

SUPPLEMENT TO ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2006

MXENERGY HOLDINGS INC.

**595 Summer Street, Suite 300
Stamford, Connecticut 06901
(203) 356-1318**

Pursuant to Section 4.03 of the Indenture, dated as of August 4, 2006 (the “Indenture”), by and among MxEnergy Holdings Inc. (“MXenergy”), certain of its subsidiaries named therein, as Guarantors, Law Debenture Trust Company of New York, as Trustee (the “Trustee”), and Deutsche Bank Trust Company Americas, as Paying Agent and Registrar, relating to the Floating Rate Senior Notes due 2011 issued by MXenergy (the “Notes”), MXenergy is furnishing the information contained herein to the holders of the Notes.

EXPLANATORY NOTE

This Supplement to Annual Report supplements the Annual Report for the fiscal year ended June 30, 2006 which was posted to our company website on October 6, 2006 (the “Original Report”). The purpose of this Supplement to Annual Report is to provide certain information with respect to executive compensation which was not included in the Original Report.

Except as the context otherwise requires, references in this Supplement to Annual Report to “MxEnergy,” “the Company,” “we,” “us,” “our,” or similar terms refer to MxEnergy Holdings Inc., a Delaware corporation, and its subsidiaries.

Executive Compensation

Compensation Committee

For the fiscal year ended June 30, 2006, all matters concerning executive compensation for the Chief Executive Officer and other executive officers were considered and acted upon by the compensation committee of the board of directors.

Compensation Philosophy. Our compensation program for executive officers is based upon a desire to achieve both our short-term and long-term business goals and strategies with a view to enhancing shareholder value. To achieve our goals, we recognize that we must adopt a compensation program which will attract, retain and motivate qualified and experienced executive officers, and that our compensation program should align the financial interests of our executive officers with those of our shareholders.

Compensation of Executive Officers. In approving the annual salary for our executive officers (other than the Chief Executive Officer) for the fiscal year ended June 30, 2006, the compensation committee considered several factors, including the scope of the individual’s responsibilities, competitive payment practices, our historical financial results and our anticipated financial performance. The compensation determination for each individual was largely subjective and no specific weight was given to any particular factor. In addition to their base salaries, our executive officers receive discretionary bonuses tied to our overall performance and their individual performances. In this regard, the compensation committee established specific performance goals for the payment of discretionary bonuses which are based on the per share growth in cash available for distributions and total annual shareholder return.

Compensation of Chief Executive Officer. As with the other executive officers, the compensation committee determined the annual salary for the Chief Executive Officer based upon a number of factors and criteria, including our historical financial results, our anticipated financial performance and the requirements of the Chief Executive Officer. The compensation determination for the Chief Executive Officer was largely subjective, and no specific weight was given to any particular factor. The Chief Executive Officer is also eligible to receive discretionary bonuses tied to our overall performance and his individual performance.

2001 and 2003 Stock Option Plans and 2006 Equity Incentive Compensation Plan. We have traditionally provided our executive officers with the opportunity to acquire significant equity stakes in our growth and prosperity through the grant of stock options to purchase shares of our common stock.

Summary Compensation Table

The following table sets forth information concerning compensation paid to our chief executive officer and our four most highly compensated executive officers serving as executive officers as of June 30, 2006 in the years indicated.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation(1)	Long-Term Compensation Awards		All Other Compensation(2)
					Restricted Stock Awards	LTP Payouts	
Jeffrey Mayer	2006	\$450,000	\$150,000	\$878,100(3)	—	—	\$23,756
President and Chief Executive Officer	2005	350,000	350,000	—	—	—	18,856
	2004	275,000	445,000	—	—	—	15,832
Carole R. Artman-Hodge	2006	375,000	125,000	878,100(3)	—	—	14,875
Executive Vice President	2005	350,000	350,000	—	—	—	18,856
	2004	275,000	445,000	—	—	—	15,832
Chaitu Parikh	2006	350,000	117,000	—	—	—	17,750
Vice President and Chief Financial Officer	2005	250,000	250,000	—	—	—	14,552
	2004	210,000	225,000	—	—	—	15,130
Gina Goldberg	2006	231,750	75,000	—	—	—	10,098
Vice President Marketing	2005	218,399	135,000	—	—	—	18,411
	2004	63,121(4)	85,000	—	—	—	—
Thomas Hartmann	2006	228,375	120,000	—	—	—	21,574
General Counsel	2005	105,411(5)	75,000	—	—	—	5,951
	2004	—	—	—	—	—	—

