

CONSTELLATION ENERGY GROUP INC

Form 424B5

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Subject to Completion
Preliminary Prospectus Supplement dated June 19, 2008

PROSPECTUS SUPPLEMENT
(To prospectus dated July 24, 2006)

\$
Constellation Energy Group, Inc.

Series A Junior Subordinated Debentures

The Series A Junior Subordinated Debentures will bear interest at _____ % per year. Constellation Energy will pay interest on the Junior Subordinated Debentures on March 15, June 15, September 15 and December 15 of each year, beginning September 15, 2008, unless payment is deferred as described below. The Junior Subordinated Debentures will be issued in registered form and in denominations of \$25 and integral multiples thereof.

Constellation Energy must repay the principal amount of the Junior Subordinated Debentures, together with any accrued and unpaid interest, on the maturity date. The maturity date for the Junior Subordinated Debentures is initially June 15, 2063, but will be automatically extended, without the consent of the holders of Junior Subordinated Debentures, for an additional quarterly period on each of March 15, June 15, September 15 and December 15 beginning June 15, 2013 and through and including March 15, 2018, unless (i) earlier redeemed or (ii) prior to any such date, Constellation Energy elects to discontinue the automatic extension of the maturity date as described in this prospectus supplement. If the maturity date is automatically extended on all of these dates, the Junior Subordinated Debentures will mature on June 15, 2068.

Constellation Energy may defer interest payments on the Junior Subordinated Debentures on one or more occasions for up to 10 consecutive years as described in this prospectus supplement. Deferred interest payments will accrue additional interest at a rate equal to the interest rate on the Junior Subordinated Debentures, compounded on each interest payment date, to the extent permitted by applicable law.

Constellation Energy may redeem the Junior Subordinated Debentures at its option at the times and the prices described in this prospectus supplement.

Constellation Energy intends to apply to list the Junior Subordinated Debentures on the New York Stock Exchange. If approved for listing, trading on the New York Stock Exchange is expected to commence within 30 days after the Junior Subordinated Debentures are first issued.

See "Risk Factors" beginning on page S-10 to read about certain factors you should consider before making an investment in the Junior Subordinated Debentures.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Junior Subordinated Debentures or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Junior Subordinated Debenture	Total (3)
Price to Public (1)	\$25.00	\$
Underwriting Discount (2)	\$	\$
Proceeds to Constellation Energy (before expenses)	\$	\$

(1) Plus accrued interest, if any, from the date the Junior Subordinated Debentures are originally issued, if settlement occurs after that date.

(2) Underwriting commissions of \$ _____ per Junior Subordinated Debenture (or up to \$ _____ for all Junior Subordinated Debentures) will be deducted from the proceeds paid to Constellation Energy by the underwriters. However, the commission will be \$ _____ per Junior Subordinated Debenture for sales to institutions and, to the extent of such sales, the total underwriting discount will be less than the amount set forth above. As a result of sales to institutions, the total proceeds to Constellation Energy increased by \$ _____.

(3) Assumes no exercise of overallotment option.

Constellation Energy has granted the underwriters an overallotment option to purchase up to an additional \$ _____ aggregate principal amount of Junior Subordinated Debentures for 30 days following the date of this prospectus supplement. Should the underwriters exercise this option in full, the total initial public offering price, underwriting discount and proceeds, before expenses, of Constellation Energy will be, assuming no sales to institutions of Junior Subordinated Debentures upon exercise of the option, \$ _____, \$ _____ and \$ _____, respectively.

The Junior Subordinated Debentures are expected to be delivered in book-entry only form through The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about June _____, 2008.

Joint Book-Running Managers

Citi Merrill Lynch & Co. Morgan Stanley UBS Investment Bank Wachovia Securities
 Sole Structuring
 Coordinator

Co-Manager

Banc of America Securities LLC

The date of this prospectus supplement is June _____, 2008.

The information in this preliminary prospectus supplement is not complete and may be changed. Neither this preliminary prospectus supplement nor the accompanying prospectus is an offer to sell these securities and neither is

soliciting any offer to buy these securities in any jurisdiction where the solicitation, offer or sale is not permitted.

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This document is made up of two parts. The first part is the prospectus supplement, which describes Constellation Energy's business and the specific terms of the securities offered. The second part, the accompanying prospectus, which is part of a registration statement filed with the Securities and Exchange Commission, gives more general information, some of which may not apply to this offering. If the description of the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information incorporated by reference or provided in this prospectus supplement and in the accompanying prospectus and in any written communication from Constellation Energy or the underwriters specifying the final terms of the offering. Neither Constellation Energy nor the underwriters has authorized anyone else to provide you with additional or different information. Neither Constellation Energy nor the underwriters is making an offer of these Junior Subordinated Debentures in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Constellation Energy's business, financial condition, results of operations and prospects may have changed since those dates.

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PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary in conjunction with the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. This prospectus supplement and the accompanying prospectus contain forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995). Forward-looking statements should be read with the cautionary statements in the accompanying prospectus under the heading “Forward-Looking Statements” and the important factors discussed in this prospectus supplement and in the incorporated documents. To the extent the following information is inconsistent with the information in the accompanying prospectus, you should rely on the following information. You should pay special attention to the “Risk Factors” section beginning on page S-10 of this prospectus supplement to determine whether an investment in these Junior Subordinated Debentures is appropriate for you.

CONSTELLATION ENERGY

Constellation Energy is an energy company which includes a merchant energy business and Baltimore Gas and Electric Company (“BGE”), a regulated electric and gas public utility in central Maryland. Constellation Energy was incorporated in Maryland on September 25, 1995. On April 30, 1999, Constellation Energy became the holding company for BGE and its subsidiaries. In this prospectus supplement, “Constellation Energy” refers to Constellation Energy Group, Inc.

Constellation Energy’s merchant energy business is a competitive provider of energy solutions for a variety of customers. It has electric generation assets located in various regions of the United States and provides energy solutions to meet customers’ needs. Constellation Energy’s merchant energy business focuses on serving the full energy and capacity requirements (load-serving) of, and providing other energy products and risk management services for, various customers.

Constellation Energy’s merchant energy business includes:

- a power generation and development operation that owns, operates, and maintains fossil and renewable generating facilities, and holds interests in qualifying facilities, fuel processing facilities and power projects in the United States,
 - a nuclear generation operation that owns, operates and maintains nuclear generating facilities,
- a customer supply operation that primarily provides energy products and services relating to load-serving obligations to wholesale and retail customers, including distribution utilities, cooperatives, aggregators, and commercial, industrial and governmental customers, and
- a global commodities operation that manages contractually controlled physical assets, including generation facilities, natural gas properties and international coal and freight assets, provides risk management services and trades energy and energy-related commodities.

Constellation Energy’s other nonregulated businesses:

- design, construct and operate renewable energy, heating, cooling and cogeneration facilities and provide various energy-related services, including energy consulting, for commercial, industrial and governmental customers throughout North America,
-

provide home improvements, service heating, air conditioning, plumbing, electrical and indoor air quality systems, and provide natural gas to residential customers in central Maryland, and

- develop and deploy new nuclear plants in North America.

