



FOR IMMEDIATE RELEASE

CONTACT: Carole R. Artman-Hodge
Tel 203 356 1318
Email investorrelations@mxenergy.com

**MXENERGY REPORTS FIRST QUARTER ENDED SEPTEMBER 30, 2006
OPERATING RESULTS: Earnings Conference Call Scheduled for
9:30 a.m. EST, November 14, 2006**

Stamford, CT, November 13, 2006 – MxEnergy Holdings Inc. (“MXenergy” or the “Company”) announced today its operating results for the first quarter ended September 30, 2006.

MXenergy reported adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) of \$1.4 million for the quarter ended September 30, 2006, as compared to Adjusted EBITDA of \$3.9 million for the prior year period ended September 30, 2005. Adjusted EBITDA excludes unrealized gains and losses from risk management activities and non-cash compensation expenses. The decrease of \$2.5 million versus the prior year was due primarily to a net gain of \$2.5 million recorded in the prior year period versus a loss of \$0.8 million in the current period related to settlement of risk management activities during the respective quarters associated with ending inventory balances. These gains and losses are largely offset in subsequent periods by the associated effect on margins when the inventory is sold to retail customers under fixed rate contracts.

As explained in previous announcements, MXenergy has not elected to designate any derivative instruments as hedges in accordance with the provisions of Financial Accounting Standards Board No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended and interpreted, and accordingly any changes in derivative fair value must be adjusted through unrealized losses (gains) from risk management activities in the consolidated statements of operations. The election not to perform hedge accounting can have an impact on earnings as the change in fair value of derivatives may impact operations during a different period than the associated margin achieved on the physical sale of natural gas. The Company will continue to experience volatility in quarterly and annual earnings as a result of its election to not perform hedge accounting.

On August 1, 2006, we acquired substantially all of the assets of Shell Energy Services, L.L.C. (“SESCo”), a wholly owned subsidiary of Shell Oil Company, serving primarily residential and small commercial customers.

In August 2006, MXenergy approved a plan to move certain of its employees and operations to Houston, TX in conjunction with the SESCO acquisition. The terms of this rationalization plan, which are specific to each employee affected, include various employee benefit cost components such as severance, retention bonuses and reimbursement of relocation costs. MXenergy estimates that maximum

rationalization charges for the plan, all of which relate to employee severance and benefits, will amount to approximately \$1.5 million.

MXenergy is in the process of transitioning several of its functions to Houston, including IT, customer data solutions, accounting operations, collections and pricing. While MXenergy cannot predict the exact timing of the movement of these selected operations to Houston, it is anticipated that most of them will be completed by the end of fiscal year 2007. Corporate functions, including marketing, finance, risk management and legal will remain in Connecticut, as will the corporate headquarters.

Highlights of MXenergy's operating results for first quarter ended September 30, 2006 as compared to the prior year period include:

Sales for the quarter ended September 30, 2006 were \$74.8 million, up \$41.9 million, or 128%, compared to the same period last year, principally due to increased natural gas consumption associated with the accounts purchased from SESCo. In addition, the average selling price per unit (including fee revenue) increased by \$2.04 to \$9.88 per mmbtu, largely due to the higher price of natural gas when fixed price customers were added or renewed and fee income realized from certain of the SESCo customers we acquired.

Our customer base continues to be comprised of approximately 98% natural gas customers. The majority of our gas is sold during our second and third fiscal quarters (or November through March in a calendar year). This causes seasonal volatility in our quarterly earnings and cash flows. Our first quarter fiscal year numbers therefore are not necessarily a reflection of future quarter results.

Gross loss for the three month period ended September 30, 2006 was \$34.0 million compared to a gross profit of \$127.9 million in the same period last year. The decrease is primarily related to changes in the market value of our risk management activities of \$166.4 million resulting from changes in forward natural gas prices between the periods. This decrease will be offset in future periods by higher margins, as physical gas is delivered to retail customers under the remaining terms of their fixed rate contracts.

