

## DISCLOSURE STATEMENT

Electricity Supplier: Constellation NewEnergy, Inc. ("Constellation")

D.C. License Number: EA01-5

Utility: Potomac Electric Power Company - DC

<p><b>Electricity Supply Pricing:</b> For the Initial Term, you will pay 7.79¢ per kilowatt-hour, multiplied by your Accounts' metered usage.</p>
<p><b>Term of Agreement and Renewal:</b> Your electricity service from Constellation will start on the first available meter read following successful enrollment and continue for 24 billing cycles ("Initial Term"), unless terminated pursuant to the terms of this Agreement. Initial enrollment can take up to two months to complete. At least 45 days prior to the end of the Initial Term or Renewal Term, Constellation will send you a contract expiration notice and offer to renewal for another term ("Renewal Term"). This notice will include, without limitation, the new product, pricing, the length of the Renewal Term, and any other changes to the terms and conditions ("Offer"). You will have 15 days from the date of the Offer to reject the Offer. Otherwise, the Offer will be deemed accepted by you without the need for further signature or other affirmative action by you. If you reject the Offer in the manner directed in the Offer, your Accounts will be returned to Utility service at the end of the current Term.</p>
<p><b>Early Termination Fee:</b> \$150</p>
<p><b>Billing:</b> In the case of consolidated billing, customer billing and payment information may be provided to Constellation.</p>
<p><b>Rescission Rights:</b> You may rescind this Agreement by contacting Constellation within 3 days of either: (i) when you sign the contract; or (ii) when you transmit electronic acceptance via the internet; or (iii) the date the contract is received by you, whichever is later depending on how you transacted. You may also rescind the Agreement and the enrollment by contacting the Utility within 10 days after it notifies you of an enrollment transaction.</p>
<p><b>Deposit or Other Fees for Switching to Constellation:</b> Constellation does not charge or collect a deposit or switching fees to switch to Constellation's service. Your current supplier and/or the Utility may charge such fees.</p>
<p><b>Guarantee Period:</b> You may terminate this Agreement without incurring an early termination fee within 90 days after entering into it (the "Guarantee Period") by notifying Constellation that you would like to return to Utility service. Upon your termination of this Agreement during the Guarantee Period, your Accounts will be returned to Utility service on the next available meter read date and will remain responsible for payment for electricity supply and related costs and charges incurred under this Agreement. Any incentives Constellation may offer to you in connection with you entering into this Agreement require your Account to be active and in good standing at the time the incentive is fulfilled.</p>
<p><b>Savings:</b> Savings are not guaranteed.</p>
<p><b>Constellation's Contact Information:</b> Physical Address: P.O. Box 4911, Houston, TX 77210. Telephone: 1-855-465-1244. Website: <a href="mailto:home@constellation.com">home@constellation.com</a>.</p>
<p><b>District of Columbia Public Service Commission Contact Information:</b> Telephone: (202) 626-5100. Website: <a href="http://www.dcpsc.org/">http://www.dcpsc.org/</a>.</p>
<p><b>Office of the People's Counsel, District of Columbia Contact Information:</b> Telephone (202) 727-3071. Website: <a href="http://www.opc-dc.gov/">http://www.opc-dc.gov/</a></p>
<p><b>Utility's Contact Information:</b> Telephone: 877-737-2662.</p>
<p><b>General Disclosures:</b> Constellation is an independent seller of power and energy services, in the District of Columbia . Constellation does NOT represent or act on behalf of the Utility, governmental bodies or consumer groups. The prices of Constellation are not regulated by the District of Columbia Public Service Commission. You do not have to buy Constellation electricity supply or any other product in order to receive the same quality regulated service from Potomac Electric Power Company - DC. The Utility remains responsible for the delivery of power and energy to your premises and will continue to respond to any service calls and emergencies. Switching to Constellation will not impact your electric service reliability. You will receive written notification from the Utility confirming a switch of your electricity supplier. You may purchase electricity supply service from an alternative retail electricity supplier, such as Constellation, or from the Utility.</p>