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The information above concerning Constellation Energy is only a summary and does not purport to be comprehensive. For additional information about Constellation Energy, you should refer to the information described in “Where You Can Find More Information” in the accompanying prospectus.

Constellation Energy’s principal executive offices are located at 750 E. Pratt Street, Baltimore, Maryland 21202.

SUMMARY

The following summary contains basic information about this offering. For a more complete understanding of this offering, Constellation Energy encourages you to read this entire prospectus supplement, including “Specific Terms of the Junior Subordinated Debentures,” and the accompanying prospectus, including “Description of the Debt Securities.”

Issuer	Constellation Energy Group, Inc.
Securities Offered	Constellation Energy is offering \$ _____ aggregate principal amount of its Series A Junior Subordinated Debentures (\$ _____ principal amount if the underwriters exercise their overallotment option in full), which will be referred to as the “Junior Subordinated Debentures” in this prospectus supplement.
Denominations	The Junior Subordinated Debentures will be issued in denominations of \$25 and integral multiples thereof.
Maturity Date	Any unpaid principal amount of the Junior Subordinated Debentures, together with accrued and unpaid interest, will be due and payable on the maturity date, or upon acceleration following an event of default. The maturity date for the Junior Subordinated Debentures is initially June 15, 2063, but will be automatically extended, without the consent of the holders of Junior Subordinated Debentures, for an additional quarterly period on each of March 15, June 15, September 15 and December 15 beginning June 15, 2013 and through and including March 15, 2018 (each, an “extension date”), unless (i) earlier redeemed or (ii) prior to any such extension date, Constellation Energy elects to discontinue the automatic extension of the maturity date as described in this prospectus supplement. As a result, if the maturity date is automatically extended on all extension dates, the Junior Subordinated Debentures will mature on June 15, 2068. See “Specific Terms of the Junior Subordinated Debentures—Interest and Maturity—Maturity” in this prospectus supplement.
Interest	The Junior Subordinated Debentures will bear interest at an annual rate equal to _____ % per year. Subject to Constellation Energy’s right to defer interest payments as described below, interest is payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning September 15, 2008. For a more complete description of interest payable on the Junior Subordinated Debentures, see “Specific Terms of the Junior Subordinated Debentures—Interest and Maturity—Interest” in this prospectus supplement.
Record Dates for Payment of Interest	So long as all of the Junior Subordinated Debentures remain in book-entry only form, the record date for each interest payment date will be the close of business on the business day (as defined below under “Specific Terms of the Junior Subordinated Debentures—Interest and Maturity—Interest”) immediately preceding the applicable interest payment date. If any of the

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Junior Subordinated Debentures do not remain in book-entry only form, the record date for each interest payment date will be the close of business on the fifteenth calendar day immediately preceding the applicable interest payment date.

Optional Deferral of Interest

So long as no event of default has occurred and is continuing with respect to the Junior Subordinated Debentures, Constellation Energy may defer interest payments on the Junior Subordinated Debentures, from time to time, for one or more periods (each, an “Optional Deferral Period”) of up to 10 consecutive years per Optional Deferral Period. In other words, Constellation Energy may declare at its discretion up to a 10-year interest payment moratorium on the Junior Subordinated Debentures, and may choose to do that on more than one occasion. Constellation Energy may not defer payments beyond the maturity date of the Junior Subordinated Debentures. During an Optional Deferral Period, interest will continue to accrue on the Junior Subordinated Debentures, compounded quarterly, and deferred interest payments will accrue additional interest at a rate equal to the interest rate on the Junior Subordinated Debentures, to the extent permitted by applicable law. Once all accrued and unpaid interest on the Junior Subordinated Debentures has been paid, Constellation Energy can begin a new Optional Deferral Period. However, Constellation Energy has no current intention of deferring interest payments on the Junior Subordinated Debentures.

Even though you will not receive any interest payments on your Junior Subordinated Debentures during an Optional Deferral Period, you will be required to accrue interest income and include original issue discount in your gross income for United States federal income tax purposes on an economic accrual basis, even if you are a cash basis taxpayer. You should consult with your own tax advisor regarding the tax consequences of an investment in the Junior Subordinated Debentures. See “Material United States Federal Income Tax Consequences—U.S. Holders—Interest” in this prospectus supplement.

For a more complete description of Constellation Energy’s ability to defer the payment of interest, see “Specific Terms of the Junior Subordinated Debentures—Option to Defer Interest Payments” in this prospectus supplement.

Certain Restrictions during an Optional Deferral Period

During any period in which Constellation Energy defers interest payments on the Junior Subordinated Debentures, Constellation Energy will not, and will cause its majority-owned subsidiaries not to, do any of the following (with limited exceptions):

- declare or pay any dividend or distribution on Constellation Energy’s capital stock;
- redeem, purchase, acquire or make a liquidation payment with respect to any of Constellation Energy’s capital stock;
- pay any principal, interest or premium on, or repay, repurchase or redeem any of Constellation Energy’s debt securities that are equal or junior in right of payment with the Junior Subordinated Debentures; or
- make any payments with respect to any Constellation Energy guarantee of debt securities if such guarantee is equal or junior in right of payment to the Junior Subordinated Debentures.

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See “Specific Terms of the Junior Subordinated Debentures—Option to Defer Interest Payments” in this prospectus supplement.

If Constellation Energy defers interest for a period of 10 consecutive years from the commencement of an Optional Deferral Period, Constellation Energy will be required to pay all accrued and unpaid interest at the conclusion of the 10-year period. If Constellation Energy fails to pay in full all accrued and unpaid interest at the conclusion of the 10-year period and such failure continues for 30 days, an event of default that gives rise to acceleration of principal and interest on the Junior Subordinated Debentures will occur under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued. See “Specific Terms of the Junior Subordinated Debentures—Limitation on Remedies” in this prospectus supplement and “Description of the Debt Securities—Events of Default” in the accompanying prospectus.

Optional Redemption

Constellation Energy may redeem the Junior Subordinated Debentures at its option:

- in whole or in part on one or more occasions before June 15, 2013 at a redemption price as set forth below under “Specific Terms of the Junior Subordinated Debentures—Redemption” in this prospectus supplement;
- in whole or in part on one or more occasions on or after June 15, 2013 at 100% of their principal amount plus accrued and unpaid interest;
- in whole, but not in part, before June 15, 2013 at 100% of their principal amount plus accrued and unpaid interest in the event of a Tax Event (as defined below under “Specific Terms of the Junior Subordinated Debentures—Right to Redeem Upon a Tax Event” in this prospectus supplement); or
- in whole or in part on one or more occasions before June 15, 2013 at a redemption price as set forth below under “Specific Terms of the Junior Subordinated Debentures—Right to Redeem Upon a Rating Agency Event” in this prospectus supplement in the event of a Rating Agency Event (as defined below under “Specific Terms of the Junior Subordinated Debentures—Right to Redeem Upon a Rating Agency Event” in this prospectus supplement).

