

Constellation Energy Embraces Competitive Marketplace

Contrarian Strategy Drives Financial Success

During a time of tumultuous change in the energy industry, Baltimore-based Constellation Energy has charted a course of growth that is distinct among its peers and elevated itself to a position of leadership in an evolving competitive energy marketplace. The company has demonstrated that its unique customer-focused business model is working. Specifically, it is an integrated energy company that derives the majority of its revenues from unregulated operations, thriving in deregulated markets across the United States. Constellation Energy has shown that it can make energy work across the energy value chain — from purchasing fuel to generating power and delivering, marketing and managing energy.

Constellation Energy rejected the “back-to-basics” strategy that many diversified power companies now espouse in the wake of a sector tarnished by the Enron scandal and California energy crisis.

It was in this environment that Mayo A. Shattuck III, Constellation’s newly appointed president and CEO, was faced with a strategic challenge: Should the company play it safe and retreat to its regulated utility roots or move forward, taking full advantage of opportunities in a deregulated marketplace?



Leggett & Platt relies on Constellation NewEnergy to manage its energy costs and supply to more than 26 plants. Steve Myers, director of commodity sourcing at Leggett & Platt said: “With Constellation as our partner, we make the volatile energy market work for us.”

Rethinking Plans, Redirecting Resources

The management team at Constellation Energy decided to take the road less traveled. The company sold most of its portfolio of non-energy related assets, raising close to \$1 billion.

“Where other companies saw risks, we saw opportunities to exploit open markets,” said Shattuck. “We proceeded with a strategy that capitalized on a freer, more competitive market environment that many companies couldn’t take advantage of because of heavy debt and mortgaged assets. Our strategy meant expanding our client base to nearly three dozen states and three Canadian provinces and strengthening our customer-focus efforts. For example, we are now providing both natural gas and electricity to a growing number of *Fortune* 500 companies with intensive energy requirements, such as Leggett & Platt, Incorporated, a worldwide, diversified manufacturer of engineered components and products for the industrial, commercial and consumer sectors. Constellation Energy provides complex energy products to wholesale and larger commercial and industrial customers. We are the leader in this market and are proud to be considered an important partner and advisor to our customers.”

A Stronger Company Emerges

Today, Constellation Energy is reaping the rewards of its bold defiance of industry trends. Its national sales force manages more than 28,000 megawatts of peak load across the country. And strategic acquisitions of companies and service contracts in various markets have given



Mayo A. Shattuck III is chairman, president and chief executive officer at Constellation Energy. Under his leadership, Constellation Energy has emerged as a recognized leader in competitive energy markets in the United States and Canada.

Constellation Energy a national presence and a sizable edge in brand awareness and operating leverage.

Constellation Energy has a solid track record of accomplishments. Shattuck is confident the company will continue to do so well into the future.

“We have delivered on all our commitments, focusing on our core competencies to bring maximum value to shareholders and customers. We’re now growing about twice as fast as anyone else in the industry. We’ve thrived by charging ahead and embracing competition, and we’ll continue to gain ground the same way.”



Constellation Energy

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