



FOR IMMEDIATE RELEASE

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

**MXENERGY REPORTS OPERATING RESULTS FOR THE SECOND QUARTER  
ENDED DECEMBER 31, 2006: Earnings Conference Call Scheduled for  
11:30 a.m. EST, February 14, 2007**

**Stamford, CT, February 13, 2007** – MxEnergy Holdings Inc. (“MXenergy” or the “Company”) announced today its operating results for the three and six months ended December 31, 2006.

MXenergy reported adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) of \$9.4 million for the three months ended December 31, 2006, as compared to Adjusted EBITDA of \$7.3 million for the same period in the prior year. Adjusted EBITDA excludes unrealized gains and losses from risk management activities and non-cash compensation expenses. The increase of \$2.1 million versus the same period in the prior year was primarily due to an increase in gross profit earned on customer contracts acquired in connection with the acquisition of substantially all of the assets of Shell Energy Services, L.L.C. (“SESCo”) on August 1, 2006. Included in the net increase of \$2.1 million is an estimated net loss of \$0.6 million in the current period as compared to an estimated net gain of \$3.0 million recorded in the same period in the prior year related to the settlement of risk management activities associated with ending inventory balances. The net gains and losses on risk management activities are largely offset in subsequent periods by the associated effect on margins when the inventory is sold to customers under fixed rate contracts. MXenergy also recorded \$1.8 million in realized losses during the three months ended December 31, 2006 relating to a decision to vary the timing between withdrawing natural gas from inventories and purchasing such natural gas from its physical suppliers during the winter months (i.e., November through March) to satisfy customer demand. The \$1.8 million in realized losses during the three months ended December 31, 2006 will be offset by greater realized gains during the quarter ended March 31, 2007 as the Company withdraws natural gas from storage to satisfy customer demand during that period. In addition, during the three months ended December 31, 2006, MXenergy recorded rationalization charges of \$0.5 million related to the SESCO acquisition. After taking into consideration the gains and losses on risk management activities, the losses realized on customer supply management practices and rationalization charges recorded relating to the SESCO acquisition, MXenergy reported a net increase of \$8.0 million during the three months ended December 31, 2006 over the same period in the prior year, primarily due to an increase in gross profit earned on customer contracts acquired in connection with the SESCO acquisition. Offsetting the \$8.0 million increase over the same period in the prior year was a decrease in gross profit earned per customer due to a 14% decrease in heating degree days across our natural gas markets for the three months ended December 31, 2006 in comparison to the same period in the prior year, due to warmer-than-normal weather

experienced in the Midwestern and Northeastern United States. A 14% decrease in heating degree days resulted in a decrease of approximately 1,844,000 MMBtus of natural gas sold, or approximately \$3.9 million of gross profit realized, during the three months ended December 31, 2006 in comparison to the same period in the prior year. A heating degree day is defined as the difference between 65 degrees Fahrenheit and the average ambient temperature for a day (e.g., a 45 degree Fahrenheit temperature is equivalent to 20 heating degree days).

Adjusted EBITDA for the six months ended December 31, 2006 was \$10.3 million as compared to Adjusted EBITDA of \$11.2 million for the same period in the prior year. The decrease of \$0.9 million versus the same period in the prior year was due primarily to an estimated net loss of \$1.1 million in the current period versus an estimated net gain of \$8.9 million recorded in the same period in the prior year related to the settlement of risk management activities associated with ending inventory balances. The net gains and losses on risk management activities are largely offset in subsequent periods by the associated effect on margins when the inventory is sold to customers under fixed rate contracts. MXenergy also recorded \$1.8 million in realized losses during the six months ended December 31, 2006 relating to customer supply management practices, as previously discussed. In addition, MXenergy recorded non-recurring rationalization charges and compensation expense of \$1.0 million and \$0.8 million respectively, related to the SESCo acquisition. After taking into consideration the gains and losses on risk management activities, the losses realized on customer supply management practices and rationalization and compensation charges recorded relating to the SESCo acquisition, MXenergy reported a net increase of \$12.6 million during the six months ended December 31, 2006 over the same period in the prior year, primarily due to an increase in gross profit earned on customer contracts acquired in connection with the SESCo acquisition. Offsetting the \$12.6 million increase over the same period in the prior year was a decrease in gross profit earned per customer due to a 14% decrease in heating degree days across our natural gas markets for the three months ended December 31, 2006 in comparison to the same period in the prior year, due to warmer-than-normal weather experienced in the Midwestern and Northeastern United States. A 14% decrease in heating degree days resulted in a decrease of approximately 1,844,000 MMBtus of natural gas sold, or approximately \$3.9 million of gross profit realized, during the six months ended December 31, 2006 in comparison to the same period in the prior year.