Replacement Capital Covenant

Around the time of the initial issuance of the Junior Subordinated Debentures, Constellation Energy will enter into a Replacement Capital Covenant, as described below under “Certain Terms of the Replacement Capital Covenant,” in which Constellation Energy will covenant for the benefit of holders of a designated series of Constellation Energy’s unsecured long-term indebtedness, other than the Junior Subordinated Debentures, that it:

- will not redeem or purchase, or satisfy, discharge or defease (collectively, “defease”) the Junior Subordinated Debentures, and
- will cause its majority-owned subsidiaries not to purchase the Junior Subordinated Debentures,

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in each case on or before June 15, 2033 (which date will be automatically extended for additional quarterly periods to no later than June 15, 2038 if and to the extent that the maturity date of the Junior Subordinated Debentures is extended as provided in “Specific Terms of the Junior Subordinated Debentures—Interest and Maturity—Maturity”), unless, subject to certain limitations, a specified amount shall have been raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Debentures at the time of redemption, purchase or defeasance. See “Certain Terms of the Replacement Capital Covenant” in this prospectus supplement.

The Replacement Capital Covenant is not intended for the benefit of holders of the Junior Subordinated Debentures and may not be enforced by them, and the Replacement Capital Covenant is not a term of the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued or the Junior Subordinated Debentures.

Ranking

Constellation Energy’s payment obligation under the Junior Subordinated Debentures will be unsecured and will rank junior and be subordinated in right of payment and upon liquidation to all of Constellation Energy’s Senior Indebtedness. Senior Indebtedness of Constellation Energy is defined below under “Specific Terms of the Junior Subordinated Debentures—Subordination; Ranking of the Junior Subordinated Debentures.” However, the Junior Subordinated Debentures will rank equally in right of payment with any Pari Passu Securities, as defined below under “Specific Terms of the Junior Subordinated Debentures—Subordination; Ranking of the Junior Subordinated Debentures.”

Constellation Energy is a holding company that derives substantially all of its income from its operating subsidiaries. Constellation Energy’s subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts on the Junior Subordinated Debentures or to make any funds available for such payment. Therefore, the Junior Subordinated Debentures will be effectively subordinated to all indebtedness and other liabilities, including trade payables and debt, as well as to preferred stock incurred or issued by Constellation Energy’s subsidiaries. In addition to trade liabilities, some of Constellation Energy’s operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness and right to payments under preferred stock will be effectively senior to the Junior Subordinated Debentures. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit on the amount of Senior Indebtedness that Constellation Energy may issue, guarantee or otherwise incur or the amount of liabilities, including debt, or preferred stock, that Constellation Energy’s subsidiaries may issue, guarantee or otherwise incur. Constellation Energy expects from time to time to incur additional indebtedness and other liabilities that will be senior to the Junior Subordinated Debentures. At April 30, 2008, Constellation Energy’s Senior Indebtedness, on an unconsolidated basis, totaled approximately \$2.662 billion.

Listing

Constellation Energy intends to apply to list the Junior Subordinated Debentures on the New York Stock Exchange. If approved for listing, trading of the Junior Subordinated Debentures is expected to begin within 30 days after they are first issued.

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Form	The Junior Subordinated Debentures will be represented by one or more global certificates and registered in the name of The Depository Trust Company (“DTC”) or its nominee, and deposited with the indenture trustee on behalf of DTC. This means that you will not receive a certificate for your Junior Subordinated Debentures and that your broker will maintain your position in the Junior Subordinated Debentures. Constellation Energy expects that the Junior Subordinated Debentures will be ready for delivery through DTC on or about the date indicated on the cover of this prospectus supplement. You may elect to hold interests in the Junior Subordinated Debentures through DTC (in the United States), or through either Clearstream, Luxembourg, or Euroclear (outside of the United States), if you are a participant in any of these systems, or indirectly through an organization which is a participant in these systems. See “Specific Terms of the Junior Subordinated Debentures—Book-Entry Only Issuance” in this prospectus supplement for additional information.
Expected Credit Ratings	Constellation Energy expects that the Junior Subordinated Debentures will be rated “Baa2”, “BBB-” and “BBB” by Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“S&P”), and Fitch Ratings, respectively. Constellation Energy expects that Moody’s and S&P will each assign a negative outlook, and Fitch Ratings will assign a stable outlook, with respect to their respective ratings of the Junior Subordinated Debentures. Credit ratings are not a recommendation to buy, sell or hold these Junior Subordinated Debentures. Each rating may be subject to revision or withdrawal at any time by the assigning rating organization, and should be evaluated independently of any other rating.
Principal United States Federal Income Tax Consequences	<p>In connection with the issuance of the Junior Subordinated Debentures, Constellation Energy will receive an opinion from Thelen Reid Brown Raysman & Steiner LLP that, for United States federal income tax purposes, the Junior Subordinated Debentures will be classified as indebtedness (although there is no clear authority on point). This opinion is subject to certain customary conditions. See “Material United States Federal Income Tax Consequences” in this prospectus supplement.</p> <p>Each holder of Junior Subordinated Debentures will, by accepting the Junior Subordinated Debentures or a beneficial interest therein, be deemed to have agreed to treat the Junior Subordinated Debentures as indebtedness for all United States federal, state and local tax purposes. Constellation Energy intends to treat the Junior Subordinated Debentures in the same manner.</p> <p>If Constellation Energy defers interest payments on the Junior Subordinated Debentures for one or more Optional Deferral Periods, the holders of the Junior Subordinated Debentures will be required to accrue income for United States federal income tax purposes in the amount of the accrued and unpaid interest payments on the Junior Subordinated Debentures, in the form of original issue discount, even though cash interest payments are deferred and even though they may be cash basis taxpayers.</p>
Reopening of the Series	Constellation Energy may, without the consent of the holders of the Junior Subordinated Debentures, increase the principal amount of the series and issue additional junior subordinated debentures of such series having the same ranking, interest rate, maturity and other terms as the Junior Subordinated Debentures. Any such additional junior subordinated debentures may, together with the Junior Subordinated Debentures, constitute a single series

of securities under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued. See “Specific Terms of the Junior Subordinated Debentures—Reopening of the Series” in this prospectus supplement.

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Use of Proceeds	The net proceeds from the sale of the Junior Subordinated Debentures will be used for general corporate purposes. See “Use of Proceeds” in this prospectus supplement.
Indenture Trustee	Deutsche Bank Trust Company Americas.
Governing Law	The subordinated indenture and the supplemental indenture pursuant to which the Junior Subordinated Debentures will be issued and the Junior Subordinated Debentures will be governed by and construed in accordance with the laws of the State of New York.

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RISK FACTORS

Before purchasing the Junior Subordinated Debentures, investors should carefully consider the following risk factors together with the risk factors and other information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus in order to evaluate an investment in the Junior Subordinated Debentures.

Risks Relating to the Junior Subordinated Debentures

Constellation Energy can defer interest payments on the Junior Subordinated Debentures for one or more periods of up to 10 years each. This may affect the market price of the Junior Subordinated Debentures.