- (1) Excludes benefits and perquisites received by the named executive officers that do not exceed the lesser of \$50,000 or 10% of any such named executive officer's annual compensation.
- (2) Represents employer matching contributions to employee's 401(k) plan.
- (3) Represents 30,000 warrants which were exercised using the cashless exercise provision. The fair market value of our common stock was estimated to be \$33.67 using an internally developed valuation model at the time of exercise.
- (4) Start date was February 27, 2004.
- (5) Start date was January 10, 2005.

Stock Option/SAR Grants in the Last Fiscal Year

There were no grants of stock options and/or stock appreciation rights during our fiscal year ending June 30, 2006.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year End Option/SAR Values

The following table provides option exercise information for the executive officers named in the Summary Compensation Table. The table shows the number of shares acquired and the value realized upon exercise of stock options during 2006 and the exercisable and unexercisable options held at June 30, 2006.

Name and Principal Position	Number of Shares Acquired on Exercise(1)	Value Realized	Number of Securities Underlying Unexercised Options/SARs at June 30, 2006		Value of Unexercised In-the- Money Options/SARs at June 30, 2006(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Jeffrey Mayer	14,626	\$878,100	75,233	51,517	\$1,426,603	\$468,035
President and Chief Executive Officer						
Carole R. Artman-Hodge	14,626	\$878,100	75,233	51,517	1,426,603	468,035
Executive Vice President						

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Chaitu Parikh Vice President and Chief Financial Officer	—	—	57,300	41,900	1,105,721	396,063
Gina Goldberg Vice President Marketing	—	—	17,300	20,900	171,304	137,335
Thomas Hartmann General Counsel	—	—	10,000	15,000	60,200	76,550

- (1) Jeffrey Mayer and Carole R. Artman-Hodge each exercised 30,000 warrants using the cashless exercise provision. The fair market value of our common stock was estimated to be \$33.67 using an internally developed valuation model at the time of exercise.
- (2) The fair market value as at June 30, 2006 estimated to be \$30.77 using a valuation obtained from an independent valuation services firm.

Long-Term Incentive Plans – Awards in Last Fiscal Year

There were no long-term incentive plan awards during the fiscal year ended June 30, 2006.

Employee Benefit Plans

2001 Stock Option Plan

Our 2001 Stock Option Plan was adopted by MXenergy's board of directors on February 9, 2001 and subsequently approved by our stockholders. At June 30, 2006, options to purchase a total of 366,500 shares of common stock were outstanding under the 2001 Stock Option Plan at a weighted exercise price of \$5.45.

The 2001 Stock Option Plan is administered by either a committee of at least two non-employee directors appointed by our board of directors, or by our full board of directors. The administrator of the 2001 Stock Option Plan has full power and authority to select the individuals to whom awards will be granted, to determine the type of options to be awarded, and to determine the specific terms and conditions of each award, subject to the provisions of the 2001 Stock Option Plan.

The 2001 Stock Option Plan permits us to make grants of incentive stock options and non-qualified stock options to employees, directors, advisors and consultants. Stock options granted under the 2001 Stock Option Plan have a maximum term of ten years from the date of grant (five years in the case of incentive stock options granted to employees who, at the time of grant, own more than 10% of the Company's outstanding shares of common stock) and incentive stock options have an exercise price of no less than the fair market value of the common stock on the date of grant (110% of fair market value for incentive stock options granted to employees who, at the time of grant, own more than 10% of the Company's outstanding shares of common stock).

In the event of a change in control, the committee may take whatever action it deems necessary or desirable with respect to any outstanding options, including, without limitation, accelerating the expiration or termination date in the respective option documents.

2003 Stock Option Plan

Our 2003 Stock Option Plan was adopted by our board of directors on November 30, 2003 and subsequently approved by our stock holders. At June 30, 2006, options to purchase a total of 393,420 shares of our common stock were outstanding under the 2003 Stock Option Plan at a weighted exercise price of \$21.90.

The 2003 Stock Option Plan is administered by the compensation committee or by our full board of directors. The administrator of the 2003 Option Plan has full power and authority to select the individuals to whom awards will be granted, to determine the types of options to be awarded and to determine the specific terms and conditions of each award, subject to the provisions of the 2003 Stock Option Plan.

