

CONSTELL'N EGY GP. NYSE-CEG

RECENT PRICE **29** P/E RATIO **11.9** (Trailing: 11.9 Median: 14.0) RELATIVE P/E RATIO **0.92** DIV'D YLD **5.8%** VALUE LINE **165**

TIMELINESS 3 Raised 7/23/99	High: 23.3	23.1	22.8	24.4	27.5	25.5	29.0	29.5	34.3	35.3	31.5	33.8		Target Price Range
SAFETY 2 Lowered 3/20/02	Low: 19.0	16.3	17.2	19.8	22.4	20.5	22.0	25.0	24.8	29.3	24.7	27.1		2003 2004 2005
TECHNICAL 3 Raised 10/22/99	LEGENDS 122 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 5/92 Options: Yes Shaded area indicates recession													
BETA .50 (1.00 = Market)	2003-05 PROJECTIONS Price Gain Ann'l Total Return High 55 (+90%) 21% Low 40 (+40%) 13%													
Insider Decisions A M J J A S O N D to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 0 0 0 0 0														
Institutional Decisions 101999 201999 301999 to Buy 130 110 93 to Sell 120 107 105 Net Buy 10 3 12 Net Sell 0 0 0 Net Buy/Sell 10 3 12														

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	VALUE LINE PUB. INC.	03-05
14.94	14.88	15.55	15.28	15.67	16.63	17.81	19.41	17.33	18.27	18.86	19.89	21.35	22.40	22.50	25.31	26.65	28.25	Revenues per sh	33.40
3.31	3.40	3.75	3.84	3.98	3.45	2.91	3.08	3.10	3.45	3.93	4.59	4.45	4.66	4.93	5.67	6.05	5.75	"Cash Flow" per sh	6.85
1.85	1.87	2.10	2.31	2.31	2.03	1.40	1.52	1.63	1.85	1.93	2.02	1.85	1.97	2.06	2.29	2.60	2.75	Earnings per sh A	3.90
1.03	1.12	1.19	1.25	1.32	1.39	1.40	1.40	1.43	1.47	1.51	1.55	1.59	1.63	1.67	1.67	1.68	1.68	Div'd Decl'd per sh B	1.72
2.46	2.19	2.92	2.74	3.06	4.05	4.42	3.60	2.71	3.27	3.27	2.48	2.44	2.53	2.27	3.05	2.80	2.75	Cap'l Spending per sh	2.90
12.16	12.91	13.82	14.83	15.85	16.60	17.10	17.00	17.63	17.94	18.42	19.07	19.35	19.44	19.98	20.01	20.85	21.85	Book Value per sh C	26.95
117.93	117.93	117.96	118.37	118.95	120.52	121.21	126.69	143.78	146.03	147.53	147.53	147.67	147.67	149.25	149.60	150.00	150.50	Common Shs Outst'g E	152.00
6.1	7.7	10.0	9.1	8.1	10.4	13.7	13.2	13.6	13.8	11.8	12.4	14.7	14.0	15.3	12.6	12.6	12.6	Avg Ann'l P/E Ratio	12.0
.57	.63	.68	.61	.76	.79	1.02	.84	.82	.82	.77	.83	.92	.81	.80	.72	7.0	7.0	Relative P/E Ratio	.80
9.2%	7.7%	5.7%	6.0%	6.3%	6.6%	7.3%	7.0%	6.5%	5.8%	6.6%	6.2%	5.9%	5.9%	5.3%	5.8%	40.2	40.2	Avg Ann'l Div'd Yield	3.7%

CAPITAL STRUCTURE as of 12/31/99
 Total Debt \$3755 mill. Due in 5 Yrs \$2900 mill.
 LT Debt \$2575 mill. LT Interest \$180.0 mill.
 (LT Interest earned: 3.8x)
 Pension Liability None

Pfd Stock \$190.0 mill. Pfd Div'd \$13.2 mill.
 Incl. 400,000 shs. 7.125% preference, callable 7/1/03; 500,000 shs. 6.97% pref., call. 10/1/03; 400,000 shs. 6.70% pref., call. 1/1/04; 600,000 shs. 6.99% pref., call. 10/1/05; all \$100 par, not subj. to mand. redemption.
 Common Stock 149,600,000 shs.
 MARKET CAP: \$4.3 billion (Mid Cap)

2159.3	2459.5	2491.3	2668.7	2783.0	2934.8	3153.2	3307.6	3358.1	3786.2	4000	4250	Revenues (\$mill)	5075
213.2	233.7	264.3	309.9	323.6	338.0	310.8	320.3	327.7	355.7	400	425	Net Profit (\$mill)	605
15.6%	27.2%	28.1%	30.8%	32.2%	33.4%	34.9%	35.8%	35.2%	36.4%	35.0%	35.0%	Income Tax Rate	35.0%
25.0%	16.0%	8.3%	7.3%	10.4%	8.5%	8.3%	5.2%	4.1%	2.8%	2.5%	2.5%	AFUDC % to Net Profit	2.0%
45.7%	46.8%	43.4%	47.1%	44.6%	43.9%	46.3%	48.5%	49.7%	44.7%	45.5%	46.5%	Long-Term Debt Ratio	48.5%
43.2%	42.1%	46.3%	43.7%	46.9%	47.5%	47.9%	46.6%	47.3%	52.0%	51.5%	50.5%	Common Equity Ratio	49.0%
4801.2	5111.1	5476.3	5995.3	5791.5	5922.1	5960.4	6159.3	6299.6	5758.4	6100	6500	Total Capital (\$mill)	8350
4513.1	4773.9	4966.3	5196.9	5416.8	5497.6	5582.4	5651.5	5656.7	5523.1	5780	6035	Net Plant (\$mill)	6830
6.3%	6.5%	6.6%	6.9%	7.2%	7.3%	6.7%	6.8%	6.9%	8.0%	8.0%	8.0%	Return on Total Cap'l	9.0%
8.2%	8.6%	8.5%	9.8%	10.1%	10.2%	9.7%	10.1%	10.3%	11.2%	12.0%	12.0%	Return on Shr. Equity	14.0%
8.3%	8.9%	8.8%	10.2%	10.4%	10.6%	9.6%	10.1%	10.3%	11.4%	12.5%	12.5%	Return on Com Equity D	14.5%
.1%	.7%	1.3%	2.1%	2.3%	2.5%	1.4%	1.8%	2.0%	3.0%	4.5%	5.0%	Retained to Com Eq	8.0%
99%	94%	88%	82%	80%	79%	87%	84%	81%	74%	66%	62%	All Div'ds to Net Prof	45%