Adjusted EBITDA for the three months ended December 31, 2006 was \$9.4 million compared to Adjusted EBITDA of \$17.4 million, after giving pro forma effect to the SESCo acquisition and related financings, for the three months ended December 31, 2005. The net decrease of \$8.0 million from the same period in the prior year is primarily due to a 14% decrease in heating degree days for the three months ended December 31, 2006 in comparison to the same period in the prior year, due to warmer-than-normal weather experienced in the Midwestern and Northeastern United States. As previously discussed, management estimates that gross profit was negatively impacted by \$3.9 million during the three months ended December 31, 2006 in comparison to the same period in the prior year due to such weather conditions. The net decrease of \$8.0 million is inclusive of an estimated net loss of \$0.6 million in the current period as compared to an estimated net gain of \$3.0 million recorded in the same period in the prior year related to the settlement of risk management activities associated with ending inventory balances. The net

gains and losses on risk management activities are largely offset in subsequent periods by the associated effect on margins when the inventory is sold to customers under fixed rate contracts. In addition, SESCO's operating activities included Percent of Income Payment Plan ("PIPP") accounts for the three months ended December 31, 2005. The PIPP account contract expired on March 31, 2006 with the Dominion of East Ohio utility and is not expected to recur. SESCO's PIPP accounts represented approximately \$35.3 million of sales and \$0.5 million of Adjusted EBITDA for three months ended December 31, 2005. MXenergy did not acquire any PIPP accounts in connection with the SESCO acquisition. In addition, MXenergy did not acquire approximately 69,000 RCE's of SESCO's 384,000 RCE's at December 31, 2005 (excluding PIPP accounts), whose contracts were terminated or expired between December 31, 2005 and August 1, 2006.

Adjusted EBITDA on a pro forma basis after giving effect to the SESCO acquisition and related financings was \$11.3 million for the six months ended December 31, 2006 compared to \$28.4 million in the same period in the prior year. The net decrease of \$17.1 million from the same period in the prior year is partially due to a reduction in gross profit of approximately \$3.9 million due to a 14% decrease in heating degree days for the three months ended December 31, 2006 in comparison to the same period in the prior year, due to warmer-than-normal weather experienced in the Midwestern and Northeastern United States. Included in the net decrease of \$17.1 million is an estimated net loss of \$1.1 million in the current period versus an estimated net gain of \$8.9 million recorded in the same period in the prior year related to the settlement of risk management activities associated with ending inventory balances. The net gains and losses on risk management activities are largely offset in subsequent periods by the associated effect on margins when the inventory is sold to customers under fixed rate contracts. In addition, SESCO's operating activities included PIPP accounts for the six months ended December 31, 2005. The PIPP accounts represented approximately \$43.2 million of sales and \$0.7 million of Adjusted EBITDA for six months ended December 31, 2005. In addition, MXenergy did not acquire approximately 69,000 RCE's of SESCO's 384,000 RCE's at December 31, 2005 (excluding PIPP accounts), whose contracts were terminated or expired between December 31, 2005 and August 1, 2006.

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, and collections. 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 three and six months ended December 31, 2006 as compared to the same periods in the prior year include:**

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 primarily November through March). This causes seasonal volatility in our quarterly earnings and cash flows. Our results for the three and six months ended December 31, 2006 and 2005, therefore, are not necessarily a reflection of results for future periods.

***Three Months Ended December 31, 2006 Compared With Three Months Ended December 31, 2005***

The average number of residential customer equivalents ("RCEs") (each reflecting 100 MMBtu of annual natural gas consumption) for the three months ended December 31, 2006 was approximately 661,500, an increase of 73%, or approximately 278,100 RCEs over the same period in the prior year, due to the customers acquired in the SESCo acquisition.