So long as no event of default has occurred and is continuing with respect to the Junior Subordinated Debentures, Constellation Energy may defer interest payments on the Junior Subordinated Debentures, from time to time, for one or more Optional Deferral Periods of up to 10 consecutive years. At the end of an Optional Deferral Period, if all amounts due are paid, Constellation Energy could start a new Optional Deferral Period of up to 10 consecutive years. During an Optional Deferral Period, interest will continue to accrue on the Junior Subordinated Debentures, compounded quarterly, and deferred interest payments will accrue additional interest at a rate equal to the interest rate on the Junior Subordinated Debentures, to the extent permitted by applicable law. No Optional Deferral Period may extend beyond the maturity date of the Junior Subordinated Debentures. If Constellation Energy exercises this right to defer interest payments, the market price of the Junior Subordinated Debentures is likely to be affected. See “Specific Terms of the Junior Subordinated Debentures—Option to Defer Interest Payments” in this prospectus supplement.

If Constellation Energy exercises its right to defer interest payments, the Junior Subordinated Debentures may trade at a price that does not fully reflect the value of accrued but unpaid interest on the Junior Subordinated Debentures or that is otherwise less than the price at which the Junior Subordinated Debentures may have been traded if Constellation Energy had not exercised such right. In addition, as a result of Constellation Energy’s right to defer interest payments, the market price of the Junior Subordinated Debentures may be more volatile than other securities that do not have these rights.

Constellation Energy is not permitted to pay current interest on the Junior Subordinated Debentures until Constellation Energy has paid all outstanding deferred interest, and this could have the effect of extending interest deferral periods.

During an Optional Deferral Period, Constellation Energy will be prohibited from paying current interest on the Junior Subordinated Debentures until Constellation Energy has paid all accrued and unpaid deferred interest plus any accrued interest thereon. As a result, Constellation Energy may not be able to pay current interest on the Junior Subordinated Debentures if Constellation Energy does not have available funds to pay all accrued and unpaid deferred interest plus any accrued interest thereon.

Constellation Energy’s right to redeem, purchase or defease the Junior Subordinated Debentures and the right of any majority-owned subsidiary of Constellation Energy to purchase the Junior Subordinated Debentures are limited by a covenant that Constellation Energy is making in favor of certain of Constellation Energy’s debt holders.

Constellation Energy has the right to redeem the Junior Subordinated Debentures under circumstances and on terms specified in this prospectus supplement. However, around the time of the initial issuance of the Junior Subordinated Debentures, Constellation Energy will enter into a Replacement Capital Covenant, which is described below under “Certain Terms of the Replacement Capital Covenant,” that will limit (1) Constellation Energy’s ability to redeem, purchase or defease the Junior Subordinated Debentures and (2) the ability of any majority-owned subsidiary of Constellation Energy to purchase the Junior Subordinated Debentures. In the Replacement Capital Covenant,

Constellation Energy will covenant for the benefit of holders of a designated series of Constellation Energy's unsecured long-term indebtedness that ranks senior to the Junior Subordinated Debentures that (a) Constellation Energy will not redeem, purchase or defease the Junior Subordinated Debentures and

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(b) Constellation Energy will cause its majority-owned subsidiaries not to purchase the Junior Subordinated Debentures, in each case on or before June 15, 2033 (which date will be automatically extended for additional quarterly periods to no later than June 15, 2038 if and to the extent that the maturity date of the Junior Subordinated Debentures is extended), unless, subject to certain limitations, a specified amount shall have been raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Debentures at the time of redemption, purchase or defeasance.

The ability to raise amounts from the issuance of qualifying securities during the 180 days prior to a proposed redemption, purchase or defeasance by Constellation Energy or purchase by any of the majority-owned subsidiaries of Constellation Energy will depend on, among other things, market conditions at that time as well as the acceptability to prospective investors of the terms of those qualifying securities. Accordingly, there could be circumstances where Constellation Energy would wish to redeem, purchase or defease some or all of the Junior Subordinated Debentures or a majority-owned subsidiary of Constellation Energy would wish to purchase some or all of the Junior Subordinated Debentures, including as a result of a Tax Event or a Rating Agency Event, and sufficient cash is available for that purpose, but Constellation Energy, and majority-owned subsidiaries of Constellation Energy are restricted from doing so because of the inability to obtain proceeds from the sale of qualifying securities.

The obligations of Constellation Energy under the Junior Subordinated Debentures are subordinated.

The obligations of Constellation Energy under the Junior Subordinated Debentures are unsecured and will rank junior in right of payment to Constellation Energy's Senior Indebtedness. This means that Constellation Energy cannot make any payments on the Junior Subordinated Debentures until all holders of Senior Indebtedness of Constellation Energy have been paid in full, or provision has been made for such payment, if (i) certain events of bankruptcy, insolvency or reorganization of Constellation Energy have occurred, (ii) any Senior Indebtedness of Constellation Energy is not paid when due (after the expiration of any applicable grace period) and that default continues without a waiver, or (iii) any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of Senior Indebtedness of Constellation Energy are permitted to accelerate the maturity of such Senior Indebtedness. Constellation Energy expects from time to time to incur additional indebtedness and other liabilities that will be senior to the Junior Subordinated Debentures. At April 30, 2008, Constellation Energy's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$2.662 billion.

Constellation Energy will rely on cash from its subsidiaries to make payments on the Junior Subordinated Debentures.

Constellation Energy is a holding company that derives substantially all of its income from its operating subsidiaries and its ability to service its indebtedness, including the Junior Subordinated Debentures, depends upon the operating cash flow of its subsidiaries and the payment of funds by such subsidiaries to Constellation Energy in the form of dividends or distributions. Constellation Energy's subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts on the Junior Subordinated Debentures or to make any funds available for such payment. Therefore, the Junior Subordinated Debentures will be effectively subordinated to all indebtedness and other liabilities, including trade payables and debt, as well as to preferred stock incurred or issued by Constellation Energy's subsidiaries. In addition to trade liabilities, some of Constellation Energy's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness and right to payments under preferred stock will be effectively senior to the Junior Subordinated Debentures. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit on the amount of Senior Indebtedness that Constellation Energy may issue, guarantee or otherwise incur or the amount of liabilities, including debt, or preferred stock, that Constellation Energy's subsidiaries may issue, guarantee or otherwise incur.

If Constellation Energy defers interest payments on the Junior Subordinated Debentures, there will be United States federal income tax consequences to holders of the Junior Subordinated Debentures.

If Constellation Energy defers interest payments on the Junior Subordinated Debentures for one or more Optional Deferral Periods, you will be required to accrue interest income as original issue discount, referred to in

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this prospectus supplement as “original issue discount,” in respect of the deferred interest on your Junior Subordinated Debentures. As a result, for United States federal income tax purposes you will include that original issue discount in gross income before you receive interest payments, regardless of your regular method of accounting for United States federal income tax purposes.