The 2003 Stock Option Plan permits us to make grants of incentive stock options and non-qualified stock options to employees, directors and consultants. Stock options granted under the 2003 Stock Option Plan have a maximum term of ten years from the date of grant (five years in the case of incentive stock options granted to employees who, at the time of grant, own more than 10% of the Company's outstanding shares of common stock) and incentive stock options have an exercise price of no less than the fair market value of the common stock on the date of grant (110% of fair market value for incentive stock options granted to employees who, at the time of grant, own more than 10% of the Company's outstanding shares of common stock).

In the event of a change in control, the committee may take whatever action it deems necessary with respect to any outstanding options, including, without limitation, accelerating the expiration or termination date in the respective option documents.

2006 Equity Incentive Compensation Plan

Our 2006 Equity Incentive Compensation Plan, or the 2006 Plan, was adopted by our board of directors in November 2005 and subsequently approved by our stockholders. The 2006 Plan permits us to make grants of incentive stock options, non-qualified stock options, restricted shares, restricted share units, unrestricted shares, share appreciation rights, dividend equivalent rights, deferred share units and performance awards. The 2006 Plan provides that no more than 750,000 shares of our common stock may be issued pursuant to awards under the 2006 Plan. These shares shall be authorized but unissued shares, or shares that we have reacquired or otherwise hold in treasury or in a trust. The number of shares available for awards, as well as the terms of outstanding awards, are subject to adjustment as provided in the 2006 Plan for stock splits, stock dividends, recapitalizations and other similar events. Shares of our common stock that are subject to any award that expires, or is forfeited, cancelled or becomes unexercisable will again be available for subsequent awards, except as prohibited by law.

The 2006 Plan will be administered by the compensation committee. Subject to the terms of the 2006 Plan, the committee has authority to determine the eligible persons who will receive awards, the number of shares of our common stock, units or dollars to be covered by each award, and the terms and conditions of awards. The committee has broad discretion to prescribe, amend, and rescind rules relating to the 2006 Plan and its administration, to interpret and construe the 2006 Plan and the terms of all award agreements, and to take all actions necessary or advisable to administer the 2006 Plan. Within the limits of the 2006 Plan, the committee may accelerate the vesting of any award, allow the exercise of unvested awards, and modify, replace, cancel or renew them.

The 2006 Plan provides that we and our affiliates will indemnify members of the committee and their delegates against any claims, liabilities or costs arising from the good faith performance of their duties under the 2006 Plan. The 2006 Plan releases these individuals from liability for good faith actions associated with the 2006 Plan's administration.

The committee may grant options that are intended to qualify as incentive stock options, or ISOs, only to employees who are common law employees of MxEnergy Holdings Inc. or any parent corporation or subsidiary, and may grant all other awards to eligible persons, which includes any consultant, director or employee. The 2006 Plan provides that no participant may receive options and SARs that relate to more than twenty percent (20%) of the total number of shares reserved for awards under the 2006 Plan.

Options. Options granted under the 2006 Plan provide participants with the right to purchase shares of our common stock at a predetermined exercise price. The committee may grant options that are intended to qualify as ISOs or options that are not intended to so qualify, or non-ISOs. The 2006 Plan also provides that ISO treatment may not be available for options that become first exercisable in any calendar year to the extent the value of the underlying shares that are the subject of the option exceed \$100,000 (based upon the fair market value of the shares of our common stock on the option grant date).

Share Appreciation Rights (SARs). If our common stock is traded on an established securities market, the committee may in its discretion grant SARs to any eligible person. A share appreciation right generally permits a participant who receives it to receive, upon exercise, cash and/or shares of our common stock equal in value to an amount determined by multiplying (a) the excess of the fair market value, on the date of exercise, of the shares of our common stock with respect to which the SAR is being exercised, over the exercise price of the SAR for such shares by (b) the number of shares with respect to which the SARs are being exercised. The committee may grant SARs in tandem with options or independently of them. SARs that are independent of options may limit the value payable on its exercise to a percentage, not exceeding 100%, of the excess value.

Exercise Price for Options and SARs. The exercise price of ISOs, non-ISOs, and SARs may not be less than 100% of the fair market value on the grant date of the shares of our common stock subject to the award (110% of fair market value for ISOs granted to employees who, at the time of grant, own more than 10% of the outstanding shares of our common stock).

