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CONSTELLATION ENERGY GROUP INC

Form 425

April 28, 2011

Filed by Constellation Energy Group, Inc.

(Commission File No. 1-12869)

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934

Subject Company: Constellation Energy Group, Inc.

(Commission File No. 1-12869)

On April 28, 2011, Constellation Energy made the following presentation to its employees relating to the proposed merger with Exelon Corporation.

Exelon and Constellation Energy Announce Merger
April 28, 2011
Creating a Clean, Competitive Future

Cautionary Statements Regarding Forward-Looking Information

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Except for the historical information contained herein, certain of the matters discussed in this communication constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. Words such as may, will, anticipate, estimate, expect, project, intend, plan, believe, target, forecast, and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding benefits of the proposed merger, integration plans and expected synergies, the expected timing of completion of the transaction, anticipated future financial and operating performance and results, including estimates for growth. These statements are based on the current expectations of management of Exelon Corporation (Exelon) and Constellation Energy Group, Inc. (Constellation), as applicable. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication. For example, (1) the

companies may be unable to obtain shareholder approvals required for the merger; (2) the companies may be unable to obtain regulatory approvals required for the merger, or required regulatory approvals may delay the merger or result in the imposition of conditions that could have a material adverse effect on the combined company or cause the companies to abandon the merger; (3) conditions to the closing of the merger may not be satisfied; (4) an unsolicited offer of another company to acquire assets or capital stock of Exelon or Constellation could interfere with the merger; (5) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (6) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (7) the merger may involve unexpected costs, unexpected liabilities or unexpected delays, or the effects of purchase accounting may be different from the companies' expectations; (8) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (9) the businesses of the companies may suffer as a result of uncertainty surrounding the merger;

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Cautionary Statements Regarding Forward-Looking Information (Continued)

(10) the companies may not realize the values expected to be obtained for properties expected or required to be divested; (11) the industry may be subject to future regulatory or legislative actions that could adversely affect the companies; and (12) the companies may be adversely affected by other economic, business, and/or competitive factors. Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of the combined company. Discussions of some of these other important factors and assumptions are contained in Exelon's and Constellation's respective filings with the Securities and Exchange Commission (SEC), and available at the SEC's website at www.sec.gov, including: (1) Exelon's 2010 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 18; (2) Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and

Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 12; and (3) Constellation's 2010 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 12. These risks, as well as other risks associated with the proposed merger, will be more fully discussed in the joint proxy statement/prospectus that will be included in the Registration Statement on Form S-4 that Exelon will file with the SEC in connection with the proposed merger. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this communication may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication. Neither Exelon nor Constellation undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this communication.

Additional Information and Where to Find It

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This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Exelon intends to file with the SEC a registration statement on Form S-4 that will include a joint proxy statement/prospectus and other relevant documents to be mailed by Exelon and Constellation to their respective security holders in connection with the proposed merger of Exelon and Constellation. **WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION** about Exelon, Constellation and the proposed merger. Investors and security holders will be able to obtain these materials (when they are available) and other documents filed with the SEC free of charge at the SEC's website, www.sec.gov. In addition, a copy of the joint proxy statement/prospectus (when it becomes available) may be obtained free of charge from Exelon Corporation, Investor Relations, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398, or from Constellation

Energy Group, Inc., Investor Relations, 100 Constellation Way, Suite 600C, Baltimore, MD 21202. Investors and security holders may also read and copy any reports, statements and other information filed by Exelon, or Constellation, with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room.