If you sell your Junior Subordinated Debentures before the record date for the payment of interest at the end of an Optional Deferral Period, you will not receive such interest. Instead, the accrued interest will be paid to the holder of record on the record date regardless of who the holder of record may have been on any other date during the Optional Deferral Period. Moreover, the accrued original issue discount will be added to your adjusted tax basis in the Junior Subordinated Debentures but may not be reflected in the amount you realize on the sale. To the extent the amount realized on a sale is less than your adjusted tax basis, you will recognize a capital loss for United States federal income tax purposes. The deductibility of capital losses is subject to limitations. See “Material United States Federal Income Tax Consequences—U.S. Holders—Sale, Exchange, Redemption or Retirement of the Junior Subordinated Debentures” in this prospectus supplement.

Rating agencies may change rating methodologies, including their views on “notching” practices. This may affect the market price of the Junior Subordinated Debentures.

The rating agencies that currently or may in the future publish a rating for Constellation Energy, including Moody’s, S&P, and Fitch Ratings, each of which is expected to initially publish a rating of the Junior Subordinated Debentures, may, from time to time in the future, change the way they analyze securities with features similar to the Junior Subordinated Debentures. This may include, for example, changes to the relationship between ratings assigned to an issuer’s senior securities and ratings assigned to securities with features similar to the Junior Subordinated Debentures, sometimes called “notching.” If the rating agencies change their practices for rating these securities in the future, and the ratings of the Junior Subordinated Debentures are subsequently lowered, that could have a negative impact on the trading price of the Junior Subordinated Debentures.

Holders of the Junior Subordinated Debentures will have limited rights of acceleration.

The holders of the Junior Subordinated Debentures and the indenture trustee may accelerate payment of the principal, interest and premium, if any, on the Junior Subordinated Debentures only upon the occurrence and continuation of certain events of default. Payment of principal, interest and premium, if any, on the Junior Subordinated Debentures may be accelerated upon the occurrence of an event of default under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued related to failure to pay interest within 30 days after it is due (other than interest deferred pursuant to one or more Optional Deferral Periods), failure to pay principal and premium, if any, on the Junior Subordinated Debentures when due and certain events of bankruptcy, insolvency or reorganization with respect to Constellation Energy. Holders of the Junior Subordinated Debentures and the indenture trustee will not have the right to accelerate payment of the principal, interest and premium, if any, on the Junior Subordinated Debentures upon the breach of any other covenant in the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued.

The Junior Subordinated Debentures have no prior public market and Constellation Energy cannot assure you that any public market will develop or be sustained after the offering.

Although the Junior Subordinated Debentures generally may be resold or otherwise transferred by holders who are not affiliates of Constellation Energy, they will constitute a new issue of securities without an established trading market. Constellation Energy has been advised by the underwriters that they currently intend to make a market in the Junior Subordinated Debentures, but they have no obligation to do so and may discontinue market making at any time without providing notice. There can be no assurance that a market for the Junior Subordinated Debentures will

develop or, if it does develop, that it will continue. If an active public market does not develop, the market price and liquidity of the Junior Subordinated Debentures may be adversely affected. Constellation Energy will apply for the listing of the Junior Subordinated Debentures on the New York Stock Exchange. If approved for listing, trading on the New York Stock Exchange is expected to commence within 30 days after the Junior Subordinated Debentures are first issued. You should be aware that the listing of the Junior Subordinated Debentures will not necessarily ensure that an active trading market will be available for the Junior Subordinated Debentures.

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The maturity of the Junior Subordinated Debentures may be automatically extended.

The maturity date of the Junior Subordinated Debentures is initially June 15, 2063, but may be automatically extended, without the consent of the holders of Junior Subordinated Debentures, for up to five years. Holders of Junior Subordinated Debentures should not rely on receiving the principal amount of any Junior Subordinated Debenture on the initial maturity date.

You should not rely on the interest payments from the Junior Subordinated Debentures through their maturity date. They may be redeemed at Constellation Energy's option or upon the occurrence of a Tax Event or a Rating Agency Event.

You should not rely on the interest payments from the Junior Subordinated Debentures through their maturity date. The Junior Subordinated Debentures may be redeemed at Constellation Energy's option or upon the occurrence of a Tax Event or a Rating Agency Event. The Junior Subordinated Debentures may be redeemed, in whole, at any time, or in part, from time to time, prior to June 15, 2013 at a make whole amount and on or after June 15, 2013 at a redemption price equal to 100% of the principal amount thereof plus in each case any accrued and unpaid interest to the redemption date. See "Specific Terms of the Junior Subordinated Debentures—Redemption."

Upon the occurrence of a Tax Event or Rating Agency Event, prior to June 15, 2013, the Junior Subordinated Debentures can be redeemed by Constellation Energy at the prices described below under "Specific Terms of the Junior Subordinated Debentures—Right to Redeem Upon a Tax Event" and "—Right to Redeem Upon a Rating Agency Event."

Risks Relating to Constellation Energy's Business

Constellation Energy's merchant energy business may incur substantial costs and liabilities and be exposed to price volatility and counterparty performance risk as a result of its participation in the wholesale energy markets.

Constellation Energy purchases and sells power and fuel in markets exposed to significant risks, including price volatility for electricity and fuel and the credit risks of counterparties with which Constellation Energy enters into contracts.

Constellation Energy uses various hedging strategies in an effort to mitigate many of these risks. However, hedging transactions do not guard against all risks and are not always effective, as they are based upon predictions about future market conditions. The inability or failure to effectively hedge assets or fuel or power positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair future financial results.

Exposure to electricity price volatility. Constellation Energy buys and sells electricity in both the wholesale bilateral markets and spot markets, which expose Constellation Energy to the risks of rising and falling prices in those markets, and Constellation Energy's cash flows may vary accordingly. At any given time, the wholesale spot market price of electricity for each hour is generally determined by the cost of supplying the next unit of electricity to the market during that hour. This is highly dependent on the regional generation market. In many cases, the next unit of electricity supplied would be supplied from generating stations fueled by fossil fuels, primarily coal, natural gas and oil. Consequently, the open market wholesale price of electricity may reflect the cost of coal, natural gas or oil plus the cost to convert the fuel to electricity and an appropriate return on capital. Therefore, changes in the supply and cost of coal, natural gas and oil may impact the open market wholesale price of electricity.

A portion of Constellation Energy's power generation facilities operates wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual

basis, which if not fully hedged may affect the volatility of Constellation Energy's financial results.

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Exposure to fuel cost volatility. Currently, Constellation Energy's power generation facilities purchase a portion of their fuel through short-term contracts or on the spot market. Fuel prices can be volatile, and the price that can be obtained for power produced from such fuel may not change at the same rate as fuel costs. As a result, fuel price increases may adversely affect Constellation Energy's financial results.

Exposure to counterparty performance. Constellation Energy's merchant energy business enters into transactions with numerous third parties (commonly referred to as "counterparties"). In these arrangements, Constellation Energy is exposed to the credit risks of Constellation Energy's counterparties and the risk that one or more counterparties may fail to perform under their obligations to make payments or deliver fuel or power. In addition, Constellation Energy enters into various wholesale transactions through Independent System Operators ("ISOs"). These ISOs are exposed to counterparty credit risks. Any losses relating to counterparty defaults impacting the ISOs are allocated to and borne by all other market participants in the ISO. These risks are enhanced during periods of commodity price fluctuations. Defaults by suppliers and other counterparties may adversely affect Constellation Energy's financial results.

