

CONSTELLATION ENERGY GROUP INC  
Form DEF 14A  
April 16, 2010  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

(Amendment No. )

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Constellation Energy Group, Inc.**

*(Name of Registrant as Specified in Its Charter)*

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*(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)*

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**MAYO A. SHATTUCK III**  
*Chairman of the Board*

*Constellation Energy Group, Inc.*  
*100 Constellation Way*  
*Baltimore, Maryland 21202*

April 16, 2010

Dear Shareholder:

You are invited to attend our annual meeting of shareholders to be held on Friday, May 28, 2010 at 9:00 a.m. in the Sky Lobby Conference Room, 750 East Pratt Street, in downtown Baltimore, Maryland. Enclosed is our 2009 Annual Report for your review.

At the meeting, shareholders will be voting on the following business matters: the election of directors, the ratification of our independent registered public accounting firm for 2010, the approval of an amendment and restatement of our 2007 Long-Term Incentive Plan and a shareholder proposal. Please consider the issues presented and vote your shares as promptly as possible. With respect to our directors, as you may know Lynn Martin retired from the Board of Directors at the end of 2009, and I'd like to thank her for her many years of dedicated service to the Board and Constellation Energy.

We are pleased this year to take advantage of a Securities and Exchange Commission rule that permits us to furnish proxy materials to shareholders over the Internet. We have mailed to our shareholders a Notice of Internet Availability of Proxy Materials, which indicates how to access our proxy materials on the Internet. By furnishing this Notice in lieu of mailing our proxy materials, we are lowering the costs and reducing the environmental impact of our annual meeting. If you prefer a paper copy of the proxy materials, you may request one by following the procedures set forth in the Notice of Internet Availability of Proxy Materials.

**Your vote is important.** Whether or not you plan to attend the annual meeting, please vote your shares by proxy via Internet, telephone or mail to ensure that your vote is counted. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

Thank you for your continued support of Constellation Energy.

Sincerely,

Mayo A. Shattuck III

Table of Contents

## Constellation Energy Group, Inc.

100 Constellation Way

Baltimore, MD 21202

### Notice of Annual Meeting of Shareholders

To the Owners of Common Stock of

Constellation Energy Group, Inc.:

Our annual meeting of shareholders will be held on **Friday, May 28, 2010** at 9:00 a.m., in the Sky Lobby Conference Room, 750 East Pratt Street, Baltimore, Maryland to:

1. elect directors,
2. ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2010,
3. approve an amendment and restatement of the 2007 Long-Term Incentive Plan to increase the number of shares of common stock reserved for issuance under the plan by 9 million shares and to extend the termination date of the plan to May 28, 2020,
4. if properly presented at the annual meeting, act on the shareholder proposal described in the attached Proxy Statement, and
5. transact any other business that properly comes before the meeting, or any adjournment thereof.

**The Board of Directors recommends a vote FOR each of the director nominees, ratification of the independent registered public accounting firm and approval of the Amended and Restated 2007 Long-Term Incentive Plan. The Board of Directors recommends a vote AGAINST the shareholder proposal.**

We discuss the above business matters in more detail in the attached Proxy Statement.

Only holders of record of our common stock at the close of business on March 19, 2010 will be entitled to vote. **If you plan to attend the annual meeting, please note the admission procedures set forth in the attached Proxy Statement.**

Charles A. Berardesco

Senior Vice President, General Counsel and

Corporate Secretary

April 16, 2010

**Important Notice Regarding the Availability of Proxy Materials  
for the Shareholder Meeting to Be Held on May 28, 2010:**

**The Proxy Statement and 2009 Annual Report are available at  
<http://www.amstock.com/proxyservices/constellation>**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>Questions &amp; Answers on Voting Procedures</u></b>	1
<b><u>Matters You Are Voting On</u></b>	6
<b><u>Proposal No. 1: Election of Directors</u></b>	7
<u>Director Nominees</u>	7
<u>Determination of Independence</u>	10
<u>Corporate Governance</u>	12
<u>Nominations for Director</u>	16
<u>Shareholder Communications</u>	18
<u>Transactions with Related Persons</u>	18
<u>Report of the Audit Committee</u>	21
<u>Stock Ownership</u>	22
<u>Executive and Director Compensation</u>	24
<u>Compensation Discussion and Analysis</u>	24
<u>2009 Summary Compensation Table</u>	37
<u>Grants of Plan-Based Awards</u>	40
<u>Outstanding Equity Awards at Fiscal Year-End</u>	42
<u>Option Exercises and Stock Vested</u>	44
<u>Pension Benefits</u>	44
<u>Nonqualified Deferred Compensation</u>	47
<u>Potential Post-Employment Payments</u>	48
<u>Director Compensation</u>	53
<u>Report of Compensation Committee</u>	56
<u>Compensation Risk Assessment</u>	56
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	56
<b><u>Proposal No. 2: Ratification of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm for 2010</u></b>	57
<b><u>Proposal No. 3: Approval of an Amendment and Restatement of 2007 Long-Term Incentive Plan</u></b>	59
<b><u>Proposal No. 4: Shareholder Proposal</u></b>	66
<u>Constellation Energy's Response to Shareholder Proposal</u>	67
<b><u>Submission of Shareholder Proposals for Next Year</u></b>	70
<b><u>Annex A Amended and Restated 2007 Long-Term Incentive Plan</u></b>	A-1