Sales for the three months ended December 31, 2006 were \$206.9 million, up \$90.0 million, or 77%, compared to the same period in the prior year, principally due to natural gas consumption associated with the accounts acquired in the SESCo acquisition. In addition, the average selling price per unit (including fee revenue) increased by \$1.38 to \$11.35 per MMBtu, largely due to the higher price of natural gas when fixed price customer contracts were added or renewed in addition to fee income realized from certain of the SESCo customer contracts we acquired. MXenergy sold approximately 18,000,000 MMBtus of natural gas during the three months ended December 31, 2006 compared to approximately 11,387,000 MMBtus during the prior year period. The increased volume is attributable to the customer contracts acquired in connection with the SESCo acquisition. However, overall usage per customer decreased over the same period in the prior year as a result of the warmer-than-normal weather experienced in the Midwestern and Northeastern United States during the quarter ended December 31, 2006.

Gross profit for the three months ended December 31, 2006 was \$25.7 million compared to a gross loss of \$73.7 million in the same period in the prior year. The change is primarily related to unrealized losses on our risk management activities of \$0.3 million and \$87.0 million for the three months ended December 31, 2006 and 2005, respectively, resulting from changes in forward natural gas prices between the periods. This impact should be fully offset in future periods by higher gross profit, as physical gas is delivered to customers during the remaining terms of their fixed rate contracts.

We have elected not to designate any derivative instruments as hedges in accordance with the provisions of SFAS No. 133. Accordingly, any changes in derivative fair value must be adjusted through unrealized losses or gains from risk management activities in the consolidated statements of operations as evidenced by the \$0.3 million and \$87.0 million unrealized losses on risk management activities

previously discussed. In addition, the election not to perform hedge accounting can have an impact on earnings as the losses (gains) on realized risk management activities may impact earnings during a different period than the associated margin achieved on the physical sale of natural gas. Each period we do not perform hedge accounting is specifically impacted by realized gains or losses on risk management activities recorded in the prior period, which under hedge accounting would have been deferred in the prior period and recorded in the current period, and gains or losses on realized risk management activities recorded in the current period which under hedge accounting would have been deferred in the current period and recorded in the subsequent period. Under hedge accounting, deferring realized gains or losses on risk management activities would ensure that such realized gains or losses are eventually recorded in the same period as the associated margin achieved when inventory is sold to customers under fixed rate contracts (i.e., the hedging gains and losses would be recorded in the same period as the item being hedged affects earnings).

In our segment analysis, we evaluate 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. We classify our 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 three months ended December 31, 2006, was \$26.0 million, an increase of \$12.7 million over the prior year. As we do not perform hedge accounting, this increase includes an estimated \$3.0 million of net gains recorded in the same period in the prior year and \$0.6 million of estimated net losses recorded in the current period related to realized risk management activities that impacted operations during a different period than the associated margin achieved on the physical sale of natural gas. The discussion of the impact of the estimated \$0.6 million of realized losses and estimated \$3.0 million of realized gains on our earnings for the three months ended December 31, 2006 and 2005, respectively, assumes our hedge accounting would have been 100% effective. The overall increase in adjusted gross profit between the periods is primarily due to gross profit earned on customer contracts acquired in connection with the SESCO acquisition.

Operating expenses for the three months ended December 31, 2006 were \$22.7 million, up 180% from \$8.1 million in the three months ended December 31, 2005. This increase was primarily due to increased staffing levels and related costs, higher customer care costs and increased depreciation and amortization expense, all of which were mainly related to the SESCO acquisition. In addition, during the three months ended December 31, 2006, MXenergy recorded rationalization charges of \$0.5 million related to the SESCO acquisition.

For the three-months ended December 31, 2006, MXenergy recorded a \$1.8 million income tax benefit compared to a \$33.5 million income tax benefit for the same period in the prior year. The change from the prior year is attributable to a decrease in the pre-tax loss for the three-months ended December 31, 2005 of \$82.8 million to a pre-tax loss for the period ended December 31, 2006 of \$5.8 million. In addition, the effective tax rate for the three months ended December 31, 2006 was approximately 31.8% due to a decrease in MXenergy's annualized effective tax rate as calculated during the quarter. The decrease in the annualized effective tax rate was primarily due to an increase in permanent tax deductions arising in the quarter ended December 31, 2006 relating to stock option exercises and a revision in the state effective tax rate. All other significant changes were previously discussed.