In its segment analysis, MXenergy evaluates performance based on several factors of which the primary financial measure is gross profit adjusted to exclude the effect of any unrealized gains or losses from risk management activities. Management classifies its business interests into three reportable segments: residential and small commercial natural gas, mid-market commercial natural gas and electricity. The combined adjusted gross profit for the period ended September 30, 2006, was \$13.6 million, an increase of \$4.5 million over the prior year. This increase is net of a gain of \$2.5 million recorded in the prior year period and a loss of \$0.8 million in the current period related to settlement of risk management activities during the respective quarters associated with ending inventory balances. These gains and losses are largely offset in subsequent periods by the associated effect on margins when the inventory is sold to retail customers under fixed rate contracts.

Operating expenses for the three months ended September 30, 2006 were \$20.0 million, up 156% from \$7.8 million in the same period ended September 30, 2005.

This was primarily due to increased staffing levels and related costs, higher customer care costs, increased depreciation and amortization expense and reserves for bad debt, all of which were mainly related to the SESCO acquisition. In addition, MXenergy recorded rationalization charges of \$0.5 million and \$0.8 million for management bonuses related to the acquisition of SESCO.

For the three month period ended September 30, 2006, MXenergy recorded a \$25.4 million income tax benefit compared to a \$48.8 million income tax expense for the prior year period. The change from the prior year is attributable to the change from pre-tax income for the three month period ended September 30, 2005 of \$119.6 million to a pre-tax loss for the period ended September 30, 2006 of \$62.6 million. All significant changes were previously discussed.

Residential Customer Equivalents (or RCEs, each reflecting 100 mmbtus of annual natural gas consumption) for the three month period ended September 30, 2006 were approximately 673,800, an increase of 87%, or approximately 313,400 RCEs over the prior year period, due to the customers acquired in the SESCO acquisition.

Average in-contract attrition for the fiscal years 2003 through 2006 approximated 23%. Attrition for the three month period ended September 30, 2006 was approximately 9% for an annualized rate of 36%. This period attrition includes customer losses experienced from our acquisition of SESCO accounts as well as challenging pricing and market conditions. October 2006 attrition reflects an annualized attrition more in line with MXenergy's past experience.

MXenergy continues to market to new customers using direct mail, internet, telemarketing, brand awareness advertising, and door to door channels. We employ win back programs for customers who recently have left us. In addition, we are increasing our efforts to sell to the mid-market commercial segment. We have introduced a weekly newsletter, a monthly energy specialist teleconference, regional open houses with MXenergy representatives and a more responsive pricing desk.

Conference Call

MXenergy will host a conference call to discuss its first quarter ended September 30, 2006 results on November 14, 2006, at 9:30 a.m. EST. The dial-in information for the earnings call is as follows: 800 259 0251 (in the U.S.); 617 614 3671 (international); participant passcode 60763958.

A replay of the conference call will be available for 30 days beginning on November 17, 2006 at the Investor Relations link at www.mxholdings.com.

During the conference call, representatives of MXenergy may discuss and answer one or more questions concerning MXenergy's business and financial matters. The responses to these questions, as well as other matters discussed during the call, may contain information that has not been previously disclosed.

First Quarter Fiscal Year 2007 Report

MXenergy will furnish its first quarter report for the period ended September 30, 2006 to the Trustee of its senior notes on November 14, 2006. In addition,

MXenergy also intends to furnish the Trustee on or before November 17, 2006 with a current report containing a transcript of the earnings conference call.

Non-GAAP Financial Measure

Adjusted EBITDA (as defined herein) is a non-GAAP financial measure (i.e., it is not a measure of financial performance under generally accepted accounting principles) and should not be considered in isolation from or as a substitute for consolidated statements of operations and cash flow data prepared in accordance with GAAP. Adjusted EBITDA, as used herein, is not necessarily comparable to similarly titled measures of other companies. For definitions of and additional information regarding Adjusted EBITDA and a reconciliation of such measure to the most comparable measure calculated in accordance with GAAP, please see the attachments to this press release.

Adjusted EBITDA is commonly used by financial analysts in evaluating performance of companies, including energy companies. Accordingly, MXenergy believes that Adjusted EBITDA may be useful in assessing our operating performance. MXenergy also believes that this measure allows a standardized comparison between companies in the energy industry, while minimizing the differences from depreciation policies, financial leverage and tax strategies.

The information in this press release should be read in conjunction with the financial statements and footnotes contained in MXenergy's annual report and its quarterly report for the three months ended September 30, 2006.