Table of Contents

## Constellation Energy Group, Inc.

### Proxy Statement

#### QUESTIONS & ANSWERS ON VOTING PROCEDURES

*Who is entitled to vote at the annual meeting, and how many votes do they have?*

Holders of record of our common stock who owned shares as of the close of business on March 19, 2010 may vote at the meeting. Each share has one vote. There were 201,569,723 shares of common stock outstanding on that date.

*When were the enclosed solicitation materials first given to shareholders?*

The Annual Report and proxy card, together with the Notice of Annual Meeting and Proxy Statement, was first made available over the Internet to shareholders on or about April 16, 2010. A Notice of Internet Availability of Proxy Materials, indicating how to access our proxy materials over the Internet, was first sent, or given, to shareholders on or about April 16, 2010.

*Why were the proxy materials made available to shareholders over the Internet?*

We are taking advantage of a rule adopted by the Securities and Exchange Commission that permits us to furnish proxy materials to shareholders over the Internet. On or about April 16, 2010, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials, which indicates how to access our proxy materials on the Internet. By furnishing this Notice in lieu of mailing our proxy materials, we are lowering the costs and reducing the environmental impact of our annual meeting. You may request to receive a paper copy of the proxy materials by following procedures set forth in the Notice of Internet Availability of Proxy Materials. If a paper copy is requested, shareholders should expect to receive it within several days.

The Notice of Internet Availability of Proxy Materials directs shareholders to the website where you will log in using your unique control number. On this website, you will be able to view our Proxy Statement and Annual Report. You also may cast your vote in a secure manner on the same website.

*Who can attend the annual meeting?*

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All shareholders as of March 19, 2010 may attend the annual meeting. **Please check the box on your proxy card if you plan to attend the annual meeting.**

If you hold shares directly in your name as a shareholder of record or if you are a participant in any of our employee savings plans and wish to attend the annual meeting, you must present any of the following in order to gain admission to the meeting:

the Notice of Internet Availability of Proxy Materials;

if you voted using a paper proxy card, the admission ticket attached to your proxy card; or

if you received an email indicating that the proxy materials are available on the Internet, you may print the email containing your control number.

Please note that you also may be asked to present valid picture identification, such as a driver's license or passport.

## **Table of Contents**

If your shares are registered or held in the name of your broker or bank or other nominee, your shares are held in street name. Please note that if you hold your shares in street name, you will need to bring proof of your ownership of Constellation Energy common stock as of March 19, 2010, such as a copy of a bank or brokerage statement, and check in at the registration desk at the meeting.

Since seating is limited, admission to the meeting will be on a first-come, first-served basis. For the safety of attendees, all boxes, handbags and briefcases are subject to inspection. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices are not permitted at the meeting.

### ***What is a quorum of shareholders?***

A quorum is the presence at the annual meeting in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast. Since there were 201,569,723 shares of common stock outstanding on March 19, 2010, the presence of holders of 100,784,862 shares is a quorum. We must have a quorum to conduct the meeting.

### ***What is a proxy?***

A proxy is another person you authorize to vote on your behalf. We ask shareholders to instruct the proxy how to vote so that all common shares may be voted at the annual meeting even if the holders do not attend the meeting.

### ***How many votes does it take to pass each matter?***

If a quorum is present at the meeting, we need the affirmative vote of:

a majority of all the votes cast to elect each director nominee (the number of votes cast FOR a director nominee must exceed the number of votes cast AGAINST a director nominee),

a majority of all the votes cast to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm,

a majority of all the votes cast to approve the amendment and restatement of our 2007 Long-Term Incentive Plan, provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote, and

two-thirds of all the votes entitled to be cast by holders of shares of Constellation Energy common stock to approve the shareholder proposal.