***Six Months Ended December 31, 2006 Compared with Six Months Ended December 31, 2005***

The average number of RCEs for the six months ended December 31, 2006 was approximately 583,000, an increase of 58%, or approximately 213,200 RCEs, over the same period in the prior year, due to the customers acquired in the SESCO acquisition.

Sales for the six months ended December 31, 2006 were \$281.2 million, up \$131.4 million, or 88%, compared to the same period in the prior year, principally due to natural gas consumption associated with the accounts acquired in the SESCO acquisition. In addition, the average selling price per unit (including fee revenue) increased by \$1.83 to \$11.30 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. MXenergy sold approximately 24,200,000 MMBtus of natural gas during the six months ended December 31, 2006 compared to approximately 14,813,000 MMBtus during the same period in the prior year. The increased volume is largely attributable to the customers acquired in connection with the SESCO acquisition. However, overall usage per customer decreased over the same period in the prior year as a result of warmer-than-normal weather experienced in the Midwestern and Northeastern United States during the last two months of the six months ended December 31, 2006.

Gross loss for the six-months ended December 31, 2006 was \$8.8 million compared to a gross profit of \$54.1 million in the same period in the prior year. The decrease is primarily related to unrealized losses on our risk management activities of \$47.9 million and unrealized gains on our risk management activities of \$31.7 million for the six months ended December 31, 2006 and 2005, respectively, resulting from changes in forward natural gas prices between the periods. This impact should be fully offset in future periods by higher gross profit, as physical gas is delivered to customers during the remaining terms of their fixed rate contracts.

In our segment analysis, we evaluate 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. We classify our 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 six months ended December 31, 2006, was \$39.1 million, an increase of \$16.7 million over the same period in the prior year. As we do not perform hedge accounting, this increase includes an estimated \$8.9 million of realized gains recorded in the same period in the prior year and \$1.1 million of estimated realized losses recorded in the current period related to realized risk management activities that impacted operations during a different period than the associated margin achieved on the physical sale of natural gas during the period. The discussion of the impact of the estimated \$1.1 million of realized losses and \$8.9 million of estimated realized gains on our earnings for the six months ended December 31, 2006 and 2005, respectively, assumes our hedge accounting would have been 100% effective. The overall increase in adjusted gross profit between the periods is primarily due to margin earned on customer contracts acquired in connection with the SESCO acquisition.

Operating expenses for the six months ended December 31, 2006 were \$42.8 million, up 168% from \$15.9 million in the six months ended December 31, 2005. This was primarily due to increased staffing levels and related costs, higher customer care costs and increased depreciation and amortization expense, all of which were mainly related to the SESCo acquisition. In addition, we recorded rationalization charges of \$1.0 million and compensation expenses of \$0.8 million for management bonuses related to the SESCo acquisition.

For the six months ended December 31, 2006, MXenergy recorded \$27.4 million of income tax benefit compared to \$15.3 million of income tax expense for the same period in the prior year. The change from the prior year is attributable to the change from pre-tax income of \$36.8 million for the six months ended December 31, 2005 to a pre-tax loss of \$68.9 million for the six months ended December 31, 2006. All significant changes were previously discussed.

### **Residential Customer Equivalents**

RCEs at December 31, 2006 were 641,300, an increase of 51%, or approximately 215,300 RCEs, from December 31, 2005, due to customers acquired in the SESCo acquisition.

Average in-contract customer attrition for the fiscal years 2003 through 2006 was approximately 23%. Attrition for the three months and six months ended December 31, 2006 was approximately 7% and 15%, respectively, resulting in an annualized rate of 28% and 30%, respectively. For both the three months and six months ended December 31, 2006, attrition includes customer losses experienced in connection with the SESCo acquisition as well as challenging pricing and market conditions. January 2007 results continue to be impacted by above average annualized attrition of approximately 34%. The loss of customer accounts was primarily due to: (i) customer initiated switches, (ii) residential moves and (iii) customer payment defaults. We use historical experience to determine the amount of in-contract attrition to project demand from fixed price customers over the terms of their contracts. If the actual demand from fixed price customers is significantly different from our projection, we may suffer financial losses if the market price of gas has increased or decreased from the original hedge price. Customer demand is also impacted by weather. We use utility-provided historical, actual or forward projected customer volumes as a basis for our forecasted volumes and mitigate the risk of winter volume fluctuation for some customers by purchasing excess fixed rate hedges by up to 10% of normalized winter projections. Should winter weather demand exceed our weather-normalized projections, we may suffer a negative impact on financial results.

