



FOR IMMEDIATE RELEASE

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

**MXENERGY REPORTS FISCAL YEAR 2006 OPERATING RESULTS:
Earnings Conference Call Scheduled for
2:00 pm EST, October 3, 2006**

Stamford, CT, October 2, 2006 – MxEnergy Holdings Inc. (“MXenergy”) announced today its operating results for the fiscal year ended June 30, 2006.

MXenergy reported adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) of \$25.7 million for the year ended June 30, 2006, as compared to Adjusted EBITDA of \$36.3 million for the year ended June 30, 2005. Adjusted EBITDA excludes unrealized gains and losses from risk management activities and non-cash compensation expenses. The decrease of \$10.6 million over the prior year was due to lower than average customer consumption of natural gas associated with warmer than normal weather conditions in fiscal 2006, the impact of a one time \$5.7 million gain realized in fiscal 2005 from the sale of a hedge position that was deemed unnecessary, and a \$2.3 million charge in fiscal year 2006 related to the Company’s election to not perform hedge accounting. The Company 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 to not 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.

In August 2006, MXenergy acquired substantially all of the assets of Shell Energy Services Company, L.L.C. (“SESCo”). “With the SESCO acquisition we have combined our Ohio businesses into one and established significant market share in Georgia, along with its stand-alone billing system,” said Jeff Mayer, President and CEO of MXenergy. “We have added almost all of their experienced staff including Steve Murray, formerly President of SESCO, who has joined us as Chief Operating Officer.”

Adjusted EBITDA on a pro forma basis after reflecting the SESCO acquisition was \$61.8 million for the fiscal year ended June 30, 2006 compared to \$59.7 million in the prior year. Included in SESCO’s Adjusted EBITDA are \$3.3 million and \$4.1 million of earnings from Percent of Income Payment Plan (“PIPP”) accounts for the fiscal years ended June 30, 2006 and 2005, respectively. The PIPP account contract terminated in March 2006 and will not recur.

Highlights of MXenergy's operating results for fiscal year 2006 as compared to the prior year include:

The number of Residential Customer Equivalents (or RCEs, each reflecting 100 MMBtu's of annual consumption) as of June 30, 2006 totaled approximately 387,000, an increase of 11%, or approximately 39,000 RCEs, over the prior year due to the acquisition of certain natural gas customer contracts (53,000 RCEs) from Castle Power LLC ("Castle") in November 2005.

Sales for the fiscal year ended June 30, 2006 were \$362.6 million, up \$85.4 million or 31% compared to the prior year, primarily due to higher natural gas prices in fiscal year 2006 and the Castle acquisition.

Gross loss for the fiscal year ended June 30, 2006 was \$27.0 million compared to gross profit of \$75.1 million in the prior year. The decrease is primarily related to changes in the market value of our unrealized risk management activities of \$95.9 million, as a result of a decline in forward natural gas prices over the past fiscal year. This decrease will be offset in future periods by higher margins as physical gas is purchased for delivery to retail customers under the remaining terms of their fixed rate contracts. Included in fiscal year 2006 is a \$2.3 million charge related to the Company's election to not perform hedge accounting. The Company 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 to not 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 from the settlement of hedges associated with inventory when market prices vary from the hedged price. Fiscal year 2005 includes the impact of a one time \$5.7 million gain realized from the sale of an unnecessary hedge position.

Operating expenses for the fiscal year ended June 30, 2006 were \$36.6 million, up 18.1% from \$31.0 million in the prior year primarily due to increased overhead associated with the addition of personnel in the information technology, marketing, and finance areas, along with positions required to support the Castle acquisition. Depreciation and amortization expense increased \$2.3 million over the prior year, principally due to amortization charges associated with the Castle acquisition and charges for new and enhanced data and risk management systems. Offsetting these increases was a reduction of \$1.1 million in reserves and discounts due to an improvement in credit quality associated with our customer base.

MXenergy reported a net loss of \$40.0 million for the fiscal year ended June 30, 2006, compared to net income of \$23.1 million in the previous fiscal year. The significant changes are as previously discussed.

Developments subsequent to June 30, 2006 include the following:

In August 2006, MXenergy acquired substantially all of the assets of retail energy marketer SESCo, a wholly owned subsidiary of Shell Oil Company. SESCo supplied natural gas to approximately 315,000 residential and small commercial RCEs in the deregulated markets of Georgia and Ohio. In addition to establishing significant market share in the state of Georgia, this acquisition expanded MXenergy's Ohio market share by increasing our customer base in two currently served utility areas and adding the Vectren utility territory.

Concurrently with the closing of the SESCo acquisition, MXenergy entered into a committed exclusive hedging facility with Societe Generale with an initial term of two years and subsequent one year renewal terms.

MXenergy also entered into an amended and restated credit facility with Societe Generale as administrative agent permitting MXenergy to borrow up to \$280.0 million.

In August 2006, MXenergy issued \$190.0 million of Floating Rate Senior Notes due 2011 (the "Notes").

