



SmartPortfolio

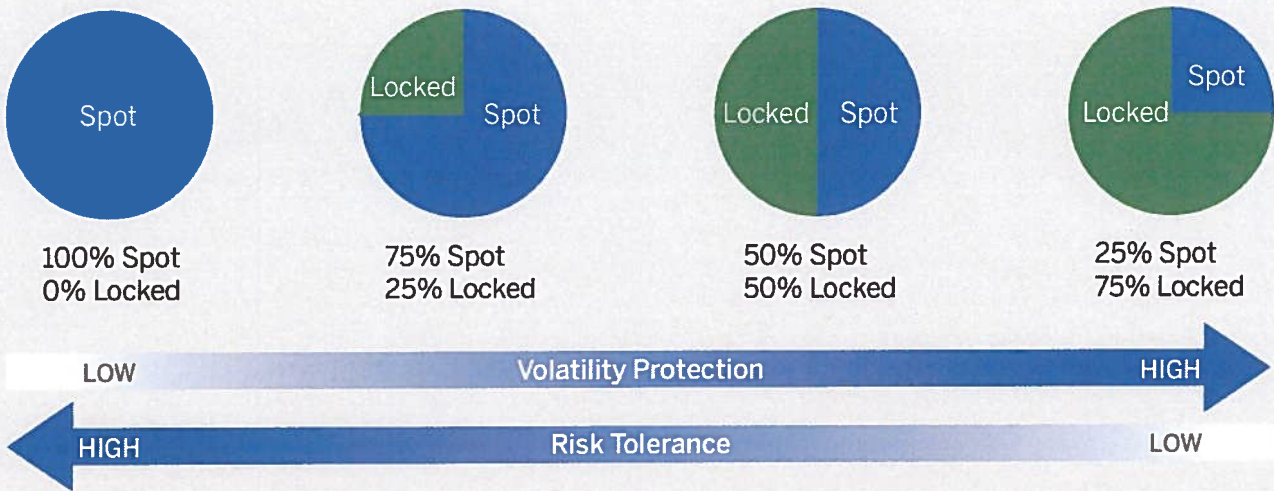
A proactively managed natural gas program can help you mitigate your price risks so you can focus on your core business.

SmartPortfolio leverages many of the same principals widely adopted by the personal finance industry. Both **SmartPortfolio** and retirement investing (such as a 401(k)) take a forward-facing approach to risk management.

- **Asset Allocation:** Layer in different strategies to be prepared for various market outcomes.
- **Time Diversification:** More time means more opportunity to diversify, reducing volatility risk.
- **Cost Averaging:** a mathematical strategy to smooth the price curve.

Deploying a diversified strategy

SmartPortfolio proactively manages your full physical natural gas requirements through one simple, transparent and flexible strategy.



A customer's total natural gas supply is managed through a combination of spot market pricing and time-diversified price locks. Customers can choose to have any amount of their **SmartPortfolio** volumes locked over time based on their risk tolerance and volatility protection needs.

Over **2,200 customers** have enrolled in managed products with **180 million DTH** of customer volumes managed in the programs.

Constellation is a leading competitive retail and wholesale supplier of power, natural gas and energy products and services across the continental United States. Constellation's family of retail businesses serves residential, public sector and business customers, including more than two-thirds of the Fortune 100. Learn more at www.constellation.com



50% Volatility Protection

SmartPortfolio

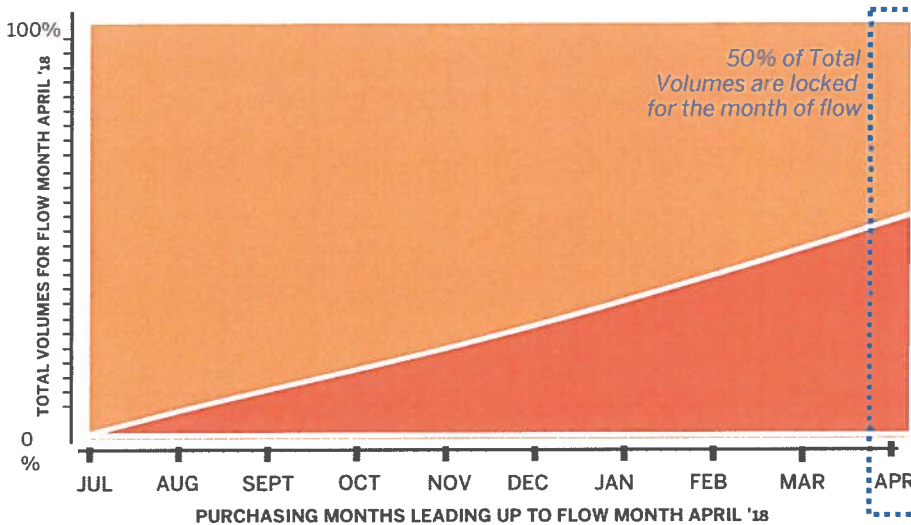
Program Objective

SmartPortfolio provides a time-diversified gas price that uses an algorithmic approach to managing long-term price risk. Based on a product that was first developed in 1997, this program has evolved into dynamic and diversified purchasing strategies similar to retirement savings plans such as a 401k or a target date fund. This reduces exposure to volatile price swings to achieve an average, more consistent price over time.

A Risk-Based Strategy

By layering in a combination of spot and time-diversified locked purchases, the program minimizes volatility risk and, by purchasing small percentages of monthly volumes over time through cost averaging, this full-requirements program smooths the cost curve over time and increases long-term budget certainty.

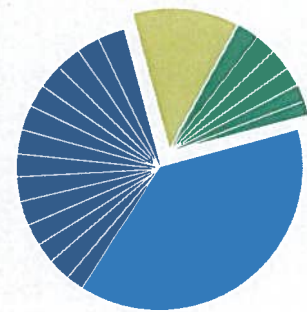
SmartPortfolio 50% Locked Purchasing for Sample Flow April 2018



Asset Allocation

Based on total natural gas monthly usage in dekatherms (Dth)

- 50% Time-Diversified Locked Commodity
- 50% Spot Market Commodity
- 50% Time-Diversified Locked Basis
- 50% Spot Market Basis



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