Exercise of Options and SARs. To the extent exercisable in accordance with the agreement granting them, an option or SAR may be exercised in whole or in part, and from time to time during its term, subject to earlier termination of a holder's employment or service. With respect to options, the committee has the discretion to accept payment of the exercise price in any of the following forms (or combination of them): cash or check in U.S. dollars, certain shares of our common stock, and cashless exercise under a program the committee approves. The term over which participants may exercise options and SARs may not exceed ten years from the date of grant (five years in the case of ISOs granted to employees who, at the time of grant, own more than 10% of the outstanding shares of our common stock).

Subject to the terms of the agreement evidencing an option grant, the option may be exercised during the six-month period after the optionee retires, during the one-year period after the optionee's termination of service due to death or permanent disability, and during the 90-day period after the optionee's termination of employment without cause (but in no case later than the termination date of the option). The agreements evidencing the grant of an option may, in the discretion of the committee, set forth additional or different terms and conditions applicable to such option upon a termination or change in status of the employment or service of the option holder. All SARs are to be settled in shares of our stock and shall be counted in full against the number of shares available for award under the 2006 Plan, regardless of the number of exercise gain shares issued upon settlement of the SARs.

Phantom Shares. The committee may in its discretion grant phantom shares to any eligible person, and shall evidence each grant in an award agreement that sets forth the number of shares to which the award relates. Except as set forth in the applicable award agreement or the committee otherwise determines, upon termination of a participant's continuous service, the participant shall forfeit his or her unvested phantom shares. A participant's rights associated with an award of phantom shares shall at all times constitute an unsecured promise of the Company to pay benefits in cash as they come due. The right of the participant or the participant's duly-authorized transferee to receive benefits hereunder shall be solely an unsecured claim against the general assets of the Company. No provision of the 2006 Plan shall be interpreted to confer upon any participant any voting, dividend or derivative or other similar rights with respect to any share that is subject to a phantom share award.

Timing of Settlement. Unless otherwise provided in an award agreement, we shall settle phantom shares by making a single-sum cash payment to the participant on the first day of the month following the date on which the participant earns a vested interest in the phantom shares, unless set settlement is otherwise deferred by the participant. In the event a participant suffers an unforeseeable emergency within the meaning of the 2006 Plan and of Section 409A of the Internal Revenue Code of 1986, as amended, or the Code, the participant may apply to the Company, and the committee may consent (in its discretion) for an immediate distribution of all or a portion of the participant's deferred vested phantom shares.

Dividend Equivalent Rights. The committee may in its discretion grant dividend equivalent rights to any eligible person, and shall evidence each grant in an award agreement. A dividend equivalent right shall generally represent the right of the participant to receive, at the time of settlement, an amount equal to the regular cash dividends that we have paid on the number of shares designated in the award agreement during the period between the date the award is granted and the settlement date applicable to the shares. Interest shall not accrue on such amounts, unless an award agreement provides otherwise. The committee may impose any employment-related terms and conditions on the grant of a dividend equivalent right as it deems appropriate in its discretion.

The award agreement shall specify the circumstances under which the Company will settle dividend equivalent rights. Unless an award agreement provides for settlement in cash or a combination of cash or shares at the committee's discretion, all dividend equivalent rights shall be settled through the Company's issuance of shares having a fair market value equal to the value of each cash dividend paid with respect to the shares underlying the participant's award during the term of the dividend equivalent right that is being settled. If a dividend equivalent right is granted with respect to options that are intended to be qualified performance based compensation for purposes of Section 162(m) of the Code, such dividend equivalent rights shall be payable regardless of whether such options are exercised. If a dividend equivalent right is granted in respect of any other award, then, unless otherwise stated in the award agreement, in no event shall the dividend equivalent right be in effect for a period beyond the time during which the applicable portion of the underlying award is in effect.