ELECTRIC OPERATING STATISTICS

	1996	1997	1998
% Change Retail Sales (KWH)	+8	-1.2	+2.4
Avg. Indust. Use (MWH)	1079	1017	996
Avg. Indust. Rev. per KWH (¢)	4.52	4.63	4.61
Capacity at Peak (Mw)	6800	6741	6422
Peak Load, Summer (Mw)	5955	5980	6045
Annual Load Factor (%)	57.5	56.9	57.4
% Change Customers (y-end)	+8	+7	+8

Fixed Charge Cov. (%) 229 264 254

ANNUAL RATES

	10 Yrs.	5 Yrs.	Est'd '97-'99
of change (per sh)			'03-'05
Revenues	3.5%	4.0%	6.0%
"Cash Flow"	2.0%	8.0%	5.0%
Earnings	-1.5%	3.5%	11.0%
Dividends	2.5%	2.5%	5%
Book Value	3.0%	2.5%	5.5%

BUSINESS: Constellation Energy Group, a holding company, sells electricity (60% of revenues) and gas (13%), through its Baltimore Gas and Electric subsidiary, in central Maryland to a population of 2.5 million. The remaining 27% of revenues are derived from the nonregulated business, Constellation Enfs. 1999 elec. rev. sources: resid'l, 43.2%; com'l, 41.6%; ind'l, 9.0%; other, 6.2%. '99 gas rev. sources: resid'l, 63.4%; com'l, 21.2%; ind'l, 5.0%; other, 10.4%. Prime fuels: nuclear, 40.0%; coal, 54.5%; other, 5.5%. Fuel & pur. pwr. costs: 20.7% of '99 elec. revs. Has 9,400 employees; 69,305 common shklhds. '99 deprec. rate: 5.6%. Chrmn., Pres. & CEO: C. H. Poindexter, Inc.: MD. Addr.: P.O. Box 1475, Baltimore, MD 21203. Tel.: 410-783-5920. Web: www.constellationenergy.com.

Competition will begin in Constellation Energy Group's service area this summer. As per an industry restructuring settlement approved by Maryland regulators, the Baltimore Gas & Electric subsidiary intends to cut yearly residential electricity distribution rates by 6.5% (\$54 million) on July 1st. Power prices across all customer classes (and also generation rates) will be capped through mid-decade. BG&E is allowed to recover nearly 60% of stranded costs through a six-year market transition surcharge. The utility is now accelerating plant amortization by \$150 million over a one-year period ending this June. BG&E's stable, regulated energy distribution operations should provide CEG a solid cash flow base. Importantly, state law permits the company to retain generating assets under a new nonregulated subsidiary. Management likely will meet with a good degree of success in retaining customers, and... **Constellation Power Source (CPS) should account for the bulk of earnings growth to 2003-2005.** Through 2003, we look for CPS to add as much as 5,000 megawatts of physical capacity to

the current base of 6,200 MWs. As the wholesale and retail markets open to competition nationally, and power demand rises, CPS's generating plant output should rise from historical levels, as should revenues and net profits. We project that CEG's share net will increase 10%-12% annually, on average, over the next five years. An expanding joint venture with Goldman Sachs, Orion Power Holdings, supports this expectation. Investors should note that an initial public offering of Orion is possible within the next year. An offering would provide low-cost funding to enlarge the current merchant-plant pool (5,235 MWs) and unlock the venture's total market value. Separately, we expect CEG to unwind noncore and underperforming business lines, including real estate operations, financial investments, and Latin American utility holdings. **These good-quality shares offer appealing 3- to 5-year total-return potential, compared to the Value Line electric utility industry average.** The likelihood of higher returns offsets the added risk of nonregulated businesses in our view. *David M. Reimer* **March 10, 2000**

(A) Basic earnings. Excl. extra. items: '97, 25¢; '98, 45¢. Incl. writedowns from real estate invests. and ventures: '97, 31¢; '98, 7¢; '99, 16¢. Next div. pmt. due mid-Apr. (B) Next div. pmt. May 19; ex date June 8. Div'd pmt. dates early Jan., Apr., July, Oct. Div'd reinvest. plan avail. (C) Incl. def'd chgs. '99: \$4.61/sh. (D) Rate base determ.: fair val. Rate allowed on com. eq.: 11.75%-elec. ('93); 11.4%-gas ('95). Eamed on '99 avg. com. eq.: 8.6%. Reg. Clim.: Avg. (E) In mill., adj'd for split. Excl. ESOP shs. (F) Qtrly data does not add due to rounding.

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