Conference Call

MXenergy will host a conference call to discuss its fiscal year 2006 results on October 3, 2006, at 2:00 p.m. To access the conference call, dial 866 362 4832 (in the United States) or 617 597 5364 (internationally), using Pass Code 38177088. A replay of the conference call will be available for 30 days beginning on October 4, 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.

Annual Report

Pursuant to the Indenture governing the Notes, MXenergy will furnish its annual report for the fiscal year ended June 30, 2006 to the trustee of the Notes (the "Trustee") on October 4, 2006. In addition, MXenergy also intends to furnish the Trustee on or before October 6, 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 to be distributed to holders of the Notes by the Trustee.

About MXenergy

MXenergy is one of the fastest growing retail natural gas suppliers in the country, serving more than 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 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 online at www.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

	June 30,	
	2006	2005
	(unaudited)	
Assets:		
Cash	\$ 6,092,697	\$ 53,629,581
Other current assets	61,650,288	103,492,272
Other assets, net	30,451,750	34,470,565
Total assets	\$ 98,194,735	\$191,592,418
 Liabilities, redeemable convertible preferred stock and stockholders' equity:		
Current and long-term debt	-	21,379,466
Other Liabilities	33,444,093	64,935,758
Redeemable convertible preferred stock	29,357,367	29,357,367
Stockholders' equity	35,393,275	75,919,827
Total liabilities, redeemable convertible preferred stock and stockholders' equity	\$ 98,194,735	\$ 191,592,418

MxEnergy Holdings Inc.
Consolidated Statements of Operations

	Years ended June 30,	
	2006	2005
	(unaudited)	
Sales of natural gas and electricity	\$362,560,295	\$277,196,212
Cost of goods sold:		
Cost of natural gas and electricity sold	392,612,424	255,724,382
Realized gains from risk management activities	(82,983,362)	(37,607,616)
Unrealized losses (gains) from risk management activities	79,896,668	(16,004,086)
	389,525,730	202,112,680
Gross (loss) profit	(26,965,435)	75,083,532
Operating expenses:		
General and administrative expenses	22,623,530	17,937,066
Advertising and marketing expenses	2,095,749	2,359,461
Reserves and discounts	3,394,728	4,533,201
Depreciation and amortization	8,503,714	6,165,847
Total operating expenses	36,617,721	30,995,575
Operating (loss) profit	(63,583,156)	44,087,957
Interest expense—net of interest income of \$1,061,000, \$614,000 and \$110,000, respectively	3,200,194	2,857,501
(Loss) income before income tax benefit (expense)	(66,783,350)	41,230,456
Income tax benefit (expense)	27,001,101	(18,141,797)
Net (loss) income	\$ (39,782,249)	\$ 23,088,659

The following table provides a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for MxEnergy Holdings Inc.:

	Years ended June 30,	
	2006	2005
	(unaudited)	
	<hr/>	<hr/>
Net Income (loss)	\$(39,782,249)	\$23,088,659
<u>Add:</u>		
Interest expense, net	3,200,194	2,857,501
Income tax (benefit)	(27,001,101)	18,141,797
Depreciation and amortization	8,503,714	6,165,847
EBITDA	(55,079,442)	50,253,804
<u>Subtract:</u>		
Unrealized Gains (losses) from risk management activities	(79,896,668)	16,004,086
<u>Add:</u>		
Non-cash stock compensation	911,000	2,033,000
Adjusted EBITDA	25,728,226	36,282,718
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MXenergy Holdings Inc.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year ended June 30, 2006	(dollars in thousands)			
	MXenergy	SESCo	Adjustments	Pro Forma
Sales of natural gas and electricity	\$ 362,560	\$ 646,670	\$ 527 (a)	\$ 1,009,757
Cost of goods sold (excluding depreciation and amortization below):				
Cost of natural gas and electricity sold	392,612	546,464	4,033 (b)	943,109
Realized (gains) loss from risk management activities	(82,983)	26,316	-	(56,667)
Unrealized (gains) loss from risk management activities	79,897	-	-	79,897
	<u>389,526</u>	<u>572,780</u>	<u>4,033</u>	<u>966,339</u>
Gross profit (loss) (excluding depreciation and amortization below)	(26,966)	73,890	(3,506)	43,418
Operating expenses:				
General and administrative	22,622	27,412	-	50,034
Advertising and marketing expenses	2,096	3,188	-	5,284
Reserves and discounts	3,395	3,138	527 (a)	7,060
Depreciation and amortization	8,504	5,449	22,053 (c)	36,006
Allocated overhead from parent company	-	1,346	(1,346) (d)	-
Total operating expenses	<u>36,617</u>	<u>40,533</u>	<u>21,234</u>	<u>98,384</u>
Operating profit (loss)	(63,583)	33,357	(24,740)	(54,966)
Interest expense - net	3,200	2,171	29,061 (e)	34,432
Income (loss) before income tax benefit (expense)	(66,783)	31,186	(53,801)	(89,398)
Income tax benefit (expense)	27,001	(12,274)	21,908 (f)	36,635
Net income (loss)	<u>\$ (39,782)</u>	<u>\$ 18,912</u>	<u>\$ (31,893)</u>	<u>\$ (52,763)</u>

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT

(a) - Certain amounts have been reclassified to conform to MXenergy's presentation

(b) - Reflects increase in cost of goods sold due to additional consideration paid for assumed SESCO in the money fixed price contracts .

