meeting and proxy statement for its most recent annual meeting and Constellation Energy's Annual Report on Form 10-K for the year ended December 31, 2007, which were filed with the Securities and Exchange Commission on February 27, 2008 and April 29, 2008, respectively. Other information regarding the participants in the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the Securities and Exchange Commission.

###

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit C-3
Financial Statements

This Exhibit contains confidential and proprietary information. It has not been filed with this application, but has been submitted under seal pursuant to Commission Rules. A motion for a protective order was filed pursuant to Rule 4901-1-24 of the Ohio Administrative Code seeking confidential treatment of this Exhibit and is pending.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF
CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE
PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit C-4
Financial Arrangements

This Exhibit contains confidential and proprietary information. It has not been filed with this application, but has been submitted under seal pursuant to Commission Rules. A motion for a protective order was filed pursuant to Rule 4901-1-24 of the Ohio Administrative Code seeking confidential treatment of this Exhibit and is pending.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit C-5
Forecasted Financial Statements

This Exhibit contains confidential and proprietary information. It has not been filed with this application, but has been submitted under seal pursuant to Commission Rules. A motion for a protective order was filed pursuant to Rule 4901-1-24 of the Ohio Administrative Code seeking confidential treatment of this Exhibit and is pending.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit C-6 Credit Rating

Constellation NewEnergy, Inc.'s parent company, Constellation Energy Group, has the following credit ratings:

Standard and Poor's	BBB
Moody's	Baa1

Please see the attached statement signed by a principal officer of our parent company.

Constellation Energy

October 8, 2008

Public Utilities Commission of Ohio
Docketing Department
180 East Broad Street, 13th Floor
Columbus, Ohio 43215-3793

Dear Sir or Madam:

Reference is made to the requirement under Exhibit C-6 Credit Rating for the PUCO Renewal Certification Application for Retail Generation Providers and Power Marketers. Pursuant to Exhibit C-6, I am submitting this verification of ownership and financial wherewithal.

Constellation NewEnergy, Inc. ("NewEnergy") is a wholly owned indirect subsidiary of Constellation Energy Group, Inc. ("CEG"), a Maryland corporation in good standing. CEG is listed on the New York Stock Exchange (ticker symbol: CEG). CEG's senior unsecured debt rating is Baa1 (Moody's) and BBB+ (S&P).

NewEnergy currently has credit facilities (parental guarantees) in place with each of the utilities on which it conducts business. CEG will continue to maintain its Parental Guarantees or provide other acceptable credit facility as necessary to support NewEnergy's business in Ohio.

Please call me at (312) 704-8499 if you have any questions regarding this matter.

Sincerely,

David I. Fein

David I. Fein
Vice President, Energy Policy – Midwest/MISO
Constellation NewEnergy, Inc.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit C-7
Credit Report

Please see the attached Dun and Bradstreet Credit Reports for Constellation NewEnergy, Inc.

Decide with Confidence

Business Information Report

To save report(s) to your PC, click here for instructions. Print this Report

ATTN: **Glr**

Report Printed: SEP 24 2008
In Date

BUSINESS SUMMARY

CONSTELLATION NEWENERGY, INC
(SUBSIDIARY OF CEG ACQUISITION, LLC, BALTIMORE, MD)
NEW ENERGY
111 Market Place Ste 1200
Baltimore, MD 21202

Now included with this Report

D&B's Credit Limit Recommendation
D&B's industry and risk-based limit guidance
Learn More · **View Now**

Payment Trends Profile
Payment trends and industry benchmarks
Learn More · **View Now**

This is a **headquarters (subsidiary)** location.
Branch(es) or division(s) exist.

Web site:	www.newenergy.com
Telephone:	410 470-3030
Chief executive:	CLEM PALEVICH, PRES-CEO
Year started:	1997
Management control:	2002
Employs:	280 (70 here)
History:	CLEAR
SIC:	4911 8748
Line of business:	Electric services, business consulting services

D-U-N-S Number:	87-972-3468
D&B Rating:	--
D&B PAYDEX®:	

12-Month D&B PAYDEX: 63
When weighted by dollar amount, payments to suppliers average 20 days beyond terms.

Based on trade collected over last 12 months.