## ELECTRICITY PURCHASE AND SALE TERMS AND CONDITIONS

<p><b>1. Purchase of Electricity Supply:</b> Constellation NewEnergy, Inc. (“Constellation”) agrees to sell and the customer identified during the enrollment process (“you”) agree to buy your full requirements of electricity and any other service identified in the Disclosure Statement for the accounts identified during the enrollment process (“Accounts”) in the utility territory identified on the Disclosure Statement (“Utility”) in accordance with the terms of these Electricity Purchase and Sale Terms and Conditions and the Disclosure Statement provided herewith (collectively, this “Agreement”). The “Effective Date” is the date agreed to by both you and Constellation. Both you and Constellation may be referred to herein as a “Party” and, collectively, you and Constellation may be referred to as the “Parties”.</p>
<p><b>2. Term and Renewal:</b> This Agreement shall become binding on the Effective Date, provided however, the obligations of Constellation to sell and schedule electricity for the Utility’s delivery to the Accounts and your obligations to purchase, take and pay for electricity supply for the Accounts shall be for the Term identified in the Disclosure Statement (subject to successful enrollment by the Utility and Section 6 below). This Agreement may also be renewed as described in the Disclosure Statement.</p>
<p><b>3. Pricing:</b> For the Initial Term, the Pricing shall be described in the Disclosure Statement, which does not include the Utility’s delivery charges or any applicable taxes. Constellation may pass through or allocate, as the case may be, to you any increase in Constellation’s costs related to the electricity and related products and services to be sold to you that results from the implementation of new, or changes (including changes to formula rate calculations) to existing, Laws, or other requirements or changes in administration or interpretation of Laws or other requirements. “Law” means any law, rule, regulation, ordinance, statute, judicial decision, administrative order, independent system operator (“ISO”) business practices or protocol, Utility or ISO tariff, rule of any commission or agency with jurisdiction in the state in which the Accounts are located. Any such increase may be reflected as increased Pricing or as a separate line item or invoice.</p>
<p><b>4. Billing, Payment and Credit:</b> If Utility Billing was noted during the in the Disclosure Statement, you will be invoiced for Constellation’s charges and the Utility’s delivery charges by the Utility on the invoice(s) you receive from the Utility. Such billing and payment shall be subject to the applicable Utility rules regarding billing and payment procedures. Constellation’s charges or credits not invoiced through the Utility shall be invoiced directly by Constellation. If Constellation Billing is noted in the Disclosure Statement, you shall pay within twenty (20) days from the invoice date. Payments not received by Constellation by the due date are deemed past due and shall accrue interest daily on the unpaid balance from the due date until payment is received at the lesser of 1.5% per month or the maximum amount allowable by law. You agree to pay Constellation’s costs incurred in collecting amounts owed to Constellation, including reasonable attorneys’ fees and returned check charges. If you fail to pay your invoices on time, you authorize Constellation to report such failures to one or more credit reporting agencies. Consistent with applicable law, Constellation uses uniform income, deposit and credit requirements in determining whether to offer service to our customers. You hereby authorize Constellation to perform a credit check on you. Constellation may correct or cause the Utility to correct previous invoices in the event of invoicing errors.</p>
<p><b>5. Taxes:</b> Any tax levied against Constellation by any governmental entity that must be paid by Constellation, exclusive of Constellation’s income tax or taxes levied on Constellation’s real or personal property, shall be passed through to and paid by you. You must provide Constellation with any applicable exemption certificates.</p>
<p><b>6. Rejection, Termination, and Remedies:</b> Constellation reserves the right to terminate this Agreement for any non-payment of any amounts owed to Constellation under this Agreement or any other default under this Agreement by you with at least 14 days written notice. In addition to non-payment, Constellation also reserves the right to reject your enrollment or terminate this Agreement for the following defaults: you (a) fail to meet or maintain satisfactory credit standing as determined by Constellation; (b) fail to meet minimum or maximum threshold consumption levels as determined by Constellation; (c) fail to be eligible for Utility consolidated billing or the Utility’s purchase of receivables program, if applicable; (d) rescind your authorization detailed in the “Information Release” section below; (e) attempt to assign this Agreement without Constellation’s consent; or (f) provide any false, inaccurate or misleading information to Constellation or the Utility. You may terminate without an early termination fee (“Permitted Termination”) (1) during and as explained in any applicable “Guarantee Period” identified in the Disclosure Statement, or (2) as explained in the “Early Termination Fee” section in the Disclosure Statement, or (3) if you move. If Constellation terminates this Agreement as a result of your default or if you terminate for any reason other than the Permitted Terminations, Constellation may charge an early termination fee in the amount detailed on the Disclosure Statement. The Parties agree that damages would be difficult to quantify upon a default and further agree that the early termination fee is not a penalty.</p>
<p><b>7. Limitations:</b> Neither Constellation nor any of its affiliates shall be liable for any damages or claims for matters within the control of the Utility or the ISOcontrolled electricity grid, which include maintenance of electric lines and systems, service interruptions, loss or termination of service, deterioration of electric services, meter readings or injury to persons or damage to property caused by the delivery or supply of electricity. Constellation’s delivery obligations cease at the Utility interconnect. <b>ALL ELECTRICITY SUPPLY SOLD HEREUNDER IS PROVIDED “AS IS”, AND CONSTELLATION EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. IN NO EVENT WILL EITHER PARTY BE LIABLE UNDER THIS AGREEMENT, WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR OTHERWISE, FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES AND, FURTHER, IN NO CASE SHALL CONSTELLATION’S LIABILITY EXCEED THE AMOUNT OF YOUR SINGLE LARGEST MONTHLY INVOICE DURING THE PRECEDING 12 MONTHS.</b></p>