About MXenergy

MXenergy is one of the fastest growing retail natural gas suppliers in the country, serving approximately 500,000 customers in 28 utility territories for natural gas and 6 utility territories for electricity in the United States and Canada. Founded in 1999 to provide natural gas and electricity to consumers in deregulated energy markets, MXenergy helps residential customers and small business owners control their energy bills by providing both fixed and variable rate plans. For more information, contact Carole R. Artman-Hodge, Executive Vice President, MXenergy at 203-356-1318 or at investorrelations@mxenergy.com.

Forward Looking Statements

The statements in this press release that are not historical facts are forward-looking statements that are subject to material risks and uncertainties. Investors are cautioned that any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties, and that actual results or developments may differ materially from those in the forward-looking statements as a result of various factors. These risks and uncertainties include, but are not limited to, our future performance generally; our business goals, strategy, plans, objectives and intentions; our integration of the assets we acquired from SESCO in August 2006; expectations concerning future operations, margins, profitability, attrition, bad debt, interest rates, liquidity and capital resources; and expectations regarding the effectiveness of our hedging practices and the performance of suppliers, pipelines and transmission companies, storage operators, independent system operators, and other counterparties supplying, transporting, and storing physical commodity.

MXenergy does not undertake to update any forward-looking statements in this press release or with respect to matters described herein.

#

#

MxEnergy Holdings Inc.
Condensed Consolidated Balance Sheets
As of September 30, 2006 and 2005
(Unaudited)

	<u>2006</u>	<u>2005</u>
Assets:		
Cash	\$24,746,435	\$39,434,228
Other current assets	188,397,457	63,648,622
Unrealized gains from risk management activities	333,836	196,439,327
Other long term assets	107,722,274	14,671,089
Total Assets	<u>\$321,200,002</u>	<u>\$314,193,266</u>
Liabilities, redeemable convertible preferred stock and stockholders' equity:		
Current and long term debt	185,408,333	24,789,854
Unrealized losses from risk management activities	53,174,163	-
Other liabilities	53,777,332	112,484,618
Redeemable convertible preferred stock	29,357,367	29,357,367
Stockholders' equity	<u>(517,193)</u>	<u>147,561,427</u>
Total liabilities, redeemable convertible preferred stock and stockholders' equity	<u>\$321,200,002</u>	<u>\$314,193,266</u>

MxEnergy Holdings Inc.
Condensed Consolidated Statements of Operations
For The Three Months Ended September 30, 2006 and 2005
(Unaudited)

	<u>2006</u>	<u>2005</u>
Sales of natural gas and electricity	\$74,796,452	\$32,866,593
Cost of goods sold (excluding depreciation and amortization):		
Cost of natural gas and electricity sold	56,993,851	44,748,434
Realized losses (gains) from risk management activities	4,173,092	(20,998,936)
Unrealized losses (gains) from risk management activities	47,605,051	(118,754,601)
	<u>108,771,994</u>	<u>(95,005,103)</u>
Gross (loss) profit	(33,975,542)	127,871,696
Operating expenses:		
General and administrative expenses	11,778,184	5,592,830
Advertising and marketing expenses	834,032	349,371
Reserves and discounts	890,758	265,634
Depreciation and amortization	6,509,226	1,637,777
Total operating expenses	<u>20,012,200</u>	<u>7,845,612</u>
Operating (loss) profit	(53,987,742)	120,026,084
Interest expense—net of interest income of \$449,000 and \$354,000, respectively	8,575,407	416,573
(Loss) income before income tax benefit (expense)	(62,563,149)	119,609,511
Income tax benefit (expense)	<u>25,366,521</u>	<u>(48,803,172)</u>
Net (loss) income	<u>\$(37,196,628)</u>	<u>\$70,806,339</u>

The table below represents a reconciliation of net (loss) income for the three months ended September 30, 2006 and 2005 to EBITDA and Adjusted EBITDA.

	2006	2005
Net income (loss)	\$ (37,196,628)	\$ 70,806,339
Add: Interest expense, net	8,575,407	416,573
Income tax (benefit) expense	(25,366,521)	48,803,172
Depreciation and amortization	6,509,226	1,637,777
EBITDA	\$ (47,478,516)	\$121,663,861
Subtract: Unrealized gains (losses) management activities	(47,605,051)	118,754,601
Add: Non-cash stock compensation	1,291,187	971,076
Adjusted EBITDA	\$ 1,417,722	\$ 3,880,336