The operation of power generation facilities, including nuclear facilities, involves significant risks that could adversely affect Constellation Energy's financial results.

Constellation Energy owns and operates a number of power generation facilities. The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines, substations or pipelines, use of new technology, the dependence on a specific fuel source, including the transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes) or environmental compliance, as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses. Insurance, warranties, or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. A portion of Constellation Energy's generation facilities were constructed many years ago. Older generating equipment may require significant capital expenditures to keep it operating at peak efficiency. This equipment is also likely to require periodic upgrading and improvement. Breakdown or failure of one of Constellation Energy's operating facilities may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

Constellation Energy is subject to numerous environmental laws and regulations that require capital expenditures, increase Constellation Energy's cost of operations and may expose Constellation Energy to environmental liabilities.

Constellation Energy is subject to extensive federal, state, and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife protection, the management of natural resources, and the protection of human health and safety that could, among other things, require additional pollution control equipment, limit the use of certain fuels, restrict the output of certain facilities, or otherwise increase costs. Significant capital expenditures, operating and other costs are associated with compliance with environmental requirements, and these expenditures and costs could become even more significant in the future as a result of regulatory changes.

For example, there is increasing likelihood that regulation of greenhouse gas emissions will occur at the federal and/or state level, which could increase Constellation Energy's compliance and operating costs.

Constellation Energy is subject to liability under environmental laws for the costs of remediating environmental contamination. Remediation activities include the cleanup of current facilities and former properties, including manufactured gas plant operations and offsite waste disposal facilities. The remediation costs could be significantly higher than the liabilities recorded by Constellation Energy. Also, Constellation Energy's subsidiaries are currently

involved in proceedings relating to sites where hazardous substances have been released and may be subject to additional proceedings in the future.

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Constellation Energy is subject to legal proceedings by individuals alleging injury from exposure to hazardous substances and could incur liabilities that may be material to Constellation Energy's financial results. Additional proceedings could be filed against Constellation Energy in the future.

Constellation Energy may also be required to assume environmental liabilities in connection with future acquisitions. As a result, Constellation Energy may be liable for significant environmental remediation costs and other liabilities arising from the operation of acquired facilities, which may adversely affect Constellation Energy's financial results.

Constellation Energy's generation business may incur substantial costs and liabilities due to its ownership and operation of nuclear generating facilities.

Constellation Energy owns and operates nuclear power plants. Ownership and operation of these plants exposes Constellation Energy to risks in addition to those that result from owning and operating non-nuclear power generation facilities. These risks include normal operating risks for a nuclear facility and the risks of a nuclear accident.

Nuclear Operating Risks. The ownership and operation of nuclear generating facilities involve routine operating risks, including:

- mechanical or structural problems;
- inadequacy or lapses in maintenance protocols;
- impairment of reactor operation and safety systems due to human or mechanical error;
- costs of storage, handling and disposal of nuclear materials, including the availability or unavailability of a permanent repository for spent nuclear fuel;
- regulatory actions, including shut down of units because of public safety concerns, whether at Constellation Energy's plants or other nuclear operators;
 - limitations on the amounts and types of insurance coverage commercially available;
- uncertainties regarding both technological and financial aspects of decommissioning nuclear generating facilities; and
 - environmental risks, including risks associated with changes in environmental legal requirements.

Nuclear Accident Risks. In the event of a nuclear accident, the cost of property damage and other expenses incurred may exceed Constellation Energy's insurance coverage available from both private sources and an industry retrospective payment plan. In addition, in the event of an accident at one of Constellation Energy's or another participating insured party's nuclear plants, Constellation Energy could be assessed retrospective insurance premiums (because all nuclear plant operators contribute to a nationwide catastrophic insurance fund). Uninsured losses or the payment of retrospective insurance premiums could each have a material adverse effect on Constellation Energy's financial results.

Constellation Energy's generation growth plans may not achieve the desired financial results.

Constellation Energy may expand its generation capacity over the next several years through increasing the generating power of existing plants, the renovation of retired plants owned by Constellation Energy, and the construction or acquisition of new plants. The renovation, development, construction, and acquisition of additional generation capacity involves numerous risks. Any planned power uprates, construction, or renovation could result in cost overruns, lower than expected plant efficiency, and higher operating and other costs. With respect to the renovation of retired plants or the construction of new plants, Constellation Energy may incur significant sums for preliminary engineering, permitting, legal, and other expenses before it can be established whether a project is feasible, economically attractive, or capable of being financed.

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If Constellation Energy was unable to complete the construction or renovation of a plant, Constellation Energy may not be able to recover its investment in the project. Furthermore, Constellation Energy may be unable to run any new, acquired or renovated plants as efficiently as projected, which could result in higher-than-projected operating and other costs that adversely affect its financial results.

Constellation Energy often relies on single suppliers and at times on single customers, exposing it to significant financial risks if either should fail to perform their obligations.

Constellation Energy often relies on a single supplier for the provision of fuel, water, and other services required for operation of a facility, and at times, Constellation Energy rely on a single customer or a few customers to purchase all or a significant portion of a facility's output, in some cases under long-term agreements that provide the support for any project debt used to finance the facility. The failure of any one customer or supplier to fulfill its contractual obligations could negatively impact Constellation Energy's financial results. Consequently, Constellation Energy's financial performance depends on the continued performance by customers and suppliers of their obligations under these long-term agreements.

Reduced liquidity in the markets in which Constellation Energy operate could impair its ability to appropriately manage the risks of its operations.

Constellation Energy is an active participant in energy markets through its competitive energy businesses. The liquidity of regional energy markets is an important factor in Constellation Energy's ability to manage risks in these operations. Over the past several years, several merchant energy businesses have ended or significantly reduced their activities as a result of several factors including government investigations, changes in market design and deteriorating credit quality. As a result, several regional energy markets experienced a significant decline in liquidity. Liquidity in the energy markets can be adversely affected by various factors, including price volatility and the availability of credit. As a result, future reductions in liquidity may restrict Constellation Energy's ability to manage its risks and this could impact its financial results.

Constellation Energy may not fully hedge its generation assets, competitive supply or other market positions against changes in commodity prices, and its hedging procedures may not work as planned.

To lower its financial exposure related to commodity price fluctuations, Constellation Energy routinely enters into contracts to hedge a portion of its purchase and sale commitments, weather positions, fuel requirements, inventories of natural gas, coal and other commodities, and competitive supply. As part of this strategy, Constellation Energy routinely utilizes fixed-price forward physical purchase and sales contracts, futures, financial swaps, and option contracts traded in the over-the-counter markets or on exchanges. However, Constellation Energy may not cover the entire exposure of its assets or positions to market price volatility and the coverage will vary over time. Fluctuating commodity prices may negatively impact Constellation Energy's financial results to the extent it has unhedged positions.

In addition, risk management tools and metrics such as daily value at risk, stop loss limits and liquidity guidelines are based on historical price movements. If price movements significantly or persistently deviate from historical behavior, the limits may not protect Constellation Energy from significant losses.