8. **Force Majeure:** Causes and events out of Constellation's reasonable control ("Force Majeure Events") may result in interruptions in service. Constellation will not be liable for any such interruptions or any other failure to perform under this Agreement caused by a Force Majeure Event. Constellation is not and will not be liable for damages caused by Force Majeure Events, including but not limited to acts of God; acts of any governmental authority; accidents; strikes; labor disputes; required maintenance work; inability to access the Utility's system; nonperformance by the Utility, including, but not limited to, a facility outage on the Utility's distribution lines; changes in laws, rules or regulations of any governmental authority; or any cause beyond our reasonable control.

9. **Information Release:** You authorize Constellation to obtain information from the Utility related to the Accounts including without limitation account name, account number, billing address, service address, telephone number, standard offer service type, historical electricity usage, rate classification, meter readings, characteristics of electricity supply, and billing and payment information. You authorize Constellation to release such information to third parties and to Constellation's affiliates and subcontractors. These authorizations will remain in effect as long as this Agreement is in effect. You may rescind these authorizations at any time by either calling or providing written notice to Constellation at contact information provided.

10. **Dispute Resolution and Class Action Waiver: CONSTELLATION HOPES TO MAKE YOU A SATISFIED CUSTOMER, BUT IF THERE'S AN ISSUE THAT NEEDS TO BE RESOLVED, THIS SECTION OUTLINES WHAT'S EXPECTED OF BOTH CONSTELLATION AND YOU. BOTH YOU AND CONSTELLATION AGREE TO RESOLVE ALL DISPUTES RELATING TO OR ARISING OUT OF THE INTERACTIONS BETWEEN CONSTELLATION (INCLUDING OUR AFFILIATES, AGENTS, EMPLOYEES, DIRECTORS, OFFICERS AND ASSIGNS) ONLY BY ARBITRATION OR BY AN INDIVIDUAL ACTION IN SMALL CLAIMS COURT. THERE'S NO JUDGE OR JURY IN ARBITRATION, AND THE PROCEDURES MAY BE DIFFERENT, BUT AN ARBITRATOR CAN AWARD THE SAME DAMAGES AND RELIEF TO YOU AND MUST HONOR THE SAME TERMS IN THIS AGREEMENT AS A COURT WOULD. IF THE LAW ALLOWS FOR AN AWARD OF ATTORNEYS' FEES, AN ARBITRATOR CAN AWARD THEM TOO. BOTH YOU AND CONSTELLATION ALSO AGREE THAT:**

A) The federal arbitration act applies to this Agreement and governs any arbitration between you and Constellation. Prior to initiating any arbitration, you and Constellation both agree to try to resolve any dispute informally. To initiate informal dispute resolution, contact our customer care department in one of the ways identified in the Disclosure Statement. Constellation will assign someone to attempt to resolve the dispute.

