

**CONSTELLATION ENERGY GROUP, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**Role of the Board of Directors**

The Board of Directors of Constellation Energy Group, Inc. (the “Company”) has adopted the following corporate governance guidelines to provide a framework for the governance of the Board and its committees.

The Board of Directors of the Company is elected by the shareholders with the responsibility to oversee and direct management activities with a view to enhance the long-term value of the Company to its shareholders and other constituents. The Board’s responsibilities require it to regularly monitor the effectiveness of management policies and decisions, including execution of its strategies, and hold senior management accountable for the pursuit of the corporate objectives.

Specifically, the Board of Directors of the Company performs the following principal functions:

- selects, evaluates and sets compensation for the Chief Executive Officer;
- approves compensation for persons reporting directly to the Chief Executive Officer;
- oversees senior management succession;
- reviews and approves management’s strategic and business plans;
- ensures that policies, procedures, and processes are in place to promote ethical behavior and compliance with laws and regulations, auditing and accounting principles, and the Company’s own governing documents;
- ensures that policies, procedures, and processes are in place to promote the integrity of the Company’s financial statements;
- establishes director compensation;
- assesses its own effectiveness in fulfilling its responsibilities; and
- performs such other functions as are prescribed by law, or assigned to the Board in the Company’s governing documents.

**Board of Directors**

**1. Size and Election of the Board**

The Board shall determine its size from time to time, but shall be of a size that facilitates substantive discussions in which all Board members can participate fully. All directors will stand for election at each annual meeting of stockholders for a one-year term. Any director elected by the Board of Directors to fill a vacancy on the Board shall serve until the next annual meeting of the stockholders.

The Company’s bylaws provide that, in the case of uncontested elections, each director is elected by a majority of the votes cast with respect to the director. If an incumbent

**January 21, 2011**

director is not elected by the requisite majority vote at an annual or special meeting held for the purpose of electing directors (where the election is uncontested), he or she shall promptly offer to resign from the Board. The Nominating and Corporate Governance Committee will evaluate any such offer to resign in light of the best interests of the Company. The committee will make a recommendation to the Board to accept or reject such an offer to resign and may make a recommendation to take other action. The Board will consider the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision whether to take any action, and the rationale behind its decision, within 90 days from the date of final calculation of the election results. A director who has offered to resign will not participate in the deliberations of the Nominating and Corporate Governance Committee or in the Board's consideration of the committee's recommendation with respect to that director.

If a majority of the members of the Nominating and Corporate Governance Committee have offered to resign, then the independent directors (determined according to Section 2 hereof) who have not offered to resign will form a committee from among themselves for the purpose of considering the offers to resign, making recommendations to the Board to accept or reject those offers and, if appropriate, making recommendations to take other actions. If there are no such independent directors, then all of the independent directors, excluding the director whose offer to resign is being considered, shall constitute a committee to consider each offer to resign, make a recommendation to the Board to accept or reject that offer and, if appropriate, make a recommendation to take other actions.

## **2. Independence of Directors**

A majority of the directors shall be "independent" in accordance with the New York Stock Exchange listing standards applicable to the Company and all applicable laws, rules and regulations. The Board shall affirmatively determine that such directors have no material relationship with the Company. When assessing the materiality of a director's relationship with the Company, the Board shall consider the issue from both the standpoint of the director and from that of persons or organizations with whom or with which the director has an affiliation. In assisting the Board in determining if a director is independent, the following guidelines shall apply:

- A. No director shall be considered independent if:
  - 1) the director is, or has been at any time after the Measurement Date, an employee of the Company, or an immediate family member<sup>1</sup> is, or has been at any time after the Measurement Date, an executive officer of the Company; provided that employment of a director as an interim chairman of the Board or chief executive

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<sup>1</sup> An immediate family member means a director's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law and brothers and sisters-in-law, and anyone (other than domestic employees) who shares such director's home.

officer or other executive officer<sup>2</sup> of the Company shall not disqualify such director from being considered independent following termination of that employment;

- 2) the director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor;
- 3) the director is a current employee of a firm that is the Company's internal or external auditor;
- 4) the director has an immediate family member who is a current employee of a firm that is the Company's internal or external auditor and personally works on the Company's audit;
- 5) the director or an immediate family member was at any time after the Measurement Date (but is no longer) a partner or employee of a firm that is the Company's internal or external auditor and personally worked on the Company's audit within that time;
- 6) the director or an immediate family member, is, or has been at any time after the Measurement Date, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee;
- 7) the director is a current executive officer or employee, or an immediate family member is a current executive officer, of another company that has made payments to, or received payments from (other than contributions to tax exempt organizations), the Company for property or services in an amount which, in any of the other company's last three fiscal years, exceeds the greater of \$1.0 million or 2% of such other company's consolidated gross revenues; or
- 8) the director has received, or has an immediate family member who has received, during any twelve-month period after the Measurement Date, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided

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<sup>2</sup> An executive officer means a company's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice president of the company in charge of a principal business unit, division or function (such as sales, administration or finance), any other executive officer who performs a policy-making function, or any other person who performs similar policy-making functions for the company. Executive officers of a company's parent or subsidiaries shall be deemed executive officers of the company if they perform such policy-making functions for the company. In addition, when the company is a limited partnership, executive officers or employees of the general partner who perform policy-making functions for the limited partnership are deemed executive officers of the limited partnership. When the company is a trust, executive officers or employees of the trustee who perform policy-making functions for the trust are deemed executive officers of the trust.

that such compensation is not contingent in any way on continued service); provided, however, that (i) compensation received by a director for former service as an interim chairman or chief executive officer or other executive officer need not be considered and (ii) compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) need not be considered.

For purposes of these guidelines, the “Measurement Date” shall be that date which is three years prior to the date on which the determination of director independence is made.

#### B. Additional considerations for Audit and Compensation Committee Members

All members of the Audit and Compensation Committees must be affirmatively determined by the Board to be independent with reference to the above considerations.

In addition, a director will not serve on the Audit Committee or the Compensation Committee if, within any of the prior two years, the director received any consulting or advisory fees or other compensation from the Company, including fees paid directly or indirectly, regardless of the amount.

Indirect acceptance of compensation includes payments to:

- 1) a spouse, minor children or stepchildren or children or stepchildren sharing a home with the member, or
- 2) an entity (x) in which such member is a partner, member, or executive officer, (or occupies a similar position) and (y) which provides accounting, consulting, legal, investment banking or financial advisory services to the Company.

### 3. Board Membership Criteria

The Board shall seek diverse candidates who possess the background, skills and expertise to make a significant contribution to the Board, the Company and its shareholders. Individuals selected shall demonstrate the following qualities:

#### *Experience:*

- Leadership experience in business or administrative activities;
- Breadth of knowledge about issues affecting the Company and the industries/markets in which it operates;
- Ability and willingness to contribute special competencies to Board activities.

*Personal attributes:*

- Unquestioned personal integrity;
- Loyalty to the Company and concern for its success and welfare;
- Willingness to criticize and to apply sound business ethics and independent judgment;
- Awareness of the director's role in the Company's corporate citizenship responsibilities and image;
- Availability for meetings and consultation on Company matters;
- Broad contacts with relevant business and political leaders; and
- Willingness to assume broad stewardship responsibility on behalf of all constituents for the management of the Company.

Each Board member will be expected to devote sufficient time to carrying out Board duties and responsibilities effectively and should be committed to serve on the Board for an extended period of time. Each Board member will be expected to attend all scheduled Board and committee meetings and to review materials in advance of the meeting. Each Board member is encouraged to attend the annual meeting of shareholders.

Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, sexual orientation, ancestry, national origin or disability. Annually, the Nominating and Corporate Governance Committee shall review the qualifications and backgrounds of the directors, as well as the overall composition of the Board, and shall recommend to the full Board the slate of directors to be recommended for nomination for election at the next annual meeting of shareholders.

Recommendations with respect to candidates for election to the Board may also be submitted to the Nominating and Corporate Governance Committee by the Company's shareholders. The Nominating and Corporate Governance Committee shall consider the recommendations and the process and criteria for considering such candidates shall be the same as those currently used by the Company or otherwise suggested by the Board of Directors or management for director candidates recommended by the Board. Shareholders wishing to make such a recommendation should contact, in writing:

Charles A. Berardesco, Secretary  
Constellation Energy Group, Inc.  
750 East Pratt Street  
Baltimore, MD 21202

The Nominating and Corporate Governance Committee shall also make recommendations to the Board concerning the composition of the Board, including its size and qualifications for membership.

#### **4. Director Compensation**

The Compensation Committee shall have the responsibility for recommending to the Board compensation and benefits for directors. The Committee shall be guided by the following goals:

- a) the compensation should fairly compensate directors for the work required for an entity of the size and complexity of the Company; and
- b) the compensation should align directors' interests with the long-term interests of shareholders by providing directors a mix of cash and equity compensation. The Board's current compensation is set forth in the most recent proxy statement and shall be reviewed periodically.

