



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN \$7.9 BILLION MERGER OF EXELON CORPORATION AND CONSTELLATION ENERGY GROUP

Divestiture of Three Electricity Generating Plants Will Preserve Competition for Customers Throughout Mid-Atlantic Region

WASHINGTON — The Department of Justice announced that it will require Exelon Corporation and Constellation Energy Group Inc. to divest three electricity generating plants in Maryland in order to proceed with their \$7.9 billion merger. The department said that the transaction, as originally proposed, would substantially lessen competition for wholesale electricity, ultimately increasing electricity prices for millions of consumers in the mid-Atlantic region.

The department's Antitrust Division filed a civil lawsuit today in U.S. District Court in Washington, D.C., to block the proposed transaction. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the department's competitive concerns and the lawsuit.

"Competition in wholesale electricity markets is vital to the economic well-being of consumers and businesses," said Sharis A. Pozen, Acting Assistant Attorney General for the Antitrust Division. "These divestitures will preserve that critical competition for the benefit of electricity customers throughout the mid-Atlantic."

According to the complaint, the merger would create one of the largest electricity companies in the United States with total assets of \$72 billion and annual revenues of \$33 billion, and would combine the assets of two large competitors in the mid-Atlantic region. Together, the companies would own between 22 and 28 percent of the generating capacity in the densely populated mid-Atlantic area encompassing Delaware, the District of Columbia, New Jersey, eastern Pennsylvania, and parts of Maryland and Virginia. The department said that the combination of the assets would enhance the incentive and ability of the merged firm to raise wholesale electricity prices and reduce output.

Under the terms of the proposed settlement, the merged firm must divest three electricity plants, which in total provide more than 2,600 megawatts of generating capacity. The plants to be divested are Brandon Shores and H.A. Wagner in Anne Arundel County, Md., and C.P. Crane in Baltimore County, Md.

Exelon is incorporated in Pennsylvania and has its headquarters in Chicago. Exelon owns the PECO utility of Philadelphia and the Commonwealth Edison utility of Chicago. Exelon had \$18.6 billion of revenues in 2010.

Constellation is incorporated in Maryland and has its headquarters in Baltimore. Constellation owns the BG&E utility of Baltimore. Constellation had \$14.3 billion of revenues in 2010.

As required by the Tunney Act, the proposed settlement and the department's competitive impact statement will be published in the *Federal Register*. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to William H. Stallings, Chief, Transportation, Energy and Agriculture Section, Antitrust Division, U.S. Department of Justice, 450 Fifth St. N.W., Suite 8000, Washington, D.C. 20530, 202-514-9323. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed settlement upon finding that it is in the public interest.

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