*How are abstentions and broker non-votes treated?*

Abstentions and broker non-votes count for purposes of determining the presence of a quorum. For purposes of the election of directors and the ratification of the appointment of our independent registered public accounting firm, abstentions and broker non-votes will not have any effect on the results of the votes. For purposes of the vote to approve the amendment and restatement of our 2007 Long-Term Incentive Plan, abstentions and broker non-votes will have the same effect as votes against the proposal unless holders of more than 50% in interest of all securities entitled to vote cast votes, in which event broker non-votes will not have any effect on the result of the vote. For purposes of the vote on the shareholder proposal, abstentions and broker non-votes will have the same effect as votes against the proposal.

## **Table of Contents**

### ***How do I vote?***

You must be present, or represented by proxy, at the annual meeting in order to vote your shares. Since many of our shareholders are unable to attend the meeting in person, you may vote your shares in the following ways:

***By Internet*** To access your online proxy card, please visit the website listed on your Notice of Internet Availability of Proxy Materials, or the enclosed proxy card or voting instructions form, and follow the on-screen instructions. You will need the control number included on your Notice of Internet Availability of Proxy Materials, proxy card or voting instructions form, as applicable. If you vote by Internet, you do not need to mail your proxy card or your voting instructions form.

***By Telephone*** To vote your shares by proxy by telephone, please call the phone number listed on your Notice of Internet Availability of Proxy Materials, or the enclosed proxy card or voting instructions form, and follow the instructions. You will need the control number included on your Notice of Internet Availability of Proxy Materials, proxy card or voting instructions form, as applicable. If you vote by telephone, you do not need to mail your proxy card or your voting instructions form.

***By Mail*** If you received a paper proxy card, there are three steps necessary to vote your shares.

1. Vote on each of the matters as follows:

**Item 1.** The names of the director nominees are listed on your proxy card. Check the box FOR, or AGAINST, or ABSTAIN (to cast no vote) for each nominee.

**Items 2, 3 and 4.** Check the box FOR, or AGAINST, or ABSTAIN (to cast no vote).

2. Sign and date your proxy card. **If you do not sign your proxy card, your votes cannot be counted.**
3. Mail your proxy card in the pre-addressed, postage-paid envelope.

***In Person*** To ensure your shares are represented, we ask that you vote your proxy by telephone, Internet or mail, even if you plan to attend the meeting **Please check the box on your proxy card if you plan to attend the annual meeting.**

If you plan on attending the annual meeting in person and need directions to the meeting site, please contact Investor Relations at (410) 470-6440 or [investorrelations@constellation.com](mailto:investorrelations@constellation.com).

### ***How will my proxy vote my shares?***

If you properly vote your shares by proxy via Internet or telephone, or sign and return your proxy card or voting instructions form, your shares will be voted as you direct. If you sign and return your proxy card or voting instructions form but do not specify how you want your shares voted, they will be voted FOR the election of each director nominee, FOR the ratification of the appointment of our independent registered public accounting firm, FOR the approval of the amendment and restatement of our 2007 Long-Term Incentive Plan and AGAINST the shareholder proposal. Also, you will give your proxies authority to vote, using their discretion, on any other business that properly comes before the meeting, including to adjourn the meeting.

## **Table of Contents**

### ***If my shares are held in street name by my broker, will my broker vote my shares for me?***

If your shares are held in a brokerage account, you will receive from your broker a Notice of Internet Availability of Proxy Materials instructing you on how to vote your shares or, if you have elected to receive the proxy materials in paper, a full meeting package including a voting instructions form. Your brokerage firm may permit you to provide voting instructions by telephone or by the Internet. Brokerage firms have the authority under New York Stock Exchange rules to vote their clients' unvoted shares on certain routine matters. The matter covered by Proposal No. 2 (ratification of independent registered public accounting firm) is considered a routine matter under the rules of the New York Stock Exchange. Therefore, if you do not vote on this proposal, your brokerage firm may choose to vote for you or leave your shares unvoted on those proposals.

Recent changes to New York Stock Exchange rules, however, have removed the authority of brokerage firms to vote their clients' unvoted shares in the election of directors (Proposal No. 1). Therefore, if you do not vote on Proposal No. 1, Proposal No. 3 (approval of the amendment and restatement of our Long-Term Incentive Plan) or Proposal No. 4 (shareholder proposal), your shares will remain unvoted on those proposals. **We urge you to respond to your brokerage firm so that your vote will be cast.**

### ***Can I vote by proxy even if I plan to attend the annual meeting?***

Yes. If you vote by proxy and decide to attend the annual meeting, you do not need to fill out a ballot at the meeting, unless you want to change your vote.