NEW! Enhanced payment trends and industry benchmarks are available on this business

SUMMARY ANALYSIS

D&B Rating:--

The blank rating symbol should not be interpreted as indicating that credit should be denied. It simply means that the information available to D&B does not permit us to classify the company within our rating key and that further enquiry should be made before reaching a decision. Some reasons for using a "-" symbol include: deficit net worth, bankruptcy proceedings, insufficient payment information, or incomplete history information. In this case, no Rating was assigned because the parent company is rated "--". It is D&B's policy not to rate a subsidiary higher than its parent. Therefore, this company is also rated "--". For more information, see the D&B Rating Key.

Below is an overview of the company's rating history since 02/22/07:

D&B Rating	Date Applied
--	02/22/07

The Summary Analysis section reflects information in D&B's file as of September 22, 2008.

NEW! **Have CONSTELLATION NEWENERGY, INC's payment habits changed over time?**

A Payment Trends Profile will show you - View Now

CUSTOMER SERVICE

If you have questions about this report, please call our Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. If you are outside the U.S. contact your local D&B office.

*** Additional Decision Support Available ***

Additional D&B products, monitoring services and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. or visit our website at www.dnb.com.

HISTORY

The following information was reported **03/26/2008**:

Officer(s): CLEM PALEVICH, PRES-CEO
MARK P HUSTON, COO

DIRECTOR(S): THE OFFICER(S)

Incorporated in the State of DE on 12/11/2001.

Business started 1997 by present officers. Present control succeeded 2002. 100% of capital stock is owned by parent company.

CLEM PALEVICH. Antecedents are undetermined.

MARK P HUSTON. Huston served most recently as vice president, electric transmission and distribution, for Constellation Energy's regulated utility, Baltimore Gas and Electric. Huston actively participates in community affairs boards including the Maryland Science Center, Baltimore's First Tee, the Baltimore Municipal Golf Corporation, the University of Maryland Dean of Engineering Board of Visitors, GBC Leadership and has been a long-term supporter of Special Olympics Maryland. He earned a bachelor's degree in Mechanical Engineering from the University of Maryland at College Park in 1985 and a master's degree in General Administration in 1995 from University of Maryland University College.

Business address has changed from 1000 Wilshire Blvd #500, Los Angeles, CA, 90017 to 350 S Grand Ave Ste 2950, Los Angeles, CA, 90071.

Business address has changed from 350 S Grand Ave Ste 2950, Los Angeles, CA, 90071 to 350 South Grand Ave # 2950, Los Angeles, CA, 90071.

Business address has changed from 350 S Grand Ave, Ste-2950, Los Angeles, CA, 90071 to 750 E Pratt St, Baltimore, MD, 21202.

CORPORATE FAMILY

Click below to buy a Business Information Report on that family member.
For an expanded, more current corporate family view, use D&B's Global Family Linkage product.

Buy Selected Report(s)

Domestic Ultimate:

Constellation Energy Group Inc	Baltimore, MD	DUNS # 06-250-0678

Parent:

Ceg Acquisition, Llc	Baltimore, MD	DUNS # 62-382-7669

Branches (US):

Constellation Newenergy, Inc	Aliso Viejo, CA	DUNS # 61-695-7077
Constellation Newenergy, Inc	Bakersfield, CA	DUNS # 08-914-6331
Constellation Newenergy, Inc	Fresno, CA	DUNS # 87-774-9168
Constellation Newenergy, Inc	Huntington Beach, CA	DUNS # 79-787-7540
Constellation Newenergy, Inc	Lincoln, CA	DUNS # 60-224-0392
Constellation Newenergy, Inc	Los Angeles, CA	DUNS # 16-856-9221
Constellation Newenergy, Inc	Oakland, CA	DUNS # 00-246-6162
Constellation Newenergy, Inc	Walnut Creek, CA	DUNS # 03-361-6942
Constellation Newenergy, Inc	Carol Stream, IL	DUNS # 78-510-4725
Constellation Newenergy, Inc	Chicago, IL	DUNS # 01-474-6668
Constellation Newenergy, Inc	North Aurora, IL	DUNS # 79-787-7631
Constellation Newenergy, Inc	Annapolis, MD	DUNS # 93-244-6248
Constellation Newenergy, Inc	Boston, MA	DUNS # 80-686-1261
Constellation Newenergy, Inc	Boston, MA	DUNS # 02-079-2065
Constellation Newenergy, Inc	Dearborn Heights, MI	DUNS # 12-694-9762
Constellation Newenergy, Inc	Fort Gratiot, MI	DUNS # 79-787-7979
Constellation Newenergy, Inc	Franklin, MI	DUNS # 60-781-6076
Constellation Newenergy, Inc	Southfield, MI	DUNS # 14-893-1988
Constellation Newenergy, Inc	Cazenovia, NY	DUNS # 12-215-6511
Constellation Newenergy, Inc	Lycoming, NY	DUNS # 16-251-4020
Constellation Newenergy, Inc	New York, NY	DUNS # 17-949-5650
Constellation Newenergy, Inc	Ontario, NY	DUNS # 01-597-0820
Constellation Newenergy, Inc	Columbus, OH	DUNS # 01-476-8100
Constellation Newenergy, Inc	Tulsa, OK	DUNS # 14-735-0040
Constellation Newenergy, Inc	Lehigh Valley, PA	DUNS # 61-732-7551