Restricted Shares, Restricted Share Units, Unrestricted Shares, and Deferred Share Units. Under the 2006 Plan, the committee may grant restricted shares that are forfeitable until certain vesting requirements are met, may grant restricted share units which represent the right to receive shares of our common stock after certain vesting requirements are met, and may grant unrestricted shares as to which the participant's interest is immediately vested. For restricted awards, the 2006 Plan provides the committee with discretion to determine the terms and conditions under which a participant's interests in such awards becomes vested. The 2006 Plan provides for deferred share units in order to permit certain directors, consultants, agents, or select members of management to defer their receipt of compensation payable in cash or shares of our common stock (including shares that would otherwise be issued upon the vesting of restricted shares and restricted share units). Deferred share units represent a future right to receive shares of our common stock.

Whenever shares of our common stock are delivered pursuant to these awards, the participant will be entitled to receive with respect to each share released or issued, an amount equal to any cash dividends (plus, in the sole discretion of the committee, simple interest at a rate as the committee may determine) and a number of shares equal to any stock dividends, which were declared and paid to the holders of shares between the grant date and the date such share is released from the vesting restrictions in the case of restricted shares or issued in the case of restricted share units.

Performance Awards. The 2006 Plan authorizes the committee to grant performance-based awards in the form of performance units that the committee may or may not, designate as "performance compensation awards" that are intended to be exempt from limitations under Section 162(m) of the Code.

In either case, performance awards vest and become payable based upon the achievement, within the specified period of time, of performance objectives applicable to the individual, the Company or any affiliate. Performance awards are payable in shares of our common stock, cash or some combination of the two. The committee decides the length of performance periods, but the periods may not be less than one fiscal year of the Company.

With respect to performance compensation awards, the 2006 Plan requires that the committee specify in writing the performance period to which the award relates, and an objective formula by which to measure whether and the extent to which the award is earned on the basis of the level of performance achieved with respect to one or more performance measures. Once established for a performance period, the performance measures and performance formula applicable to the award may not be amended or modified in a manner that would cause the compensation payable under the award to fail to constitute performance-based compensation under Section 162(m) of the Code.

Forfeiture. Unless otherwise provided in an agreement granting an award, the Company has the following recourse against a participant who does not comply with certain employment-related covenants, either during employment or after ceasing to be employed: the Company may terminate any outstanding, unexercised, unexpired, unpaid, or deferred awards, rescind any exercise, payment or delivery pursuant to the award, or recapture any of our common stock (whether restricted or unrestricted) or proceeds from the participant's sale of shares issued pursuant to the award.

Income Tax Withholding. As a condition for the issuance of shares pursuant to awards, the 2006 Plan requires satisfaction of any applicable federal, state, local, or foreign withholding tax obligations that may arise in connection with the award or the issuance of shares.

Transferability. Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of other than by will or the laws of descent and distribution, except to the extent the committee permits lifetime transfers in the form of a non-ISO, share-settled SAR, restricted shares, or performance shares to charitable institutions, certain family members or related trusts, or as otherwise approved by the committee.

Certain Corporate Transactions. The committee shall equitably adjust the number of shares covered by each outstanding award, and the number of shares that have been authorized for issuance under the 2006 Plan but as to which no awards have yet been granted or that have been returned to the 2006 Plan upon cancellation, forfeiture or expiration of an award, as well as the price per share covered by each such outstanding award, to reflect any increase or decrease in the number of issued shares resulting from a stock split, reverse stock split, stock dividend, combination, recapitalization or reclassification of the shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration by the Company. In the event of any such transaction or event, the committee may provide in substitution for any or all outstanding options under the 2006 Plan such alternative consideration (including securities of any surviving entity) as it may in good faith determine to be equitable under the circumstances and may require in connection therewith the surrender of all options so replaced. In any case, such substitution of securities will not require the consent of any person who is granted options pursuant to the 2006 Plan.

In addition, in the event or in anticipation of a change in control (as defined in the 2006 Plan), the committee may at any time in its sole and absolute discretion and authority, without obtaining the approval or consent of our stockholders or any participant with respect to his or her outstanding awards (except to the extent an award provides otherwise), take one or more of the following actions: (a) arrange for or otherwise provide that each outstanding award will be assumed or substituted with a substantially equivalent award by a successor corporation or a parent or subsidiary of such successor corporation; (b) accelerate the vesting of awards for any period (and may provide for termination of unexercised options

and SARs at the end of that period) so that awards shall vest (and, to the extent applicable, become exercisable) as to the shares of our common stock that otherwise would have been unvested and provide that repurchase rights of the Company with respect to shares of our common stock issued upon exercise of an award shall lapse as to the shares of our common stock subject to such repurchase right; (c) arrange or otherwise provide for payment of cash or other consideration to participants in exchange for the satisfaction and cancellation of outstanding awards; or (d) terminate upon the consummation of the transaction, provided that the committee may in its sole discretion provide for vesting of all or some outstanding awards in full as of a date immediately prior to consummation of the change of control. To the extent that an award is not exercised prior to consummation of a transaction in which the award is not being assumed or substituted, such award shall terminate upon such consummation.