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 have recently left us. In addition, we are increasing our marketing efforts with respect 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. Additionally we have increased marketing in electricity products.

### **Liquidity and Capital Resources**

Our principal source of liquidity for funding our ongoing operations is cash from operations and availability under our revolving credit facilities. Our liquidity requirements arise primarily from our obligations under the indebtedness incurred in connection with customer acquisition costs and the funding of our overall seasonal working capital needs. Because we sell natural gas and electricity, we are subject to material variations in short-term indebtedness under our revolving credit facilities on a seasonal basis, due to the timing of commodity purchases to meet customer demands. For the three months ended December 31, 2006 and 2005, the average amount of borrowings under our revolving credit facilities, including seasonal borrowings, was \$2.3 million and \$30.8 million, respectively, and \$1.6 million and \$26.8 million for the six months ended December 31, 2006 and 2005, respectively. The decrease in the average amount of borrowings for the three months and six months ended December 31, 2006 over the same periods in the prior year is primarily related to excess cash received from the offering of our Floating Rate Senior Notes during fiscal 2007, an overall decrease in natural gas prices over the same periods in the prior year and an overall per customer usage decrease over the same periods in the prior year as a result of the warmer-than-normal weather experienced in the Midwestern and Northeastern United States during the three months ended December 31, 2006.

### **Our Hedge Facility**

As part of our committed exclusive hedge facility with Société Générale, we provided a total \$25 million as collateral for potential negative mark-to-market changes in the value of the forward hedged position. We will not be required to post additional collateral beyond the initial margin requirements unless our forward hedged positions exceed 65,000 MMBtu. Our forward hedged positions as of December 31, 2006 were an unrealized loss of \$41.8 million and totaled approximately 30,300 MMBtu which provides us with the ability to increase our forward hedged positions by 115% before we would be required to post any additional collateral.

### **Our Revolving Credit Facility**

As of December 31, 2006, we had no cash advances outstanding under our revolving credit facility with Société Générale. As of December 31, 2006, we had \$151.3 million in outstanding letters of credit issued under our revolving credit facility which serve as collateral for the performance risk associated with future delivery of natural gas. Total availability under our revolving credit facility as of December 31, 2006 was \$27.6 million.

As of the date hereof, we are in compliance with the covenants under our revolving credit facility and we expect to continue to be in compliance during the next twelve months (i.e., through December 31, 2007). Because we have been in compliance with the covenants under our revolving credit facility, these covenants have not had a material impact on our operations, financial condition and results of operations. However, in the future our ability to secure financing for our operations or otherwise pursue our business plan could be limited by these covenants, and if we are unable to obtain financing for our operations or otherwise pursuing our business plan, our growth may be impaired and our revenues may decline.

### **Our Floating Rate Senior Notes due 2011**

Unlike our revolving credit facility, the financial covenants in the indenture governing our Floating Rate Senior Notes due 2011 (the "Notes") primarily limit our ability to incur additional debt, make distributions or engage in other actions rather than require us to maintain certain financial ratios or levels. Consequently, the covenants in the indenture have not had a significant impact on our operations, financial condition and results of operations. However, in the future, our ability to secure financing for our operations could be limited by these covenants, and if we are limited in our ability to obtain financing, our operations, financial condition and results of operations could be adversely affected.

On December 13, 2006, we purchased \$12 million of the \$190 million aggregate principal amount of Notes outstanding from an existing bondholder, and paid accrued interest of approximately \$600,000. We obtained the \$11 million to re-purchase such Notes from proceeds under our credit facility with Sowood Commodity Partners Fund LP ("Sowood"). The purchase of the \$12 million in aggregate principal amount of Notes resulted in us recording a gain on early extinguishment of debt of approximately \$400,000, which is net of the write-off of approximately \$600,000 relating to a pro rata portion of the original issue discount of 2.5% on the Notes and unamortized debt issuance costs. The \$400,000 was recorded as interest income for the three months and six months ended December 31, 2006.