Constellation Energy's risk management policies and procedures may not always work as planned. As a result of these and other factors, Constellation Energy cannot predict with precision the impact that risk management decisions may have on its financial results.

Changes in the prices of commodities impact Constellation Energy's liquidity requirements.

As a result of Constellation Energy's business, it is exposed to the impact of market fluctuations in the price and transportation costs of electricity, natural gas, coal and other commodities. Constellation Energy seeks to

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mitigate the effect of these fluctuations through various hedging strategies, which may require the posting of collateral by both Constellation Energy and its counterparties. Changes in the prices of commodities can affect the amount of the collateral which must be posted, depending on the particular hedge position. As a result, significant changes in the prices of commodities could require Constellation Energy to post additional collateral from time to time, which could adversely affect its overall liquidity and ability to finance its operations, which could adversely affect the credit ratings of Constellation Energy and its outstanding securities.

The use of derivative contracts by Constellation Energy in the normal course of business could result in financial losses that negatively impact Constellation Energy's financial results.

Constellation Energy uses derivative instruments, such as swaps, options, futures and forwards, to manage its commodity and financial market risks and to engage in trading activities. Constellation Energy could recognize financial losses as a result of volatility in the market values of these contracts or if a counterparty fails to perform.

In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts.

A failure in Constellation Energy's operational systems or infrastructure, or those of third parties, may adversely affect its financial results.

Constellation Energy's businesses are dependent upon its operational systems to process a large amount of data and complex transactions. If any of Constellation Energy's financial, accounting or other data processing systems fail or have other significant shortcomings, its financial results could be adversely affected. Constellation Energy's financial results could also be adversely affected if an employee causes its operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating Constellation Energy's operational systems. In addition, dependence upon automated systems may further increase the risk that operational system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

Constellation Energy may also be subject to disruptions of its operational systems arising from events that are wholly or partially beyond its control (for example, natural disasters, acts of terrorism, epidemics, computer viruses and telecommunications outages). Third party systems on which Constellation Energy rely could also suffer operational system failure. Any of these occurrences could disrupt one or more of Constellation Energy's businesses, result in potential liability or reputational damage or otherwise have an adverse affect on its financial results.

Constellation Energy operates in deregulated segments of the electric and gas industries created by federal and state restructuring initiatives. If competitive restructuring of the electric or gas industries is reversed, discontinued, restricted or delayed, Constellation Energy's business prospects and financial results could be materially adversely affected.

The regulatory environment applicable to the electric and natural gas industries has undergone substantial changes as a result of restructuring initiatives at both the state and federal levels. These initiatives have had a significant impact on the nature of the electric and natural gas industries and the manner in which their participants conduct their businesses. Constellation Energy has targeted the competitive segments of the electric and natural gas industries created by these initiatives.

Due to recent events in the energy markets, energy companies have been under increased scrutiny by state legislatures, regulatory bodies, capital markets and credit rating agencies. This increased scrutiny could lead to substantial changes in laws and regulations affecting Constellation Energy, including modifications to the auction processes in

competitive markets and new accounting standards that could change the way Constellation Energy is required to record revenues, expenses, assets and liabilities. Recent proposals by the Public Service Commission of Maryland (“Maryland PSC”) relating to the structure of the electric industry in Maryland and various options for re-regulation of the industry is one example of how these laws and regulations can change. Constellation Energy cannot predict the future development of regulation in these markets or the ultimate effect that this changing regulatory environment will have on its business.

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If competitive restructuring of the electric and natural gas markets is reversed, discontinued, restricted or delayed, or if the recent Maryland PSC proposals are implemented in a manner adverse to Constellation Energy, its business prospects and financial results could be negatively impacted.

Constellation Energy's financial results may be harmed if transportation and transmission availability is limited or unreliable.

Constellation Energy has business operations throughout the United States and internationally. As a result, Constellation Energy depends on transportation and transmission facilities owned and operated by utilities and other energy companies to deliver the electricity, coal, and natural gas it sells to the wholesale and retail markets, as well as the natural gas and coal it purchases to supply some of its generating facilities. If transportation or transmission is disrupted or capacity is inadequate, Constellation Energy's ability to sell and deliver products may be hindered. Such disruptions could also hinder Constellation Energy's ability to provide electricity, coal or natural gas to its customers or power plants and may materially adversely affect its financial results.

Constellation Energy's merchant energy business has contractual obligations to certain customers to provide full requirements service, which makes it difficult to predict and plan for load requirements and may result in increased operating costs to its business.

Constellation Energy's merchant energy business has contractual obligations to certain customers to supply full requirements service to such customers to satisfy all or a portion of their energy requirements. The uncertainty regarding the amount of load that Constellation Energy's merchant energy business must be prepared to supply to customers may increase its operating costs. A significant under- or over-estimation of load requirements could result in Constellation Energy's merchant energy business not having enough or having too much power to cover its load obligation, in which case it would be required to buy or sell power from or to third parties at prevailing market prices. Those prices may not be favorable and thus could increase Constellation Energy's operating costs.

Constellation Energy's financial results may fluctuate on a seasonal and quarterly basis or as a result of severe weather.

Constellation Energy's business is affected by weather conditions. Constellation Energy's overall operating results may fluctuate substantially on a seasonal basis, and the pattern of this fluctuation may change depending on the nature and location of any facility it acquires and the terms of any contract to which it becomes a party. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities.

Generally, demand for electricity peaks in winter and summer and demand for gas peaks in the winter. Typically, when winters are warmer than expected and summers are cooler than expected, demand for energy is lower, resulting in less electric and gas consumption than forecasted. Depending on prevailing market prices for electricity and gas, these and other unexpected conditions may reduce Constellation Energy's revenues and results of operations. First and third quarter financial results, in particular, are substantially dependent on weather conditions, and may make period comparisons less relevant.

Severe weather can be destructive, causing outages and/or property damage. This could require Constellation Energy to incur additional costs. Catastrophic weather, such as hurricanes, could impact Constellation Energy's or its customers' operating facilities, communication systems and technology. Unfavorable weather conditions may have a material adverse effect on Constellation Energy's financial results.

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A downgrade in Constellation Energy's credit ratings could negatively affect its ability to access capital and/or operate its wholesale and retail competitive supply businesses.

Constellation Energy relies on access to capital markets as a source of liquidity for capital requirements not satisfied by operating cash flows. If any of Constellation Energy's credit ratings were to be downgraded, especially below investment grade, its ability to raise capital on favorable terms, including the commercial paper markets, could be hindered, and its borrowing costs would increase. Additionally, the business prospects of Constellation Energy's wholesale and retail competitive supply businesses, which in many cases rely on the creditworthiness of Constellation Energy, would be negatively impacted. Some of the factors that affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, and political, legislative and regulatory events.

In addition, the ability of BGE to recover its costs of providing service and timing of BGE's recovery could have a material adverse effect on the credit ratings of BGE and Constellation Energy.

Constellation Energy, and BGE in particular, are subject to extensive local, state and federal regulation that could affect Constellation Energy's operations and costs.