This list is limited to the first 25 branches.
For the complete list, use D&B's Global Family Linkage product.

Affiliates (US):*(Affiliated companies share the same parent company as this business.)*

Fellon-Mccord Associates, Inc	Louisville, KY	DUNS # 79-602-2796
Kaztex Energy Management Inc	Waukesha, WI	DUNS # 17-755-6206

Affiliates (International):*(Affiliated companies share the same parent company as this business.)*

CONSTELLATION ENERGY COMMODITIES GROUP LTD	London, UK (ENGLAND, SCOTLAND, WALES, N.IRELAND)	DUNS # 73-854-1536

Buy Selected Report(s)

BUSINESS REGISTRATION

CORPORATE AND BUSINESS REGISTRATIONS PROVIDED BY MANAGEMENT OR OTHER SOURCE

The Corporate Details provided below may have been submitted by the management of the subject business and may not have been verified with the government agency which records such data.

Registered Name:	NewEnergy, Inc
Business type:	CORPORATION
Corporation type:	PROFIT
Date incorporated:	AUG 27 1998
State of incorporation:	DELAWARE
Filing date:	AUG 27 1998
Status:	ACTIVE
Where filed:	SECRETARY OF STATE/CORPORATIONS DIVISION, DOVER, DE

OPERATIONS

03/26/2008

Description: Subsidiary of Ceg Acquisition, Llc, Baltimore, MD. Parent company owns 100% of capital stock.

As noted, this company is a subsidiary of Ceg Acquisition LLC, DUNS number 623827669 and reference is made to that report for background information on the parent and it's management.

Provides electric services (50%). Provides business consulting services, specializing in energy conservation (50%).

Has 10000 account(s). Terms are net 15 days. Sells to commercial and industrial concerns. Territory : United States & Canada.

Nonseasonal.

Employees: 280 which includes officer(s). 70 employed here.

Facilities: Leases 17,000 sq. ft. on 12th floor of a multi story brick building.

Location: Central business section on main street.

Branches: This business has multiple branches, detailed branch/division information is available in Dun & Bradstreet's linkage or family tree products.

Subsidiaries: This business has 2 subsidiaries listed below.

(1) Newenergy East LLC, Boston, MA. Registered in Arizona. Organized for the purpose of acting as a buyer's agent in procuring electric energy, performing energy services, engaging in power marketing and trading and other energy-related activities. (100%).

(3) Newenergy Southwest LLC, Phoenix, AZ. Registered in Arizona. Organized for the purpose of acting as a buyer's agent in procuring electric energy, performing energy services, engaging in power marketing and trading and other energy related activities. As of Dec 1998, this company is not yet active.

SIC & NAICS

SIC:
Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

49110000	Electric services
87489904	Energy conservation consultant

NAICS:

221119	Other Electric Power Generation
541690	Other Scientific and Technical Consulting Services

D&B PAYDEX

NEW! Enhanced payment trends and industry benchmarks are available on this business

The D&B PAYDEX is a unique, dollar weighted indicator of payment performance based on up to 176 payment experiences as reported to D&B by trade references.