Notwithstanding the above, in the event a participant holding an award assumed or substituted by the successor corporation in a change in control is involuntarily terminated (as defined in the 2006 Plan) by the successor corporation in connection with, or within 12 months (or other period either set forth in an award agreement, or as increased thereafter by the committee to a period longer than 12 months) following consummation of, the change in control, then any assumed or substituted award held by the terminated participant at the time of termination shall accelerate and become fully vested (and exercisable in full in the case of options and SARs), and any repurchase right applicable to any shares of our common stock shall lapse in full. The acceleration of vesting and lapse of repurchase rights provided for in the previous sentence shall occur immediately prior to the effective date of the participant's termination.

In the event of any distribution to our stockholders of securities of any other entity or other assets (other than dividends payable in cash or stock of the Company) without receipt of consideration by the Company, the committee may, in its discretion, appropriately adjust the price per share covered by each outstanding award to reflect the effect of such distribution. Finally, if the Company dissolves or liquidates, all awards will terminate immediately prior to such dissolution or liquidation, subject to the ability of the board of directors to exercise any discretion that the board of directors may exercise in the case of a change in control.

Term; Amendments or Termination. The term of the 2006 Plan is ten years from November 21, 2005, the date it was approved by the stockholders. The board of directors may from time to time, amend, alter, suspend, discontinue or terminate the 2006 Plan; provided that no amendment, suspension or termination of the 2006 Plan shall materially and adversely affect awards already granted (with such an affect being presumed to arise from a modification that would trigger a violation of Section 409A of the Code) unless (i) it relates to an adjustment pursuant to certain transactions that change our capitalization, (2) there is an express 2006 Plan provision permitting the committee to act unilaterally to make the modification, or (3) the committee determines in good faith, before a change in control, that the modification is not materially adverse to the participant. Furthermore, neither the Company nor the committee shall, without shareholder approval, allow for a repricing within the meaning of the federal securities laws applicable to proxy statement disclosures. Notwithstanding the foregoing, the committee may amend the 2006 Plan to eliminate provisions which are no longer necessary as a result of changes in tax or securities laws or regulations, or in the interpretation thereof.

Executive Employment Agreements

Chief Operating Officer

MxEnergy Inc. has entered into an employment agreement with Mr. Murray pursuant to which he will serve as Chief Operating Officer. The following is a summary of the material terms of such employment agreement.

Term. The initial term of Mr. Murray's employment agreement is three years commencing on August 4, 2006. The agreement is automatically renewed for successive one-year terms until terminated.

Compensation. The agreement provides that Mr. Murray will receive a base salary of \$450,000 and a signing bonus of \$150,000. Pursuant to the agreement, Mr. Murray will be granted an option to purchase 150,000 shares of our common stock. Mr. Murray may also earn a yearly performance bonus of up to 100% of his base salary if both he and MXenergy meet the objectives set by our board of directors. Mr. Murray may also earn an additional bonus of up to 20% of his base salary for any extraordinary performances by him connected with a significant business event, such as an initial public offering.

Severance. If Mr. Murray is terminated involuntarily and without business reasons, a constructive termination occurs, or in the event that Mr. Mayer ceases to be the Chief Executive Officer of MXenergy and Mr. Murray is not offered such position, he will receive (i) his base salary, paid time off, and any unearned and unpaid annual bonus accrued through his termination date, and any expense reimbursements or other benefits due to him; (ii) a lump sum equal to the greater of his base salary for a period of 12 months following his termination or his base salary for the remainder of his current employment term; (iii) a lump sum equal to 75% of his bonus for the fiscal year in which his termination occurs, 75% of his bonus for any full fiscal year remaining during his employment term, and a pro rata portion of 75% of his bonus being paid for the final fiscal year that begins during the employment term; (iv) and accelerated vesting of his stock options, with any unexercised options being cancelled in consideration of our payment to Mr. Murray of the excess of the fair market value of the option shares over the exercise price.

