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April 25, 2011

Technical Director Financial Accounting Standards Board 401 Merritt 7, P.O. Box 5116 Norwalk, CT 06856-5116

File Reference: 2011-100 Balance Sheet - Offsetting

Dear Board Members and FASB Staff:

Constellation Energy Group, Inc. ("Constellation Energy") respectfully submits comments on the Financial Accounting Standards Board ("FASB") Exposure Draft – *Balance Sheet - Offsetting* ("ED"). Constellation Energy is a leading supplier of energy products and services to wholesale and retail electric and natural gas customers in the United States (U.S.). In addition, we own a diversified fleet of generating units located throughout the U.S. and Canada. A FORTUNE 500 company headquartered in Baltimore, Maryland, Constellation Energy had revenues of \$14.3 billion in 2010. We use derivatives to manage and hedge the risks inherent in the conduct of these businesses.

Under current U.S. GAAP, we elect to offset a significant portion of our derivative asset and liability positions as permitted under conditional master netting arrangements. We present a reconciliation of the gross and net positions in footnotes to our consolidated financial statements. We believe that the balance sheet presentation of derivative assets and liabilities under the current offsetting criteria provides the most relevant information to investors and stakeholders of the company. In addition, the current disclosure requirements for derivatives provide financial statement users with all the information they have indicated is necessary to evaluate both gross and net positions.

The proposed offsetting criteria in the ED will cause substantially all derivative positions to be presented gross on the balance sheet, and in our view, this would distort the economic and credit position of our company as well as others. We note that financial statement users have not expressed a strong preference for gross versus net presentation on the balance sheet; therefore, it is important to weigh the benefits and detriments of each approach carefully. Based upon our analysis, we believe that net presentation provides the best balance of these factors, and accordingly we disagree with the proposed offsetting criteria in the ED.

Constellation Energy participated in drafting the comment letter submitted by the Edison Electric Institute (EEI) on the FASB's Exposure Draft and we fully support the recommendations communicated in that letter. In particular, we strongly urge the Boards to permit offsetting when a conditional and legally enforceable right of set off is present, rather than the proposed "unconditional" and "simultaneous" requirements. That letter provides substantive support for our views, so we will not repeat those arguments here.

In addition to the recommendations in the EEI letter, we have one additional comment regarding cash collateral. We believe that derivative positions should not be presented net of cash collateral balances on the face of the balance sheet. While cash collateral reduces the net credit exposure to or from a counterparty, netting assets and liabilities of a different nature (i.e., derivative positions with a receivable or payable for cash collateral) is not consistent with the fundamental objective of presenting derivatives at fair value. Further, netting fair value cash collateral results in two entities with identical derivative exposures presenting dramatically different derivative balances depending upon the existence and type of collateral. We believe that identical underlying exposures to market risk should be presented comparably regardless of the collateral arrangements used to mitigate credit risk.

Conclusion

Constellation Energy appreciates the opportunity to provide comments on this important issue. The balance sheet offsetting proposal will have a significant impact on our company. We would be pleased to discuss any of these subjects with you and to provide any additional information that you may find helpful in addressing this important matter.

Very truly yours,

/s/ Bryan P. Wright
Vice President, Chief Accounting Officer and Controller for Constellation Energy