3-Month D&B PAYDEX: 62
When weighted by dollar amount, payments to suppliers average 21 days beyond terms.

Based on trade collected over last 3 months.

12-Month D&B PAYDEX: 63
When weighted by dollar amount, payments to suppliers average 20 days beyond terms.

Based on trade collected over last 12 months.

When dollar amounts are not considered, then approximately 83% of the company's payments are within terms.

PAYMENT SUMMARY

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Rcv'd (#)	Total Dollar Amts ($)	Largest High Credit ($)	Within Terms (%)	Days Slow <31 (%)	31-60	61-90	90>
Top industries:								
Nonclassified	15	1,173,850	600,000	24	65	11	-	-
Telephone communictns	7	26,100	10,000	100	-	-	-	-
Mfg misc office eqpt	5	21,250	15,000	50	15	35	-	-
Mfg process controls	3	207,750	200,000	52	48	-	-	-
Whol chemicals	2	30,250	30,000	100	-	-	-	-
Mfg plate work	1	200,000	200,000	100	-	-	-	-
Help supply service	1	80,000	80,000	50	50	-	-	-
Mfg power transformer	1	75,000	75,000	100	-	-	-	-
Whol men's clothing	1	60,000	60,000	-	100	-	-	-

Paper mill	1	25,000	25,000	50	50	-	-	-
OTHER INDUSTRIES	131	234,300	20,000	72	13	9	6	-
Other payment categories:								
Cash experiences	6	10,200	10,000					
Payment record unknown	0	0	0					
Unfavorable comments	1	50	50					
Placed for collections:								
With D&B	0	0						
Other	1	N/A						
Total in D&B's file	176	2,143,750	600,000					

The highest **Now Owes** on file is $200,000

The highest **Past Due** on file is $55,000

Dun & Bradstreet has 176 payment experiences in its file for this company. For your convenience, we have displayed 80 representative experiences in the PAYMENTS section.

NEW! **Have CONSTELLATION NEWENERGY, INC's payment habits changed over time?**

A Payment Trends Profile will show you - View Now

PAYMENT DETAILS

Detailed Payment History

Date Reported (mm/yy)	Paying Record	High Credit ($)	Now Owes ($)	Past Due ($)	Selling Terms	Last Sale Within (months)
09/08	Ppt-Slow 60	200,000	0	0		1 mo
08/08	Ppt		500	0		
	Ppt	75,000	0	0	N30	2-3 mos
	Ppt	30,000	20,000	0	N30	1 mo
	Ppt	15,000	5,000	0		1 mo
	Ppt	15,000	50	0	N30	1 mo
	Ppt	7,500	7,500	0		
	Ppt	7,500	7,500	0		
	Ppt	7,500	0	0		6-12 mos
	Ppt	7,500	0	0	N30	1 mo
	Ppt	5,000	100	100	N30	1 mo
	Ppt	2,500	1,000	0		1 mo
	Ppt	2,500	50	0		1 mo
	Ppt	2,500	500	0	1 10 N30	1 mo
	Ppt	2,500	250	0	N30	1 mo
	Ppt	2,500	2,500	0	N30	1 mo
	Ppt	1,000	1,000	0		1 mo
	Ppt	1,000	500	0	Lease Agreemnt	1 mo
	Ppt	1,000	0	0	Lease Agreemnt	2-3 mos
	Ppt	750	750	0		1 mo
	Ppt	500	500	0		1 mo
	Ppt	500	500	0	N30	1 mo
	Ppt	500	500	0		