For purposes of this agreement, our change in control includes any person acquiring more than 50% or more of the combined voting power of our then outstanding securities, a change in the membership of a majority of the board during a two-year period, our merger or combination with or into a third party, or the sale of substantially all of our assets. For purposes of this employment agreement, a termination "without business reasons" means a termination for reasons other than (i) gross negligence, willful misconduct or other willful malfeasance, (ii) a felony conviction of nolo contendere, (iii) an act involving moral turpitude, fraud or misrepresentation with respect to Mr. Murray's duties to us, (iv) Mr. Murray's failure to follow directions of the board of directors or the Chief Executive Officer and subsequent failure to correct or (v) or Mr. Murray's material breach of his employment agreement. For purposes of this agreement, "constructive termination" means Mr. Murray's position has changed so that he is no longer serving as our Chief Operating Officer, Mr. Murray is required to relocated more than 50 miles from our Houston office, there is a reduction in Mr. Murray's base salary and bonus (other than a reduction consistent with general pay reductions), or we commit a material breach of his employment agreement.

Confidentiality. Both during and after the term of his employment, Mr. Murray is prohibited from disclosing confidential information of MXenergy to unauthorized persons without the written consent of MXenergy's board of directors, except in the course of performing his duties under the employment agreement.

Non-Competition. During the term of his employment agreement and for the remainder of the term of such agreement in effect at the date of termination of Mr. Murray's employment, Mr. Murray is prohibited from (i) directly or indirectly owning, managing, controlling, participating in, consulting with, rendering strategic, executive, managerial, sales, marketing, investment, financial, or other non-administrative services for, or in any manner engaging in any business competing with MXenergy, any of its subsidiaries or any business of MXenergy or its subsidiaries that are in process of development on the date of termination of Mr. Murray's employment, (ii) directly or indirectly inducing any employee of MXenergy or any subsidiary thereof to leave MXenergy or such subsidiary, (iii) hiring directly or through another entity any person who was an employee of MXenergy or any subsidiary thereof at any time

during the then preceding 12 months, (iv) directly or indirectly inducing any customer, supplier, licensee or other business relation of MXenergy or any subsidiary thereof to cease doing business with MXenergy or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and MXenergy or any such subsidiary, or (v) disparage MXenergy, its executive officers, or its directors.

Other Executive Officers

MxEnergy Inc. has entered into employment agreements with Jeffrey Mayer, our President and Chief Executive Officer; Carole R. Artman-Hodge, our Executive Vice President; Chaitu Parikh, our Chief Financial Officer; Emmett Capanna, our Senior Vice President, Supply and Marketing; and Thomas Hartmann, our General Counsel, pursuant to which they will serve in the respective positions set forth across from their names in the management table above. The following is a summary of the material terms of such employment agreements.

Term. The initial terms of Ms. Artman-Hodge and Mr. Mayer's employment agreements are five years commencing on April 1, 1999. Both agreements are automatically renewed for successive five-year terms until terminated. Messrs. Capanna, Parikh, Taffet and Hartmann are employed at will and there are no set terms under their respective employment agreements.

Compensation. The executive officers will receive annual salaries ranging between \$215,000 and \$550,000 per year. Pursuant to their respective employment agreements, the executive officers can participate in benefits generally available to senior employees including year-end bonus and the Company's Incentive Stock Option Plan.

Severance. The severance payment amounts for termination without cause range from six months of base salary then in effect to 36 months of base salary then in effect. If an executive is terminated without cause, any of his unvested warrants or options will vest immediately on the next vesting date after such employee's termination.

Confidentiality. Both during and after the terms of their respective employment, Mr. Mayer, Mr. Capanna, Ms. Artman-Hodge, Mr. Parikh, Mr. Taffet and Mr. Hartmann are prohibited from, directly or indirectly, disclosing confidential information of MXenergy to unauthorized persons and from, directly or indirectly, using confidential information of MXenergy in connection with any other business activity.

Non-Competition. During the terms of their respective employment agreements and for a period ranging between three months and one year after the expiration or termination thereof, Mr. Mayer, Mr. Capanna, Ms. Artman-Hodge, Mr. Parikh, Mr. Taffet and Mr. Hartmann are prohibited from inducing other MXenergy employees to leave the Company.