### ***Why might I receive more than one Notice of Internet Availability of Proxy Materials or proxy card? Should I vote on each Notice and proxy card I receive?***

First, you may have various accounts with us that are registered differently, perhaps in different names or with different social security or federal tax identification numbers. Second, you may also own shares indirectly through your broker or through our employee savings plans. Your broker or the plan trustee will send you a Notice of Internet Availability of Proxy Materials, proxy card or voting instructions form, as applicable, for these shares. You should vote on each Notice, proxy card or voting instructions form you receive in accordance with the instructions set forth in those documents. If employee savings plan participants do not vote their shares, the plan trustee will vote the shares in the same proportion as the trustee was instructed to vote shares for which it received instructions.

### ***How can I get only one copy of the Proxy Statement, Annual Report or Notice of Internet Availability of Proxy Materials sent to my home if I currently receive multiple copies?***

You may be receiving multiple copies of the Proxy Statement, Annual Report or Notice of Internet Availability of Proxy Materials because you have more than one account, each registered differently with the same mailing address. If you hold your shares in registered name, to receive only one Proxy Statement, Annual Report or Notice of Internet Availability of Proxy Materials you may:

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**write to:**

American Stock Transfer & Trust Company  
Attn: Shareholder Services  
59 Maiden Lane  
New York, NY 10038

**-or-**

**call:**

1-800-258-0499

4

## **Table of Contents**

### ***How do I change previous instructions to send only one Proxy Statement, Annual Report or Notice of Internet Availability of Proxy Materials to my home?***

Simply call the number noted above or notify our transfer agent at the address indicated in the previous question that you want to receive a Proxy Statement, Annual Report or Notice of Internet Availability of Proxy Materials for each of your accounts (your stock account numbers must be included in the notification).

### ***Can I receive future proxy materials electronically?***

Yes, to receive future proxy materials via the Internet please visit [www.amstock.com](http://www.amstock.com), click on Shareholder Account Access and follow the instructions to consent to the electronic delivery of materials. If you are a street name shareholder, please check the information provided by your bank, broker or other nominee concerning the availability of this service.

### ***How do I change my vote?***

You may change your vote at any time before the annual meeting by:

notifying Charles A. Berardesco, Corporate Secretary, in writing at 100 Constellation Way, Suite 1800P, Baltimore, MD 21202, that you are changing your vote; or

providing subsequent Internet or telephone voting instructions; or

completing and sending in another proxy card or voting instructions form with a later date; or

attending the annual meeting and voting in person.

### ***Who is soliciting my proxy, how is it being solicited, and who pays the cost?***

Constellation Energy, on behalf of the Board of Directors, through its directors, officers and employees, is soliciting proxies. Proxies may be solicited in person, or by mail, Internet, telephone or facsimile. Innisfree M&A Incorporated, a proxy solicitation firm, will be assisting us for a fee of approximately \$20,000, plus out-of-pocket expenses. Constellation Energy pays the cost of soliciting proxies.

**Table of Contents**

**MATTERS YOU ARE VOTING ON**

**Proposal No. 1: Election of Directors**

Eleven current members of the Board of Directors have been nominated by the Board of Directors for election as a director at the 2010 annual meeting to serve until the 2011 annual meeting of shareholders and until his or her successor is elected and qualifies. Each of the nominated directors has agreed to serve if elected. However, if for some reason one of them is unable to serve or for good cause will not serve, your proxies will vote for the election of another person nominated by the Board of Directors, unless the Board of Directors reduces the number of directors. Biographical information, including a discussion of specific experience, qualifications, attributes and skills, for each of the nominees and other information about them is presented beginning on page 7. *The Board of Directors recommends a vote FOR each director nominee.*

**Proposal No. 2: Ratification of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm for 2010**

This proposal is to ratify our appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2010. See Proposal No. 2 on page 57. *The Board of Directors recommends a vote FOR this proposal.*

**Proposal No. 3: Approval of an Amendment and Restatement of 2007 Long-Term Incentive Plan**

This proposal is to approve an amendment and restatement of our 2007 Long-Term Incentive Plan to increase the number of shares of common stock reserved for issuance under the plan by 9 million shares and to extend the termination date of the plan to May 28, 2020. See Proposal No. 3 on page 59. *The Board of Directors recommends a vote FOR this proposal.*