### **Sowood Credit Facility**

Borrowings under the Sowood credit facility bear interest at a rate of 9% per annum. All outstanding borrowings under the Sowood credit facility will be due on May 14, 2009 or such later date as approved by Sowood in its sole discretion. Borrowings under the Sowood credit facility are secured by a pledge of substantially all of the assets of MXenergy Inc. As of December 31, 2006, \$11 million was outstanding under the Sowood credit facility.

The Sowood credit facility contains operating and financial covenants. These financial and operational covenants are based on definitions contained in the Sowood credit facility. The financial and operational covenants require MXenergy Inc. to maintain, among other things, minimum forward book values, minimum total asset values, minimum qualified accounts and minimum consolidated EBITDA. As of December 31, 2006, we were in compliance with the covenants under the Sowood credit facility. Because we have been in compliance with the covenants in the Sowood credit facility, these covenants have not had a material impact on our operations, financial condition and results of operations. However, in the future our ability to secure financing for our operations or otherwise pursue our business plan could be limited by these covenants, and if we are unable to obtain financing for our operations or otherwise pursuing our business plan, our growth may be impaired and our revenues may decline.

### **Other**

Credit terms from our suppliers of natural gas and electricity often require us to post collateral against our energy purchases. In addition, many of the local distribution companies ("LDC") behind which we serve customers require that we provide collateral to secure our delivery obligations. We currently finance these collateral obligations with letters of credit under our revolving credit facility or from available cash. Increases in the amount of security we are required to post could adversely affect our liquidity. As of December 31, 2006, we had \$151.4 million in letters of

credit, \$0.3 million in restricted cash and \$0.5 million in deposits used as collateral in connection with LDC operating agreements or to support energy purchases.

Estimates for liquidity requirements are highly dependent on then current market conditions including forward prices for energy and market volatility. In determining our liquidity needs, we assume that we will not be provided with any unsecured credit from third parties.

Based upon our current plans, level of operations and business conditions, we believe that our restricted and unrestricted cash, cash generated from operations, availability under revolving credit facilities and the net proceeds received by us from the offering of the Notes will be sufficient to meet our capital requirements and working capital needs for the foreseeable future.

### **Conference Call**

MXenergy will host a conference call to discuss our results for the second quarter ended December 31, 2006 on February 14, 2007, at 11:30 a.m. EST. The dial-in information for the earnings call is as follows: (888) 396-2356 (in the U.S.); (617) 847-8709 (international); participant passcode 94611331.

A replay of the conference call will be available for 30 days beginning on February 16, 2007 at the Investor Relations link at [www.mxholdings.com](http://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.

### **Quarterly Report**

MXenergy will post its quarterly report for the three months ended December 31, 2006 on the company website ([www.mxholdings.com](http://www.mxholdings.com)) on February 14, 2007. In addition, MXenergy also intends to post on the company website ([www.mxholdings.com](http://www.mxholdings.com)) on or before February 20, 2007 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 ("GAAP")) and has limitations as an analytical tool in comparison to operating income or other combined income data prepared in accordance with GAAP. Because of these limitations, Adjusted EBITDA and the related ratios should not be considered as a measure of discretionary cash available to invest in business growth or reduce indebtedness. 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 a measure commonly used by financial analysts in evaluating operating performance and liquidity of companies, including energy companies.

Management believes that this measure allows a standardized comparison between companies in the energy industry, while minimizing the differences from depreciation policies, financial leverage, hedging strategies and tax strategies. Accordingly, MXenergy believes that Adjusted EBITDA is the most relevant financial measure in assessing our operating performance and liquidity.

### **About MXenergy**

MXenergy is one of the fastest growing retail natural gas suppliers in the country, serving approximately 500,000 customers in 30 utility territories 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 and mid market 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](mailto: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.

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**MXenergy Holdings Inc.**  
**Condensed Consolidated Balance Sheets**  
**As of December 31, 2006 and 2005**  
**(Dollars in thousands)**  
**(Unaudited)**

	<b>2006</b>	<b>2005</b>
<b>Assets:</b>		
Cash	\$ 12,188	\$ 559
Other current assets	268,479	140,803
Unrealized gains from risk management activities	7	111,602
Other long term assets	86,243	20,463
<b>Total Assets</b>	<b>\$ 366,917</b>	<b>\$ 273,427</b>
 <b>Liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity:</b>		
Accounts payable and accrued expenses	105,032	62,580
Unrealized losses from risk management activities	52,559	2,182
Other liabilities	-	39,907
Current and long term debt	184,958	41,500
Redeemable convertible preferred stock	29,357	29,357
Stockholders' (deficit) equity	(4,989)	97,901
<b>Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity</b>	<b>\$ 366,917</b>	<b>\$ 273,427</b>