#### **5. Share Ownership**

Directors and executive officers should be shareholders and have a financial stake in the Company. In this regard, directors are required to, within five years of the later of (a) October 23, 2004, or (ii) their initial appointment as a director of the Company, own Company common stock or deferred stock units with a value equal to at least five times the amount of their annual cash retainer for service as a director. Each executive officer is required to acquire holdings of Company common stock with a value equal to the following multiples of base salary:

Chief Executive Officer:	7 times base salary
Executive Vice Presidents:	5 times base salary
Senior Vice Presidents:	3 times base salary

#### **6. Ethics and Affiliations of Directors**

Each director is expected to act ethically at all times and to comply fully with the Company's Principles of Business Integrity. It is the responsibility of each director to advise the Chairman of the Board of any affiliation with public or privately held businesses or enterprises that may create a potential conflict of interest, potential embarrassment to the Company, or possible inconsistency with Company policies or values. The Chairman and Chief Executive Officer shall obtain the consent of the Board to serve on the board of directors of another company. Directors shall limit the number of other boards on which they serve to no more than four (4) public company boards.

**7. Selection of Chairman of the Board and Chief Executive Officer**

The Board shall select its Chairman and the Chief Executive Officer. These positions may be filled either by the same person or by different individuals.

**8. Directors Who Change Their Present Job Responsibility**

Any director who experiences a significant change in responsibilities or assignment in connection with the current occupation of such director shall offer to tender his or her resignation to the Chairman of the Nominating and Corporate Governance Committee, who will recommend to the Board the action to be taken with respect to the offer.

**9. Term Limits**

There are no term limits in regard to the length of a director's service.

**10. Resignation of Person Serving as Chairman or CEO**

If the Chairman of the Board or Chief Executive Officer tenders a resignation to the Board from that position, he or she shall also be deemed to have submitted for the Board's consideration a resignation as a director.

**11. New Director Orientation and Continuing Education**

Each new director shall receive an orientation designed to educate the new director about the industry, the Company and the Board. The Company provides, and strongly encourages and supports, continuing education for directors. Additional opportunities for continuing education shall be periodically brought to the Board's attention.

**12. Retirement Age**

Unless otherwise recommended by the Corporate Governance and Nominating Committee, a director shall tender such director's resignation prior to the end of the year in which he or she reaches the age of 72.

**Board Meetings**

**13. Number of Board Meetings**

The Board shall meet at regularly scheduled meetings approximately six (6) times a year and conduct telephone meetings as necessary to supplement the regularly scheduled meetings.

#### **14. Board Agenda**

The Chairman, in consultation with Board members and management, establishes the agenda for each Board meeting. Any Director may request that an item be included on the agenda.

#### **15. Conduct of Meetings**

Management presentations are scheduled with a view to ensuring that a substantial amount of time will be available for discussion and comments. Ample time shall be scheduled to assure full discussion of important matters.

To the extent feasible, Board members shall receive the agenda and supporting documentation in advance of Board meetings in order to provide Board members with an opportunity to prepare for the meetings. Any written materials not available in advance shall be provided to each member of the Board at the meeting.

#### **16. Executive Sessions of Non-Management Directors; Lead Director**

Non-management directors shall meet in executive session at least twice a year and otherwise as they determine to be necessary or appropriate. To the extent any non-management director would not be considered independent pursuant to these guidelines, the independent directors of the Board shall meet in executive session at least once per year.

There shall be a Lead Director who shall be appointed by the Board from among the independent directors. The Lead Director shall: (1) preside at all Board meetings where the Chairman of the Board is not present; (2) serve as a liaison between the Chairman of the Board and the independent directors; (3) approve information sent to the Board; (4) approve meeting agendas for the Board; (5) approve meeting schedules to assure sufficient time to discuss all items; (6) have the authority to call meetings of independent directors; (7) ensure his or her availability for direct consultation upon request of a major shareholder; (8) chair the executive session of non-management directors; and (9) serve as a contact for shareholder complaints, other than those involving auditing/accounting matters.

Shareholders or other interested persons who wish to communicate with the Lead Director or non-management directors may do so by calling 1-877-248-1476, or by writing the Company's Secretary at 750 East Pratt Street, Baltimore, Maryland 21202. The Secretary shall promptly forward shareholder communications which he or she determines to be significant to the addressee and any other Directors as the Secretary deems appropriate. All shareholder communications that the Secretary deems not to be significant shall be reported to the Board on a periodic basis, but not less frequently than quarterly. Any communication specifically directed to the Lead Director shall be promptly forwarded by the Secretary to the Lead Director. The Secretary has been directed by the Board to exercise judgment in directing appropriate matters to appropriate departments and personnel for follow-up to ensure that inquiries are responded to in a timely manner. The Secretary shall keep a record

of all shareholder communications, including information about how it was responded to and by whom.