**Proposal No. 4: Shareholder Proposal**

A shareholder has notified Constellation Energy of its intention to present for consideration at the annual meeting a proposal that shareholders approve an amendment to Constellation Energy's bylaws that would require the Chairman of the Board of Directors of Constellation Energy to be independent from Constellation Energy. See Proposal No. 4 on page 66. *The Board of Directors recommends a vote AGAINST this proposal.*

**Other Business Matters**

The Board of Directors is not aware of any other business for the annual meeting. However:

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if any of the persons nominated to serve as a director is unable to serve or for good cause will not serve and the Board of Directors designates a substitute nominee,

if any shareholder proposal, which is not in this Proxy Statement or on the proxy card or voting instructions form pursuant to Rule 14a-8 or 14a-9 of the Securities Exchange Act of 1934, is presented for action at the meeting, or

if any matters concerning the conduct of the meeting are properly presented for action,

then shareholders present at the meeting may vote on such items. If you are represented by proxy, your proxy will vote your shares using his or her discretion.

**Table of Contents**

## PROPOSAL NO. 1: ELECTION OF DIRECTORS

### **Vote Required; Recommendation of the Board of Directors**

Since there are no nominees other than the Board of Directors' nominees, directors will be elected by a majority of the votes cast (number of shares voted for a director nominee must exceed the number of votes cast against that director nominee), assuming a quorum is present. Abstentions and broker non-votes have no effect on this proposal, except they will be counted as having been present for purposes of determining the presence of a quorum.

If any current director nominee is not elected at the annual meeting by a majority of the votes cast, under Maryland law the director would continue to serve on the Board of Directors as a holdover director until the director's successor is elected and qualifies. However, under our Corporate Governance Guidelines, any director who fails to be elected must offer to tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee would then make a recommendation to the Board of Directors whether to accept or reject the offer of resignation, or whether other action should be taken. The Board of Directors will act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. A director who offers to resign will not participate in the decision of the Board of Directors.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF EACH OF THE BOARD OF DIRECTORS' NOMINEES. IF NOT OTHERWISE SPECIFIED, PROXIES WILL BE VOTED FOR EACH OF THE BOARD OF DIRECTORS' NOMINEES.**

### DIRECTOR NOMINEES

The Board of Directors believes that each director nominee possesses the experience, qualifications, attributes and skills, as described in detail in *Nominations for Director*, to enable such director nominee to make significant contributions to the Board of Directors, Constellation Energy and its shareholders. In addition, the information presented below sets forth each nominee's specific experience, qualifications, attributes and skills that the Board of Directors considered in concluding that the nominee should serve as a director.

**Yves C. de Balmann**, age 63, a director since July 2003, has been Co-Chairman of Bregal Investments LP (a private equity investing firm) since September 2002. He was Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from June 1999 to April 2001, and a Senior Advisor to Deutsche Bank AG from April 2001 to June 2003. Mr. de Balmann is a director of Laureate Education, Inc. He also has served as a director of ESI Group, a technology company based in France, in the past five years. Mr. de Balmann's qualifications to serve as a director include his extensive experience in corporate finance, including the derivatives and capital markets.

**Ann C. Berzin**, age 58, a director since February 2008, has been a private investor since 2001. From 1992 to 2001, she served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (an insurer of municipal bonds and structured finance obligations). Ms. Berzin is a director of Ingersoll-Rand Company Ltd. and Kindred Healthcare, Inc. Ms. Berzin's qualifications to serve as director include her broad business and executive leadership experience as well as expertise in the financial services sector, which is valuable to Constellation Energy.



## Table of Contents

particularly in the area of risk management. Her service on the audit committees of other publicly-traded companies provides her with valuable perspective and experience on audit committees that benefits Constellation Energy due to her role on Constellation Energy's Audit Committee.

**James T. Brady**, age 69, a director since May 1999, has been the Managing Director Mid-Atlantic of Ballantrae International, Ltd. (a management consulting firm) since January 2000, and is the former secretary of the Maryland Department of Business & Economic Development, where he served from 1995 to 1998. He was also a managing partner of Arthur Andersen LLP from 1985 to 1995. Mr. Brady is a director of McCormick & Company, Inc., T. Rowe Price Group, Inc. and NexCen Brands, Inc. Mr. Brady's qualifications to serve as a director include his extensive experience and expertise in accounting and economic matters and his unique perspective on matters relating to the State of Maryland. His service on the boards of directors and audit committees of other publicly-traded companies also is beneficial to Constellation Energy.

