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**State of Maryland, Constellation Energy Reach Settlement Agreement;
\$170 One-Time Refund for All BGE Ratepayers Totaling \$187 Million;
Eliminates \$1.5 Billion in Future Liability for Ratepayers;
\$346 Million in Credits Secured;
Calvert Cliffs Nuclear Facility a Top Priority;
State of Maryland, Constellation Look to Future**

ANNAPOLIS, MD (March 27, 2008) – Governor Martin O’Malley, joined by Senate President Mike Miller, House Speaker Michael Busch and PSC Chairman Steven Larsen, announced today that the State of Maryland has reached a global settlement with Constellation Energy Group for Maryland ratepayers and families.

“The proposed settlement between the State of Maryland and Constellation Energy provides short and long-term rate relief for our families and helps secure Maryland’s energy future,” said Governor Martin O’Malley. “Under this proposed agreement, we have secured much needed rate relief for our families, modernized Maryland’s laws governing our utilities, strengthened PSC oversight, and demonstrated our commitment to protecting ratepayers and addressing Maryland’s energy needs today and into the future.”

Under the terms of the agreement, Baltimore Gas & Electric residential ratepayers will receive a one-time “rate rebate” of approximately \$170 by the end of the year. This refund amounts to \$187 million in rate relief for Maryland’s families and represents a more than 10% reduction in this year’s total bill for more than 50% of all BGE customers – over 580,000 ratepayers.

The proposed agreement, which must be approved by the Maryland General Assembly, ends Maryland ratepayers’ obligations for decommissioning nuclear power facilities at Calvert Cliffs, saving Maryland ratepayers \$1.5 billion in future costs. Ratepayers were projected to begin payments of \$33 million annually from 2016 through 2036. As a result of this settlement, Constellation Energy Group will be liable for these costs.

In addition, 90% of credits due to Maryland ratepayers – totaling \$346 million – will continue to be paid by BGE. The initial lawsuits over the \$386 million in credits established by Senate Bill 1 will be dropped by both parties.

“This agreement helps us move beyond the 1999 settlement and is a great result for the ratepayers of our State,” said Public Service Commission Chairman Steven B. Larsen. “Equally important is that it

allows the PSC to focus on the future energy challenges Maryland faces. I want to thank Governor O'Malley and the General Assembly for their leadership on this issue – without their support this agreement would not have been possible.”

“Governor Martin O'Malley made a promise and he delivered. This is a big win for Maryland consumers,” stated Senate President Thomas V. Mike Miller, Jr.

“This settlement represents a positive step forward for Marylanders,” said Speaker Michael E. Busch. “I commend Governor O'Malley and Commissioner Larsen for working to stabilize Maryland's energy market, save ratepayers from the burden of over \$1 billion dollars in future decommissioning costs and keep Constellation viable in the State of Maryland.”

The settlement contains additional provisions to help Maryland secure its energy future and reaffirms the priority status of an additional nuclear facility at Calvert Cliffs. Under the agreement, the State of Maryland will modernize current laws to provide Constellation with financial flexibility to attract financial capital needed to expand. The revised law would allow up to 20% of Constellation stock to be acquired without advance approval of the PSC, and removes the “class restrictions” that currently limit what types of companies can buy Constellation stock.

The agreement strengthens Public Service Commission oversight of Maryland utilities by codifying federal authority for the PSC to examine the books and records of any Maryland utility and its affiliates, like Constellation and BGE. In addition, the agreement strengthens BGE’s corporate governance structure by requiring the company to elect two “independent” directors to the BGE Board of Directors.

“I am pleased that the State’s highly-skilled and committed lawyers were able to work around-the-clock to help broker this important resolution that will benefit the ratepayers of Maryland. As a result of their hard work, we avoid what could have been a lengthy legal battle and bring much-needed relief to Maryland consumers sooner rather than later,” stated Maryland Attorney General Doug Gansler.

Finally, the State of Maryland and Constellation have agreed to phase-in future BGE electric distribution rate changes. Under the terms of this agreement, distribution rate increases will be limited to 5% and will not take effect until October 2009. BGE distribution rates have not changed since 1993.

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