Participants in the Merger Solicitation

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

Creating Value Through a Strategic Merger

Delivers financial benefits to both sets of shareholders

Increases scale and scope of the business across the value chain

Matches the industry's premier clean merchant generating fleet with the leading retail and wholesale customer platform

Diversifies the generation portfolio

Continued upside to power market recovery

Maintains a strong regulated earnings profile with large urban utilities
Combining Exelon's generation fleet and Constellation's customer-facing
businesses creates a strong platform for growth and delivers benefits to
investors and customers

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Combining Constellation's leading competitive
businesses and Exelon's clean generation

Captures value across a range
of market conditions

Directly links consumers of
electricity and generation
assets

Spreads credit risk across
more parties

Adds asset optimization
opportunities

Generation

Load

Optimizes cost structure by
reducing

3

rd

party

transactions

Reduces working capital

requirements and liquidity

needs

Creates a platform for future growth and optimization of earnings and

cash flows

5

Scale, Scope and Flexibility Across the Value Chain

Upstream

Downstream

6

Reserves (gas)

266 bcf

Owned

Generating Capacity

34 GWs

(1)

Electric

Transmission

7,350 miles

Electric & Gas Dist.

6.6 million customers

Retail &

Wholesale Volumes

(2)

(Electric & Gas)

~165 TWh, 405 bcf

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

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

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

5.8
0.5
9.1
Exelon
Constellation
23.2
27.8
MISO (TWh)
PJM (TWh)
South
(1)
(TWh)
ISO-NE & NY ISO
(2)

(TWh)

West (TWh)

Load

Generation

31.8

42.8

147.3

58.7

Exelon

Constellation

4.8

27.1

9.1

Exelon

Constellation

Exelon

Constellation

2.4

0.4

0.4

Exelon

Constellation

Load

Generation

Generation

Load

Load

Generation

Load

Generation

6.3

9.1

101.5

179.1

27.8

23.2

27.1

13.9

2.4

0.8

Portfolio Matches Generation with Load in

Key Competitive Markets

The combination establishes an industry-leading platform with regional diversification of the generation fleet

(1)

Represents load and generation in ERCOT, SERC and SPP.

(2)

Constellation load includes ~0.7TWh of load served in Ontario

Note: Data for Exelon and Constellation represents expected generation and load for 2011 as of 12/31/10.

Exelon load includes ComEd Swap, load sold through affiliates, fixed and indexed load sales and load sold through POLR auc

Constellation load includes load sold through affiliates, fixed and indexed load sales and load sold through POLR auctions.

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

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

(2)

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

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

Exelon Standalone

Total Generation: 25,619 MW

Constellation Standalone

(2)

Total Generation: 11,430 MW

Pro forma Company (Net of Mitigation)

(1)

Total Generation: 34,401 MW

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Combined company remains the premier low-cost generator

Coal

6%

Oil

8%

Gas

11%

Hydro

6%

Wind/Solar/Other

3%

Nuclear

67%

Coal

24%

Nuclear

17%

Gas

52%

Wind/Solar/Other

2%

Hydro

3%

Oil

3%

Nuclear

55%

Coal

6%

Oil

7%

Gas

24%

Hydro

6%

Wind/Solar/

Other

2%

Expertise in Operating Regulated Utilities in
Large Metropolitan Areas

3.8 million electric customers

Service Territory: 11,300 square miles

Peak Load

(1)
: 23,613 MW

2011 Rate Base

(2)

: \$9.3 billion

1.6 million electric customers

0.5 million gas customers

Service Territory: 2,100 square miles

Peak Load

(1)

: 8,932 MW

2011 Rate Base

(2)

: \$5.0 billion

1.2 million electric customers

0.7 million gas customers

Service Territory: 2,300 square miles

Peak Load

(1)

: 7,198 MW

2011 Rate Base

(2)

: \$3.9 billion

(1)

Peak load represents all-time peak load.

(2)

Estimated rate base as of end of year.

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What Does This Mean to You

The combined company will create the nation's leading competitive energy supplier and America's largest clean energy fleet

Growth will enable greater employee development opportunities

Pride in maintaining strong presence in Baltimore with new headquarters for commercial and renewable energy businesses located in newly built or renovated LEED Building

Continued commitment to the communities in which we live and serve

(1)

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

Our Commitment to You

We are committed to open, complete, frequent communication.

We will communicate with you when information is available.

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