	Ppt	500	500	0	Lease Agreemnt	1 mo
	Ppt	250	250	0	Lease Agreemnt	1 mo
	Ppt	250	250	0		1 mo
	Ppt	250	0	0		4-5 mos
	Ppt	250	0	0		2-3 mos
	Ppt	250	0	0		2-3 mos
	Ppt	250	0	0	N30	1 mo
	Ppt	250	0	0		6-12 mos
	Ppt	100	0	0		4-5 mos
	Ppt	100	50	0		1 mo
	Ppt	100	0	0		1 mo
	Ppt	100	0	0		6-12 mos
	Ppt	50	50	0	N30	1 mo
	Ppt	50	50	0		
	Ppt	50	0	0		6-12 mos
	Ppt	50	0	0	N30	6-12 mos
	Ppt	50	50	0	N30	1 mo
	Ppt	0	0	0	N30	4-5 mos
	Ppt	0	0	0	N30	6-12 mos
	Ppt	0	0	0	N30	6-12 mos
	Ppt-Slow 15	50	0	0		6-12 mos
	Ppt-Slow 30	5,000	0	0	N30	6-12 mos
	Ppt-Slow 30	2,500	1,000	0		1 mo
	Ppt-Slow 30	1,000	250	0		1 mo
	Ppt-Slow 30	1,000	0	0		6-12 mos
	Ppt-Slow 30	250	100	0		1 mo
	Ppt-Slow 30	250	100	0		1 mo
	Ppt-Slow 30	100	50	0		1 mo
	Ppt-Slow 60	15,000	0	0		2-3 mos
	Ppt-Slow 60	250	100	0		1 mo
	Ppt-Slow 60	250	100	0		1 mo
	Slow 30	60,000	60,000	55,000		1 mo
	Slow 60	25,000	0	0		2-3 mos
	Slow 15-60	750	0	0		1 mo
	(058)	50	0	0		6-12 mos
	Satisfactory.					
	(059)	50	50	50		6-12 mos
	Bad debt.					
	(060)	0	0	0	Cash account	4-5 mos
07/08	Ppt	2,500	2,500	0		1 mo
	Ppt	2,500	0	0	N30	6-12 mos
	Ppt	1,000	500	0		1 mo
	Ppt	1,000	0	0		1 mo
	Ppt	500	0	0		2-3 mos
	Ppt	250	50	50		1 mo
	Ppt	250	0	0	N30	4-5 mos
	Ppt	100	0	0		6-12 mos
	Ppt	100	0	0		6-12 mos
	Ppt	50	0	0		1 mo
	Ppt	50	0	0		2-3 mos

	Ppt	50	50	0		1 mo
	Disc-Slow 30	25,000	25,000	50		1 mo
	Ppt-Slow 30	80,000	2,500	0		1 mo
	Ppt-Slow 30	250	0	0		2-3 mos
	Slow 30	2,500	0	0	N30	6-12 mos
	Slow 30	2,500	0	0	N30	6-12 mos
	(078)	2,500	2,500	2,500		1 mo
	Placed for collection.					
04/08	Slow 90+	500	0	0		6-12 mos
03/08	Slow 30	15,000	0	0		

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

NEW! How does CONSTELLATION NEWENERGY, INC's payment record compare to its industry?

A Payment Trends Profile will show you - View Now

FINANCE

03/26/2008

On March 26, 2008, attempts to contact the management of this business have been unsuccessful. Outside sources confirmed operation and location.

PUBLIC FILINGS

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

LIENS

A lienholder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lienholder against a debtor may be indicative of such an occurrence.

Amount:	**$838**
Status:	**Void**
FILING NO.:	19547148908261001
Type:	State Tax
Filed by:	STATE OF TEXAS
Against:	CONSTELLATION NEWENERGY INC, HOUSTON, TX
Where filed:	HARRIS COUNTY RECORDERS OFFICE, HOUSTON, TX
Date status attained:	11/17/2006
Date filed:	09/01/2006
Latest Info Received:	12/27/2006

Amount:	**$4,695**
Status:	**Released**
BOOK/PAGE:	1199/3135
Type:	State Tax
Filed by:	STATE OF SOUTH CAROLINA
Against:	CONSTELLATION NEW ENERGY INC
Where filed:	RICHLAND COUNTY REGISTER OF DEEDS, COLUMBIA, SC

Date status attained: 06/28/2006
Date filed: 05/11/2006
Latest Info Received: 09/22/2006

Amount: **$1,419**
Status: **Released**
DOCKET/WARRANT: 001915867
Type: State Tax
Filed by: NYS TAX COMMISSION
Against: CONSTELLATION NEWENERGY INC, NEW YORK, NY
Where filed: NEW YORK COUNTY SUPREME COURT, NEW YORK, NY

Date status attained: 06/16/2005
Date filed: 10/25/2004
Latest Info Received: 04/06/2006