B) If the dispute is unable to be resolved informally within ninety (90) days after the Party raising it informed the other in writing of the nature and basis of the dispute and made a written demand ("Demand"), either Party may seek formal arbitration. Any arbitration will be governed by the Commercial Arbitration Rules and the Supplementary Procedures for Consumer Related Disputes (collectively, "AAA Rules") of the American Arbitration Association ("AAA"), as modified by this Agreement, and will be administered by the AAA. The AAA Rules are available online at [adr.org](http://adr.org), or by calling the AAA at 1-800-778-7879. The arbitrator is bound by the terms of this Agreement and all issues are for the arbitrator to decide, except that issues relating to the scope and enforceability of the arbitration provision are for the court to decide. This dispute resolution provision does not preclude you from bringing any issues you may have to the attention of any governmental authorities.

C) **YOU AND CONSTELLATION BOTH AGREE THAT THIS AGREEMENT DOES NOT ALLOW CLASS ACTIONS IN COURT OR CLASS ARBITRATIONS, EVEN IF THE AAA PROCEDURES OR RULES WOULD ALLOW SUCH PROCEDURES. RELIEF MAY BE AWARDED ONLY IN FAVOR OF THE INDIVIDUAL PARTY SEEKING RELIEF AND ONLY TO THE EXTENT NECESSARY TO PROVIDE RELIEF WARRANTED BY THE PARTY'S INDIVIDUAL CLAIM. IF FOR SOME REASON, THE CLASS ACTION WAIVER IS UNENFORCEABLE THEN THE AGREEMENT TO ARBITRATE WILL NOT APPLY.**

D) Any arbitration hearings will take place in the county of your billing address. If you are unable to pay the AAA filing, administration, and arbitrator fees for any arbitration properly initiated seeking damages up to \$10,000, Constellation will pay such amounts. Otherwise, the payment of these amounts will be governed by the AAA Rules. In addition, for claims less than \$10,000, any arbitration hearing may be held telephonically.

E) If the arbitrator issues you an award that is greater than the value of our last written settlement offer made prior to an arbitration hearing, then Constellation will pay you three times the amount of the award; and your attorney twice the amount of attorneys' fees, and reimburse any expenses reasonably incurred for pursuing your claim in arbitration. If the award in your favor is lower than our offer Constellation will only pay you the amount of the award. Any arbitration award will be final and binding and judgment confirming the award shall apply only to the specific case to enforce the award in that case.

F) **IF FOR ANY REASON A CLAIM PROCEEDS IN COURT, YOU AND CONSTELLATION BOTH AGREE THAT BOTH PARTIES ARE WAIVING A RIGHT TO A JURY TRIAL.** This dispute resolution provision shall survive termination of the Agreement.

G) Nothing in this Agreement shall impair your right to make an informal or a formal complaint to your applicable state Commission.

11. **Miscellaneous:** Contact information for Constellation, the Utility and the applicable state Commission is provided in the Disclosure Statement. The Agreement shall be governed by and construed in accordance with the laws of the State where the Account(s) reside, without regard for the conflicts of law provisions thereof. Subject to regulatory approvals and any required notice from Constellation, Constellation may assign this Agreement without your consent. You may assign this Agreement only with Constellation's prior written consent. The Agreement (including without limitation the Accounts and other information identified during the enrollment process) shall be considered the entire agreement between the Parties, superseding all verbal and written understandings. This Agreement shall only be amended in a writing signed by both Parties or in accordance with the Renewal process identified in the Disclosure Statement. The individual undertaking the enrollment process on your behalf warrants that he or she is authorized to (a) enter into this Agreement on your behalf, (b) make decisions with respect to the Accounts, and (c) enroll with and change the Accounts' electricity supplier to Constellation. You should contact the Utility in the event of an electric emergency at the phone numbers identified on the Disclosure Statement. Future correspondence may be sent by Constellation to you via first class mail, postcard, and/or electronic mail.