**Daniel Camus**, age 58, a director since March 2010, has served as the Group Senior Executive Vice President, International and Strategy, of EDF Group since January 2010. He also served as the Chief Financial Officer of EDF Group from 2002 through March 2010. Mr. Camus qualifications to serve as a director include his extensive executive leadership experience as well as expertise in the areas of corporate strategy and finance. His positions with EDF Group, one of the largest nuclear energy companies in the world, enable him to provide a critical perspective on matters relating to the energy industry and make him well-qualified to serve on Constellation Energy's Committee on Nuclear Power. Mr. Camus has been nominated as a director in connection with the right of EDF Group to nominate one member of Constellation Energy's Board of Directors. He is also an independent member of the Board of Directors of Valéo SA and Morphosys AG.

**James R. Curtiss**, age 56, a director since April 1999, was a partner in the law firm of Winston & Strawn LLP from 1993 to April 2008, and has been retired since that time. From 1988 to 1993, he served as a Commissioner of the United States Nuclear Regulatory Commission. He is also a director of Cameco Corporation (owner and operator of uranium mines). Mr. Curtiss was a director of BGE from 1994 to April 1999. Mr. Curtiss' qualifications to serve as a director include his deep understanding of the nuclear energy industry, including the regulatory environment, which is a critical area of importance for Constellation Energy. This experience also makes him exceptionally qualified to lead Constellation Energy's Committee on Nuclear Power.

**Freeman A. Hrabowski, III**, age 59, a director since April 1999, has been President of the University of Maryland Baltimore County since 1993. He is also a director of the Baltimore Equitable Society and McCormick & Company, Inc. Dr. Hrabowski was a director of BGE from 1994 to April 1999. In the past five years, he also served as a director of Broadwing Corporation and Mercantile Bankshares Corporation. Dr. Hrabowski's qualifications to serve as a director include his extensive understanding of matters relating to the Baltimore region as well as workforce issues and his valuable leadership and strategic planning experience. His service on the boards of directors and committees of other publicly-traded companies has provided him with corporate governance experience and expertise that is valuable to Constellation Energy.

**Nancy Lampton**, age 67, a director since April 1999, has been Chairman and Chief Executive Officer of American Life and Accident Insurance Company of Kentucky since 1971 and has been Chairman and Chief Executive Officer of its holding company, Hardscuffle, Inc., since January 2000. She is also a director of DNP Select Income Fund, Duff & Phelps Utility and Corporate Bond Trust Inc. and DTF Tax-Free Income Inc. Ms. Lampton was a director of BGE from 1994 to April 1999. Ms. Lampton's qualifications to serve as a director include her valuable executive leadership experience as a chief

## Table of Contents

executive officer as well as experience with matters relating to the nuclear energy industry through her service on the strategic advisory council of nuclear fuel technology company.

**Robert J. Lawless**, age 63, a director since January 2002, served as Chairman of the Board of McCormick & Company, Inc. (a company in the food manufacturing industry) from January 1997 until March 2009, having also served as President until December 2006 and Chief Executive Officer until January 2008, and is now retired. He is also a director of Baltimore Life, Inc. Mr. Lawless' qualifications to serve as a director include his extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he can provide a critical perspective on issues affecting public companies as well as public company executive compensation. Mr. Lawless' chief executive officer and public company experience also makes him well-qualified to serve as Constellation Energy's Lead Director.

**Mayo A. Shattuck III**, age 55, a director since May 1999, has been Chairman of Constellation Energy since July 2002 and President and Chief Executive Officer since November 2001. Mr. Shattuck also served as Chairman of the Board of Directors of BGE from July 2002 to April 2007. He is also a director of Capital One Financial Corporation, Gap, Inc., the Edison Electric Institute, the Nuclear Energy Institute and the Institute of Nuclear Power Operations. Mr. Shattuck's qualifications to serve as a director include his familiarity with Constellation Energy's business and industry, gained from his service as Constellation Energy's Chief Executive Officer, which enable him to effectively identify strategic priorities and lead the discussion and execution of Constellation Energy's strategy. His financial expertise gained from his years of experience in the financial services industry prior to joining Constellation Energy also brings a valuable perspective to the Board.