Amount: **$28,196**
Status: **Released**
DOCKET/WARRANT: 001900168
Type: State Tax
Filed by: NYS TAX COMMISSION
Against: CONSTELLATION NEW ENERGY INC, NEW YORK, NY
Where filed: NEW YORK COUNTY SUPREME COURT, NEW YORK, NY

Date status attained: 01/12/2005
Date filed: 09/10/2004
Latest Info Received: 01/21/2005

Amount: **$6,442**
Status: **Released**
DOCKET/WARRANT: X0226855
Type: State Tax
Filed by: NYS TAX COMMISSION
Against: CONSTELLATION NEWENERGY INC, NEW YORK, NY AND OTHERS
Where filed: ALBANY COUNTY SUPREME COURT, ALBANY, NY

Date status attained: 06/11/2004
Date filed: 10/24/2002
Latest Info Received: 06/28/2004

UCC FILINGS

Collateral: All Negotiable instruments including proceeds and products - All Account(s) including proceeds and products - All General intangibles(s) including proceeds and products - All Chattel paper including proceeds and products - All Contract rights including proceeds and products
Type: Amendment
Sec. party: WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION, AS COLLATERAL AGENT FOR FIREMANS FUND INSURANCE COMPANY, AND THE PARTI, MINNEAPOLIS, MA
Debtor: AES NEWENERGY, INC.
Filing number: 10547427
Filed with: SECRETARY OF STATE/UCC DIVISION, DOVER, DE

Date filed: 06/12/2001
Latest Info Received: 07/13/2001
Original filing no.: 0190327 7

Collateral: All Negotiable instruments including proceeds and products - All Account(s) including proceeds and products - All General intangibles(s) including proceeds and products - All Chattel paper including proceeds and products - All Contract rights including proceeds and products
Type: Original
Sec. party: WELLS FARGO BANK MINNESOTA, N.A., AS COLLATERAL AGENT FOR FIREMAN'S

	FUND INSURANCE COMPANY, NOVATO, CA
Debtor:	AES NEWENERGY, INC., A DELAWARE CORPORATION
Filing number:	1019032 7
Filed with:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date filed:	03/01/2001
Latest Info Received:	04/02/2001

Collateral:	All Account(s) including proceeds and products - All Contract rights including proceeds and products
Type:	Original
Sec. party:	WELLS FARGO BANK MINNESOTA, N.A., AS AGENT AS COLLATERAL AGENT, NOVATO, CA
Debtor:	AES NEWENERGY, INC., A DELAWARE CORPORATION
Filing number:	1019034 3
Filed with:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date filed:	03/01/2001
Latest Info Received:	04/02/2001

Collateral:	Equipment
Type:	Original
Sec. party:	KUBOTA CREDIT CORPORATION, U.S.A., SUWANEE, GA
Debtor:	KRAKER, JAMES, CAZENOVIA, NY
Filing number:	0805205553967
Filed with:	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date filed:	05/20/2008
Latest Info Received:	05/28/2008

Collateral:	Leased Equipment including proceeds and products
Type:	Original
Sec. party:	IOS CAPITAL, MACON, GA
Debtor:	CONSTELLATION NEWENERGY INC, COLUMBUS, OH
Filing number:	5276102 2
Filed with:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date filed:	09/07/2005
Latest Info Received:	10/14/2005

Collateral:	Leased Equipment including proceeds and products
Type:	Original
Sec. party:	IOS CAPITAL, MACON, GA
Debtor:	CONSTELLATION NEWENERGY INC, COLUMBUS, OH
Filing number:	5263025 0
Filed with:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date filed:	08/24/2005
Latest Info Received:	10/14/2005

Collateral:	Leased Business machinery/equipment including proceeds and products
Type:	Original
Sec. party:	IOS CAPITAL, MACON, GA
Debtor:	CONSTELLATION NEWENERGY INC, HOUSTON, TX
Filing number:	4149433 7
Filed with:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date filed:	05/12/2004
Latest Info Received:	06/18/2004

Collateral:	Leased Equipment including proceeds and products
Type:	Original
Sec. party:	IOS CAPITAL, MACON, GA
Debtor:	CONSTELLATION NEWENERGY INC, BOSTON, MA
Filing number:	4052459 7
Filed with:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE

Date filed:	02/13/2004
Latest Info Received:	03/27/2006

Collateral:	Leased Business machinery/equipment including proceeds and products
Type:	Original
Sec. party:	IOS CAPITAL, LLC, MACON, GA
Debtor:	CONSTELLATION NEWENERGY INC
Filing number:	3177655 1
Filed with:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date filed:	07/14/2003
Latest Info Received:	08/08/2003

Collateral:	Leased Computer equipment and proceeds - Leased Equipment and proceeds
Type:	Original
Sec. party:	DELL FINANCIAL SERVICES, L.P., AUSTIN, TX
Debtor:	AES NEWENERGY (INC), NEW YORK, NY
Filing number:	01207738
Filed with:	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date filed:	10/26/2001
Latest Info Received:	11/14/2001

Type:	Continuation
Sec. party:	DELL FINANCIAL SERVICES, L.P., AUSTIN, TX
Debtor:	AES NEWENERGY (INC), NEW YORK, NY
Filing number:	0609285949017
Filed with:	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date filed:	09/28/2006
Latest Info Received:	11/07/2006
Original UCC filed date:	10/26/2001
Original filing no.:	01207738

There are additional UCC's in D&B's file on this company available by contacting 1-800-234-3867.

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

GOVERNMENT ACTIVITY

Activity summary

Borrower (Dir/Guar):	NO
Administrative debt:	NO
Contractor:	YES
Grantee:	NO
Party excluded from federal program(s):	NO

Possible candidate for socio-economic program consideration

Labor surplus area:	N/A
Small Business:	N/A
8(A) firm:	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit C-8
Bankruptcy Information

There has been no reorganization, protection from creditors or any other form of bankruptcy filing made by Constellation NewEnergy, Inc., its parent, or any affiliated organization that guarantees the obligations of Constellation NewEnergy, Inc., or any of its officers in the current year or within the two most recent years proceeding this renewal application.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit C-9
Merger Information

On Sept. 19, 2008, MidAmerican Energy Holdings Company and Constellation Energy Group, Inc. (Constellation NewEnergy is a wholly owned subsidiary of Constellation Energy Group, Inc.) announced that the companies have reached a definitive merger agreement in which MidAmerican will purchase all of the outstanding shares of Constellation Energy Group, Inc. for cash consideration of approximately $4.7 billion, or $26.50 per share. As agreed under the terms of the tentative agreement announced on Sept. 18, Constellation Energy Group, Inc. is issuing to MidAmerican $1 billion of preferred equity yielding 8 percent upon signing the definitive agreement. The definitive agreement, which has been approved by both companies' Boards of Directors, is subject to shareholder and customary federal and state regulatory approvals. The transaction is expected to close within nine months. The agreement expires nine months after its execution but may be extended by either company for up to three months.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit D-1
Operations

Constellation NewEnergy, Inc. provides retail electricity commodity service to commercial and industrial end-use customers through Ohio's electric choice programs. Currently, we may purchase electricity from an affiliated company or purchase supply through the open market on short and long term contracts with power providers. Constellation NewEnergy, Inc. provides all components necessary for the delivery of electricity to the end user, including transmission and ancillary services.

Based in Chicago, Illinois, Constellation NewEnergy Inc.'s Great Lakes Region retail office provides sales, pricing, supply origination, billing, and customer support.

Constellation NewEnergy, Inc. has a dedicated supply, trading, and scheduling group located in Baltimore, Maryland to support the local retail offices across the country. This group consists of traders, schedulers, accountants, credit analysts and legal assistance. This group is responsible for forecasting, scheduling, credit, and trading. A 24-hour desk began operation in September 1999, and since then Constellation NewEnergy has been accessible to counterparties 24 hours a day, 365 days a year.

Procurement of supply is handled in tandem between the local retail office and the Baltimore office, combining short and long term purchases, hedges, and hourly trades. Schedulers work closely with traders who in turn work closely with local regional supply originators to efficiently deliver electricity supply in the most cost effective manner to our customers.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit D-2
Operational Expertise

Since the inception of NewEnergy in April 1995, we have become the leading competitive electricity supplier serving customers in all open and active deregulated markets throughout North America. Furthermore, we have been an advocate for and an early participant in the opening of most newly deregulated markets throughout North America. This participation typically starts with our regulatory initiatives 12 to 24 months before a market officially opens.