**MXenergy Holdings Inc.**  
**Condensed Consolidated Statements of Operations**  
**For The Three Months Ended December 31, 2006 and 2005**  
**(Dollars in thousands)**  
**(Unaudited)**

	<u>2006</u>	<u>2005</u>
Sales of natural gas and electricity	<b>\$ 206,942</b>	\$ 116,917
Cost of goods sold (excluding depreciation and amortization):		
Cost of natural gas and electricity sold	<b>166,064</b>	148,355
Realized losses (gains) from risk management activities	<b>14,859</b>	(44,725)
Unrealized losses from risk management activities	<b>335</b>	87,019
	<u><b>181,258</b></u>	<u>190,649</u>
Gross profit (loss)	<u><b>25,684</b></u>	<u>(73,732)</u>
Operating expenses:		
General and administrative expenses	<b>13,969</b>	4,149
Advertising and marketing expenses	<b>2,012</b>	644
Reserves and discounts	<b>590</b>	753
Depreciation and amortization	<b>6,167</b>	2,575
Total operating expenses	<u><b>22,738</b></u>	<u>8,121</u>
Operating profit (loss)	<b>2,946</b>	(81,853)
Interest expense—net	<b>8,705</b>	909
Loss before income tax benefit	<u><b>(5,759)</b></u>	<u>(82,762)</u>
Income tax benefit	<b>1,829</b>	33,523
Net loss	<u><b>\$ (3,930)</b></u>	<u>\$ (49,239)</u>

**MXenergy Holdings Inc.**  
**Condensed Consolidated Statements of Operations**  
**For The Six Months Ended December 31, 2006 and 2005**  
**(Dollars in thousands)**  
**(Unaudited)**

	<u>2006</u>	<u>2005</u>
Sales of natural gas and electricity	<b>\$ 281,232</b>	\$ 149,783
Cost of goods sold (excluding depreciation and amortization):		
Cost of natural gas and electricity sold	<b>223,058</b>	193,103
Realized losses (gains) from risk management activities	<b>19,032</b>	(65,724)
Unrealized losses (gains) from risk management activities	<b>47,940</b>	(31,736)
	<u><b>290,030</b></u>	<u>95,643</u>
Gross (loss) profit	<b>(8,798)</b>	54,140
Operating expenses:		
General and administrative expenses	<b>25,798</b>	9,742
Advertising and marketing expenses	<b>2,845</b>	993
Reserves and discounts	<b>1,481</b>	1,019
Depreciation and amortization	<b>12,677</b>	4,213
Total operating expenses	<u><b>42,801</b></u>	<u>15,967</u>
Operating (loss) profit	<b>(51,599)</b>	38,173
Interest expense—net	<b>17,340</b>	1,325
(Loss) income before income tax benefit (expense)	<b>(68,939)</b>	36,848
Income tax benefit (expense)	<b>27,426</b>	(15,281)
Net (loss) income	<u><b>\$ (41,513)</b></u>	<u>\$ 21,567</u>

**MXenergy Holdings Inc.**  
**Adjusted EBITDA**  
**For The Three and Six Months Ended December 31, 2006 and 2005**  
**(Dollars in thousands)**  
**(Unaudited)**

The tables below represent a reconciliation of net (loss) income for the three months and six months ended December 31, 2006 and 2005 to EBITDA and Adjusted EBITDA.

Three months ended December 31:

	<b>2006</b>	<b>2005</b>
Net loss	\$ (3,930)	\$ (49,239)
Add: Interest expense, net	8,705	909
Income tax benefit	(1,829)	(33,523)
Depreciation and amortization	6,167	2,575
EBITDA	<u>\$ 9,113</u>	<u>\$ (79,278)</u>
Subtract: Unrealized losses from risk management activities	(335)	(87,019)
Add: Stock compensation	(26)	(418)
Adjusted EBITDA	<u>\$ 9,422</u>	<u>\$ 7,323</u>

Six months ended December 31:

	<b>2006</b>	<b>2005</b>
Net (loss) income	\$ (41,513)	\$ 21,567
Add: Interest expense, net	17,340	1,325
Income tax (benefit) expense	(27,426)	15,281
Depreciation and amortization	12,677	4,213
EBITDA	<u>\$ (38,922)</u>	<u>\$ 42,386</u>
Subtract: Unrealized (losses) gains from risk management activities	(47,940)	31,736
Add: Stock compensation	1,265	553
Adjusted EBITDA	<u>\$ 10,283</u>	<u>\$ 11,203</u>

**MXenergy Holdings Inc.**  
**Pro Forma Adjusted EBITDA**  
**For The Three Months Ended December 31, 2005**  
**(Dollars in thousands)**  
**(Unaudited)**

The table below represents a reconciliation of net loss for the three months ended December 31, 2005 to EBITDA and Adjusted EBITDA on a pro forma basis, assuming the SESCo acquisition and related financings occurred on October 1, 2005. Pro forma results for the three months ended December 31, 2006 are not applicable as the SESCo acquisition and related financings occurred on August 1, 2006.

Three months ended December 31, 2005:

	<b>MXenergy</b>	<b>SESCo</b>	<b>Eliminations</b>	<b>Pro Forma</b>
Net (loss) income	\$ (49,239)	\$ 4,100	\$(6,982)	\$(52,121)
Add: Interest expense, net	909	764	8,010	9,683
Income tax (benefit) expense	(33,523)	2,659	(4,753)	(35,617)
Depreciation and amortization	2,575	2,034	4,265	8,874
EBITDA	<u>\$ (79,278)</u>	<u>\$ 9,557</u>	<u>\$540</u>	<u>\$(69,181)</u>
Subtract: Unrealized losses from risk management activities	(87,019)	-	-	(87,019)
Add: Stock compensation	(418)	-	-	(418)
Adjusted EBITDA	<u>\$ 7,323</u>	<u>\$ 9,557</u>	<u>\$ 540</u>	<u>\$17,420</u>

**MXenergy Holdings Inc.**  
**Pro Forma Adjusted EBITDA**  
**For The Three and Six Months Ended December 31, 2006 and 2005**  
**(Dollars in thousands)**  
**(Unaudited)**

The tables below represent a reconciliation of net (loss) income for the six months ended December 31, 2006 and 2005 to EBITDA and Adjusted EBITDA on a pro forma basis, assuming the SESCO acquisition and related financings occurred on July 1, 2006 and 2005 for the six months ended December 31, 2006 and 2005, respectively.

Six months ended December 31, 2006:

	<b>MXenergy</b>	<b>SESCO</b>	<b>Eliminations</b>	<b>Pro Forma</b>
Net (loss) income	\$ (41,513)	\$ 6,000	\$(2,617)	\$(38,130)
Add: Interest expense, net	17,340	-	2,725	20,065
Income tax (benefit) expense	(27,426)	3,650	(1,729)	(25,505)
Depreciation and amortization	12,677	-	1,421	14,098
<b>EBITDA</b>	<b>\$ (38,922)</b>	<b>\$9,650</b>	<b>\$(200)</b>	<b>\$(29,472)</b>
Subtract: Unrealized (losses) gains from risk management	(47,940)	8,450	-	(39,490)
Add: Stock compensation	1,265	-	-	1,265
<b>Adjusted EBITDA</b>	<b>\$ 10,283</b>	<b>\$ 1,200</b>	<b>\$(200)</b>	<b>\$11,283</b>

Six months ended December 31, 2005:

	<b>MXenergy</b>	<b>SESCO</b>	<b>Eliminations</b>	<b>Pro Forma</b>
Net income	\$ 21,567	\$ 6,864	(13,845)	\$14,586
Add: Interest expense, net	1,325	1,091	15,860	18,276
Income tax expense	15,281	4,453	(9,793)	9,941
Depreciation and amortization	4,213	4,069	8,531	16,813
<b>EBITDA</b>	<b>\$ 42,386</b>	<b>\$16,477</b>	<b>\$753</b>	<b>\$59,616</b>
Subtract: Unrealized gains from risk management activities	31,736	-	-	31,736
Add: Stock compensation	553	-	-	553
<b>Adjusted EBITDA</b>	<b>\$ 11,203</b>	<b>\$ 16,477</b>	<b>\$753</b>	<b>\$28,433</b>