Requests by shareholders to meet with Directors shall be assessed on a case-by-case basis by the Chairman of the Board and the Lead Director and, based on the topic under discussion, the appropriate committee chairman, in consultation with the General Counsel.

#### **17. Regular Attendance of Non-Directors at Board Meetings**

In general, the Chief Financial Officer, Presidents of the Company's principal business areas, and the General Counsel are expected to attend each Board meeting. The Chairman may designate other individuals to attend Board meetings, as appropriate. It is expected that these individuals will make presentations, respond to questions by the directors, or provide counsel on specific matters within their respective areas of expertise.

#### **18. Board Access to Management and Independent Advisors**

Board members shall have complete and unfettered access to the Company's management. The Board expects that there will be frequent opportunities for directors to meet with members of management in Board and committee meetings and in other formal or informal meetings.

The Board and its committees shall have the ability, at any time, to retain independent outside financial, legal or other advisors.

### **Board Committees**

#### **19. Number of Committees**

The Board has established the following committees to assist it in discharging its duties: Executive Committee, Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Committee on Nuclear Power. The Board shall appoint such other additional standing or temporary committees from time to time as it deems advisable. The purpose and responsibilities of each of these committees are outlined in committee charters adopted by the Board.

Each of the Nominating and Corporate Governance Committee, the Audit Committee, and the Compensation Committee shall be composed of at least three directors who have no material relationship with the Company and who are otherwise "independent" under the rules of the New York Stock Exchange, Inc. and applicable law, rules and regulations. The required qualifications for the members of each committee shall be set forth in the respective

committee charters. A director may serve on more than one committee for which he or she qualifies.

## **20. Committee Assignments and Rotation**

The Nominating and Corporate Governance Committee, after considering (to the extent practicable) the views of individual Board members, shall recommend committee assignments to the full Board for approval. In order to ensure that directors are exposed to all facets of the Company's business and board functions, committee members shall be rotated periodically (although such rotation is not mandated, as the Company may benefit from an individual director's committee membership for an extended period of time).

## **21. Committee Agendas**

With the advice of the Chairman of the Board and other senior management, each committee chairman shall establish the agenda for relevant committee meeting. Any committee member or the Chairman of the Board may add other items to the agenda for committee meetings.

## **22. Frequency of Committee Meetings**

Each committee shall meet periodically as deemed necessary by the committee chairman. Each committee shall provide a report to the Board at the next board meeting following the committee meeting.

## **23. Committee Materials In Advance of Committee Meetings**

To the extent feasible, materials shall be provided in advance of committee meetings in the same manner as set forth for board meetings.

## **Evaluations and Succession Planning**

### **24. Assessing the Board and Committee Performance**

Each of the Board and its committees shall continuously assess its performance. In addition, each of the Board and its committees shall perform annual written self-assessments. The Nominating and Corporate Governance Committee shall receive comments from all directors and report annually to the Board with an assessment of the Board's performance as well as that of each committee. The results shall be discussed with the full Board and the respective committees following the end of each fiscal year. The assessment shall focus on the contribution of the Board and its committees to the Company and specifically focus on areas that need improvement. Directors are encouraged to comment on Board or committee performance at any time.

## **25. Evaluation of the Chief Executive Officer**

The Compensation Committee shall evaluate the performance of the Chief Executive Officer annually, and review the results with the Board of Directors. The Chairman of the Compensation Committee shall then communicate the view of the Board to the Chief Executive Officer. The Compensation Committee's evaluation of the Chief Executive Officer shall be based upon a combination of objective and subjective criteria which are disclosed each year in the Company's annual proxy statement.

## **26. Succession Planning for the Chief Executive Officer**

The Compensation Committee shall report periodically to the Board on succession planning for the Chief Executive Officer, including succession policies in the event of an emergency. The Compensation Committee shall also establish the selection criteria for the Chief Executive Officer which shall include:

- demonstrated executive leadership ability;
- in-depth knowledge of the Company's business and issues affecting the Company;
- unquestioned personal integrity and ethics; and
- awareness of responsibilities to all of the Company's constituents.

## **27. Succession Planning for Senior Management**

The Chairman of the Board shall confer periodically with the Compensation Committee on succession plans for senior management, and the Compensation Committee shall report periodically to the Board on such succession planning.

## **28. Amendments to Guidelines**

These guidelines may be amended by the Board of Directors of the Company from time to time. In addition, the Nominating and Corporate Governance Committee may amend these guidelines in order to comply with, or reflect amendments to, the New York Stock Exchange listing standards or any applicable provisions of federal or state securities laws or rules and regulations promulgated thereunder, provided that the Nominating and Corporate Governance Committee shall report any such amendment to the Board of Directors of the Company at the next Board meeting following adoption of any such amendment.