And, with this regulatory process also comes the staffing of a local NewEnergy office. By regionally placing offices throughout the country, our teams are able to develop and initiate the operational functions specific to the respective local electric distribution companies. In addition to the operational functions, each office is staffed with a dedicated team of specialists for the following functions: utility tariff analysis; pricing; supply origination; legal; governmental affairs; billing; finance/accounting; sales and customer service.

NewEnergy's regional offices are therefore fully operational prior to the first sale of competitive electricity. This approach has allowed customers to realize meaningful savings, accurate billing and reporting and knowledgeable customer service from the start.

Exhibit D-3 describes in more detail the experience of some of our key personnel.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit D-3
Key Technical Personnel

Mario Bohorquez, Director, Markets and Structuring
mario.bohorquez@constellation.com
312.704.9212
Since he began at NewEnergy in July 2000, Mario Bohorquez has overseen NewEnergy's wholesale supply functions in the Illinois market. Mr. Bohorquez is responsible for origination, load forecasting, supply procurement and risk management, transmission reservations, and scheduling. With over nineteen years of professional experience in the electric industry, he has been involved in activities ranging from distribution, transmission, planning, marketing, trading, risk management and generation development. Mario Bohorquez earned his B.S. degree from Florida Atlantic University in Mechanical Engineering and his MBA from Nova-Southeastern University.

Anne Marie Horn, Electricity Scheduler
annemarie.horn@constellation.com
410.468.3548
Anne Marie joined NewEnergy in July 1999, taking responsibility for all day-to-day activities such as transaction execution, confirmations, and profit and loss analysis. Anne Marie currently monitors the electricity markets in the Midwest (MAIN, ECAR and PJM) and executes any necessary transactions. She also oversees the daily scheduling for the Midwest Markets. Anne Marie has extensive experience in the electricity industry. She has over four years of experience in operations and over three years of experience with NERC in ECAR and MAIN. Additionally, she has worked over three months with OASIS and NERC tagging in MAIN and ECAR. Anne Marie holds a B.A. in Accounting from Columbia College and an International MBA with a finance concentration from the University of South Carolina in cooperation with Vienna University of Business and Economics.

John Domagalski, Director of Pricing and Product Development
john.domagalski@constellation.com
312.704.1797
Mr. Domagalski has been with NewEnergy since 2004, responsible for electric supply pricing for the customers served by NewEnergy in the Illinois region. He also oversees the development of new products and services such as metering, curtailable options, energy efficiency and other services. Prior to joining NewEnergy, John worked for over ten years as a consultant (Ernst & Young, PricewaterhouseCoopers and Palmer Bellevue) advising retail energy suppliers around the world on business planning and corporate strategy, finance, and regulatory matters. In particular, he has worked with several incumbents and new entrants on the development of multi-product, multi-channel utility retailing businesses. In 2003, John did a sabbatical from PwC with Ofgem (the UK energy regulator) to consider a wide range of issues relating to the consolidation of the UK retail energy supply market. John has written widely on the topic of competitive trends in the utility industry and spoken at conferences in the US and Europe. He is a graduate of the Kellogg School of Management's International Executive MBA program (in Germany) and received a B.S. from De Paul University *magna cum laude* in Finance.

Mark Harada, Director of Business Development
mark.harada@constellation.com
312.704.8143
In his role of Director of Business Development, Mr. Harada oversees the sales & business development activities of NewEnergy's Illinois office. He has over five years of retail energy experience with large industrial and commercial customers in Illinois. Prior to joining NewEnergy, Mr. Harada has served in various sales and marketing executive roles for Fortune 100 companies IBM, Enron Energy Services, and Electronic Data Systems Corporation, as well as running the Midwest sales, marketing, and customer service operations for GRiD Systems Corporation. Mr. Harada is a graduate of Carleton College in Northfield, Minnesota earning a B.A. in Economics.

Constellation NewEnergy, Inc.

APPLICATION FOR RENEWAL OF CERTIFICATE TO PROVIDE RETAIL ELECTRIC SERVICE PURSUANT TO CHAPTER 4928, OHIO REVISED CODE

Exhibit D-4
FERC Power Marketer License Number

Constellation NewEnergy, Inc.'s FERC Power Marketer License Number is ER901-507-001.