**John L. Skolds**, age 59, a director since November 2007, served as Executive Vice President of Exelon Corporation and President of Exelon Energy Delivery from December 2003 until his retirement in September 2007. He also served as President of Exelon Generation from March 2005 to September 2007. From March 2002 to December 2003, Mr. Skolds served as Senior Vice President of Exelon Corporation and President and Chief Nuclear Officer of Exelon Nuclear. He also served as President and Chief Operating Officer of Outer Banks Ocean Energy Corporation from October 2009 to March 2010, and has been retired since that time. Mr. Skolds' qualifications to serve as a director include his valuable experience in and knowledge of the energy delivery and generation businesses, including an expertise in nuclear generation, as well as extensive executive leadership, financial and strategic planning experience from which Constellation Energy can benefit, particularly in its new nuclear generation initiatives.

**Michael D. Sullivan**, age 70, a director since April 1999, is a private investor, and has been Chairman of the Board of ADVANCARE Health Care, LLC (a company in the home health care industry) since January 2006. Mr. Sullivan also has been a director of BGE since September 2008, and Chairman of the Board of Directors of BGE since August 2009, having previously served as a director of BGE from 1992 to April 1999. Mr. Sullivan's qualifications to serve as a director include his many years of senior management experience at various public and private companies, including as a chief executive officer and chief financial officer, and his ability to provide valuable insight into a number of areas including governance, executive compensation and corporate finance. Given Mr. Sullivan's value to the Board of Directors and his service as Chairman of the Board of BGE, in December 2009, as permitted by Constellation Energy's Corporate Governance Guidelines, the Nominating and Corporate Governance Committee of the Board of Directors waived the requirement for mandatory retirement at age 70 for Mr. Sullivan and requested that he remain on the Board. The Board will revisit this determination no later than December 2011.

**Table of Contents**

**DETERMINATION OF INDEPENDENCE**

A majority of Constellation Energy's directors are required to be independent in accordance with New York Stock Exchange (NYSE) listing standards. For a director to be considered independent, the Board of Directors must affirmatively determine that such director has no material relationship with Constellation Energy. When assessing the materiality of a director's relationship with Constellation Energy, the Board of Directors considers the issue from both the standpoint of the director and from that of persons and organizations with whom or with which the director has an affiliation. The Board of Directors has adopted standards to assist it in determining if a director is independent in accordance with the NYSE listing standards. A director shall be deemed to have a material relationship with Constellation Energy and shall not be deemed to be an independent director if:

the director is or has been an employee of Constellation Energy or any of its affiliated entities at any time since January 1, 2007, or an immediate family member of the director is or has been an executive officer of Constellation Energy or any of its affiliated entities at any time since January 1, 2007; provided that employment of a director as an interim chairman of the Board of Directors or chief executive officer or other executive officer of Constellation Energy shall not disqualify such director from being considered independent following termination of that employment;

the director or an immediate family member is a current partner of a firm that is Constellation Energy's internal or external auditor;

the director is a current employee of a firm that is Constellation Energy's internal or external auditor;

the director has an immediate family member who is a current employee of a firm that is Constellation Energy's internal or external auditor and personally works on the Company's audit;

the director or an immediate family member was at any time since January 1, 2007 (but is no longer) a partner or employee of a firm that is Constellation Energy's internal or external auditor and personally worked on Constellation Energy's audit within that time;

the director or an immediate family member, is, or has been at any time since January 1, 2007, employed as an executive officer of another company where any of Constellation Energy's present executive officers at the same time serves or served on that company's compensation committee;

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), Constellation Energy 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

the director has received, or has an immediate family member who has received, during any twelve-month period since January 1, 2007, more than \$120,000 in direct compensation from Constellation Energy, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided 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 Constellation Energy (other than an executive officer) need not be considered.

**Table of Contents**

The Board of Directors has determined that each member of the Board of Director has no material relationship with Constellation Energy and is independent under NYSE listing standards other than Mr. Shattuck, who is the chief executive officer of Constellation Energy, and Mr. Camus, who is an executive officer of EDF Group, with which Constellation Energy has entered into a number of material transactions as described in *Transactions with Related Persons*.

In determining that each individual who served as a member of the Board of Directors during 2009, other than Mr. Shattuck, is or was independent, the Board of Directors considered the following relationships, which it determined were immaterial and did not impair any director's independence:

Constellation Energy, through its subsidiaries, has provided regulated gas and electric services in the ordinary course of business during the past three years to the residences of Messrs. Lawless and Sullivan, Dr. Hrabowski and Douglas L. Becker. Mr. Becker's term as a director expired on May 29, 2009.