Constellation Energy is subject to regulation by federal and state governmental entities, including the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Maryland PSC and the utility commissions of other states in which Constellation Energy has operations. In addition, changing governmental policies and regulatory actions can have a significant impact on Constellation Energy. Regulations can affect, for example, allowed rates of return, requirements for plant operations, recovery of costs, limitations on dividend payments and the regulation or reregulation of wholesale and retail competition (including but not limited to retail choice and transmission costs).

BGE's distribution rates are subject to regulation by the Maryland PSC, and such rates are effective until new rates are approved. If the Maryland PSC does not approve new rates, BGE might not be able to recover certain costs it incurs. In addition, limited categories of costs are recovered through adjustment charges that are periodically reset to reflect current and projected costs. Inability to recover material costs not included in rates or adjustment clauses, including increases in uncollectible customer accounts that may result from higher gas and electric costs, could have an adverse effect on Constellation Energy's, or BGE's, cash flow and financial position.

Energy legislation enacted in Maryland in June 2006 and April 2007 mandated that the Maryland PSC review Maryland's deregulated electricity market. Although the settlement agreement reached with the State of Maryland terminated certain studies relating to the 1999 deregulation settlement, the State of Maryland and the Maryland PSC may still undertake a review of the Maryland electric industry and market structure and consider options for reregulation. Constellation Energy cannot at this time predict the final outcome of this review or how such outcome may affect Constellation Energy's, or BGE's, financial results, but it could be material.

The regulatory process may restrict Constellation Energy's ability to grow earnings in certain parts of its business, cause delays in or affect business planning and transactions and increase Constellation Energy's, or BGE's, costs.

Poor market performance will affect Constellation Energy's benefit plan and nuclear decommissioning trust asset values, which may adversely affect its liquidity and financial results.

Constellation Energy's qualified pension obligations have exceeded the fair value of its plan assets since 2001. At December 31, 2007, Constellation Energy's qualified pension obligations were approximately \$315 million greater than the fair value of its plan assets. The performance of the capital markets will affect the value of the assets that are held in trust to satisfy Constellation Energy's future obligations under its qualified pension plans. A decline in the market value of those assets may increase Constellation Energy's funding requirements for these obligations, which

may adversely affect its liquidity and financial results.

Constellation Energy is required to maintain funded trusts to satisfy its future obligations to decommission its nuclear power plants. A decline in the market value of those assets due to poor investment performance or other factors may increase Constellation Energy's funding requirements for these obligations, which may have an adverse effect on its liquidity and financial results.

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War and threats of terrorism and catastrophic events that could result from terrorism may impact Constellation Energy's results of operations in unpredictable ways.

Constellation Energy cannot predict the impact that any future terrorist attacks may have on the energy industry in general and on Constellation Energy's business in particular. In addition, any retaliatory military strikes or sustained military campaign may affect Constellation Energy's operations in unpredictable ways, such as changes in insurance markets and disruptions of fuel supplies and markets, particularly oil.

The possibility alone that infrastructure facilities, such as electric generation, electric and gas transmission and distribution facilities, would be direct targets of, or indirect casualties of, an act of terror may affect Constellation Energy's operations.

Such activity may have an adverse effect on the United States economy in general. A lower level of economic activity might result in a decline in energy consumption, which may adversely affect Constellation Energy's financial results or restrict its future growth. Instability in the financial markets as a result of terrorism or war may affect its stock price and its ability to raise capital.

Constellation Energy is subject to employee workforce factors that could affect its businesses and financial results.

Constellation Energy is subject to employee workforce factors, including loss or retirement of key executives or other employees, availability of qualified personnel, collective bargaining agreements with union employees, and work stoppage that could affect Constellation Energy's financial results. In particular, Constellation Energy's competitive energy businesses are dependent, in part, on recruiting and retaining personnel with experience in sophisticated energy transactions and the functioning of complex wholesale markets.

Constellation Energy's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including the effect of increased competition.

Constellation Energy is likely to encounter significant competition for acquisition opportunities that may become available. In addition, Constellation Energy may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

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FORWARD-LOOKING STATEMENTS

Constellation Energy makes statements in this prospectus supplement and accompanying prospectus that are considered forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Sometimes these statements will contain words such as “believes,” “anticipates,” “expects,” “intends,” “plans” and other similar words. These statements are not guarantees of Constellation Energy’s future performance and are subject to risks, uncertainties and other important factors that could cause Constellation Energy’s actual performance or achievements to be materially different from those Constellation Energy projects. These risks, uncertainties and factors include, but are not limited to:

- the timing and extent of changes in commodity prices and volatilities for energy and energy-related products including coal, natural gas, oil, electricity, nuclear fuel, freight, and emission allowances;
- the liquidity and competitiveness of wholesale markets for energy commodities;
- the effect of weather and general economic and business conditions on energy supply, demand and prices;
- the ability to attract and retain customers in customer supply activities and to adequately forecast their energy usage;
- the timing and extent of deregulation of, and competition in, the energy markets, and the rules and regulations adopted in those markets;
- uncertainties associated with estimating natural gas reserves, developing properties, and extracting natural gas;
- regulatory or legislative developments federally, in Maryland, or in other states that affect deregulation, the price of energy, transmission or distribution rates and revenues, demand for energy, or increases in costs, including costs related to nuclear power plants, safety, or environmental compliance;
- the ability of Constellation Energy’s regulated and nonregulated businesses to comply with complex and/or changing market rules and regulations;
 - the ability of BGE to recover all its costs associated with providing customers service;
 - the conditions of the capital markets, interest rates, foreign exchange rates, availability of credit facilities to support business requirements, liquidity, and general economic conditions, as well as Constellation Energy’s and BGE’s ability to maintain their current credit ratings;
- the effectiveness of Constellation Energy’s and BGE’s risk management policies and procedures and the ability and willingness of counterparties to satisfy their financial and performance commitments;
- operational factors affecting commercial operations of Constellation Energy’s 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 Constellation Energy’s control;
- 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 determining the fair value of energy contracts, such as the ability to obtain market prices and, in the absence of verifiable market

prices, the appropriateness of models and model inputs (including, but not limited to, estimated contractual load obligations, unit availability, forward commodity prices, interest rates, correlation and volatility factors);

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- 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;
 - the 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.

These factors and the other risk factors discussed in this prospectus supplement, including under the headings “Risk Factors” in this prospectus supplement are not necessarily all of the important factors that could cause Constellation Energy’s actual results to differ materially from those expressed in any of its forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on Constellation Energy’s future results. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Please see Constellation Energy’s periodic reports filed with the Securities and Exchange Commission for more information on these factors. The forward-looking statements included in this prospectus supplement and accompanying prospectus are made only as of the date of this prospectus supplement or such prospectus.

RATIO OF EARNINGS TO FIXED CHARGES

Constellation Energy’s Ratio of Earnings to Fixed Charges for each of the periods indicated is as follows:

Three Months Ended			Year Ended December 31,		
March 31, 2008	2007	2006	2005	2004	2003
3.06x	3.84x	4.05x	3.04x		