Constellation Energy, through its subsidiaries, has provided gas and electric services in the ordinary course of business during the past three years to companies at which Messrs. Becker and Lawless and Dr. Hrabowski are or were officers. The amounts paid by each company did not exceed 2% of such company's consolidated gross revenues in any of the past three years and were as follows:

	<b>Amount Paid to Constellation Energy Entities</b>		
	(in millions)		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Laureate Education, Inc. (Mr. Becker is Chairman and Chief Executive Officer)	\$ 0.5	\$ 0.6	\$ 0.5
McCormick & Company, Inc. (Mr. Lawless was Chairman until March 2009 and Chief Executive Officer until January 2008)	\$ 4.7	\$ 7.0	\$ 8.6
University of Maryland Baltimore County (Dr. Hrabowski is President)	\$ 1.4	\$ 1.2	\$ 1.2

Messrs. Brady, Curtiss, Lawless, Skolds and Sullivan, Dr. Hrabowski, Ms. Berzin and Lynn M. Martin are non-management directors and trustees, but not executive officers or employees, of other entities with which Constellation Energy has purchased and/or sold goods and services in the ordinary course of business during the past three years. Ms. Martin retired from the Board of Directors effective December 31, 2009. Payments to or from any one entity did not exceed 2% of such entity's consolidated gross revenues in any of the past three years. The Board of Directors also considered the following payments that exceeded \$1 million in any of the past three years and concluded that they were immaterial:

Constellation Energy made payments of \$13.6 million, \$35.3 million and \$16.4 million in 2007, 2008 and 2009, respectively, to Cameco Corporation for the purchase of uranium to operate Constellation Energy's nuclear plants and the storage of

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uranium. Cameco Corporation is one of the world's largest uranium companies and Mr. Curtiss serves as a non-management member of its board of directors.

Constellation Energy made payments of \$1.3 million and \$1.1 million in 2007 and 2009, respectively, to AT&T Inc. relating to communication services provided to subsidiaries of

## Table of Contents

Constellation Energy. Constellation Energy received payments of \$4.1 million in 2009 from AT&T for energy supply services provided by subsidiaries of Constellation Energy. Ms. Martin serves as a non-management member of the board of directors of AT&T.

Constellation Energy received payments of \$2.5 million in 2009 from Kindred Healthcare, Inc. for energy supply services provided by subsidiaries of Constellation Energy. Ms. Berzin serves as a non-management member of the board of directors of Kindred Healthcare.

Constellation Energy received payments from McCormick & Company, Inc. as described above with respect to Mr. Lawless. Mr. Brady and Dr. Hrabowski serve as non-management members of the board of directors of McCormick.

Constellation Energy received payments of \$3.6 million in 2009 from T. Rowe Price Group, Inc. for energy supply services provided by subsidiaries of Constellation Energy. Mr. Brady serves as a non-management member of the board of directors of T. Rowe Price.

Messrs. Becker, Brady, Lawless and Sullivan, Dr. Hrabowski and Ms. Martin are directors and/or executive officers of tax-exempt organizations to which Constellation Energy or its affiliates have made contributions during the past three years. Contributions to any one tax-exempt organization did not exceed \$200,000 in any of the past three years and did not exceed 2% of any such organization's consolidated gross revenues in any of the past three years.

A subsidiary of Constellation Energy has paid fees to a law firm, of which Mr. Curtiss was a partner until April 2008, for legal services rendered in each of the past three years. The amounts paid to the law firm during the past three years and while Mr. Curtiss was a partner ranged from \$116,000 to \$829,000 and did not exceed 2% of the law firm's consolidated gross revenues in any of the past three years. Mr. Curtiss did not have a material direct or indirect interest in the relationship.

## **CORPORATE GOVERNANCE**

The Board of Directors met eight times in 2009. Each of the directors nominated for reelection attended 75% or more of the total number of meetings of the Board of Directors and of any committees on which the director served.

The Board of Directors has adopted a policy which encourages each director to attend the annual meeting of shareholders. Eleven of the twelve directors in office as of the date of the 2009 annual meeting of shareholders attended the meeting.

### *Committee of the Board of Directors*

The Board of Directors has the following committees:

**Executive Committee:** This committee may exercise all of the powers of the Board of Directors, except that it may not authorize dividends or the issuance of stock (except in certain limited circumstances authorized by the Board of Directors), recommend to shareholders any action requiring shareholder approval, amend the bylaws, or approve mergers or share exchanges that do not require shareholder approval. The

committee met eight times in 2009. Mr. Shattuck is Chairman, and Messrs. Brady, Camus, Curtiss and Lawless and Dr. Hrabowski are members.