(c) - Reflects increased depreciation and amortization of acquired assets; computer systems and other fixed assets (\$3,211) and customer accounts (\$18,842).

(d) - Reflects the elimination of \$1,346 million of parent company overhead charges. These charges reflect the allocation of parent company restructuring charges, which were not directly related to the operations of SESCO.

(e) - The pro forma change in interest expense, net as a result of the new financing arrangements entered into in connection with the Acquisition, is calculated as follows:

Twelve month estimated interest expense on \$190 million of Floating Rate Senior Notes	\$ 24,725
Less: SESCO's historical interest expense	(2,171)
Add: Recasting SESCO's historical average outstanding debt levels using MXenergy revolver (\$43,200 mil @ 7.888%) for twelve months	3,408
Add: Amortization of deferred financing fees associated with the new financing arrangements	3,099
Net pro forma adjustment to interest expense	\$ 29,061

(f) - Tax benefit calculated at MXenergy statutory tax rate of 40.72%.

The following table provides a reconciliation of net loss to EBITDA and from EBITDA to Adjusted EBITDA:

<u>(dollars in thousands)</u>	
Net (loss)	\$ (52,763)
Add: Interest expense, net	34,432
Less: Income taxes (benefit)	(36,635)
Add: Depreciation and amortization	36,006
EBITDA	(18,960)
Unrealized (gains) losses from risk management activities	79,897
Non-cash stock compensation	911
Adjusted EBITDA	\$ 61,848
Adjusted EBITDA/Interest Expense	1.80 x

MXenergy Holdings Inc.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year ended June 30, 2005	(dollars in thousands)			
	MXenergy	SESCo	Adjustments	Pro Forma
Sales of natural gas and electricity	\$ 277,196	\$ 554,102	\$ 1,044 (a)	\$ 832,342
Cost of goods sold (excluding depreciation and amortization below):				
Cost of natural gas and electricity sold	255,724	492,113	4,033 (b)	751,870
Realized (gains) loss from risk management activities	(37,608)	450	-	(37,158)
Unrealized (gains) loss from risk management activities	(16,004)	-	-	(16,004)
	202,112	492,563	4,033	698,708
Gross profit (loss) (excluding depreciation and amortization below)	75,084	61,539	(2,989)	133,634
Operating expenses:				
General and administrative	17,938	29,114	-	47,052
Advertising and marketing expenses	2,359	1,845	-	4,204
Reserves and discounts	4,533	3,158	1,044 (a)	8,735
Depreciation and amortization	6,166	8,848	22,053 (c)	37,067
Allocated overhead from parent company	-	5,955	(5,955) (d)	-
Total operating expenses	30,996	48,920	17,142	97,058
Operating profit (loss)	44,088	12,619	(20,131)	36,576
Interest expense - net	2,858	2,133	33,957 (e)	38,948
Income (loss) before income tax benefit (expense)	41,230	10,486	(54,088)	(2,372)
Income tax benefit (expense)	(18,142)	(4,041)	22,024 (f)	(159)
Net income (loss)	\$ 23,088	\$ 6,445	\$ (32,063)	\$ (2,530)

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT

(a) - Certain amounts have been reclassified to conform to MXenergy's presentation				
(b) - Reflects increase in cost of goods sold due to additional consideration paid for assumed SESCO in the money fixed price contracts .				
(b) - Reflects increased depreciation and amortization of acquired assets; computer systems and other fixed assets (\$3,211) and customer accounts (\$18,842).				
(c) - Reflects the elimination of \$5,955 million of parent company overhead charges. These charges reflect the allocation of parent company restructuring charges, which were not directly related to the operations of SESCO.				
(d) - The pro forma change in interest expense, net as a result of the new financing arrangements entered into in connection with the Acquisition, is calculated as follows:				
Twelve month estimated interest expense on \$190 million of Floating Rate Senior Notes				\$ 24,725
Less: SESCO's historical interest expense				(2,133)
Add: Recasting SESCO's historical average outstanding debt levels using MXenergy revolver (\$104,800 mil @ 7.888%) for twelve months				8,266
Add: Amortization of deferred financing fees associated with the new financing arrangements				3,099
Net pro forma adjustment to interest expense				\$ 33,957
(e) - Tax benefit calculated at MXenergy statutory tax rate of 40.72%.				

The following table provides a reconciliation of net loss to EBITDA and from EBITDA to Adjusted EBITDA:

(dollars in thousands)	
Net (loss)	\$ (2,530)
Add: Interest expense, net	38,948
Less: Income taxes (benefit)	159
Add: Depreciation and amortization	37,067
EBITDA	73,643
Unrealized (gains) losses from risk management activities	(16,004)
Non-cash stock compensation	2,033
Adjusted EBITDA	\$ 59,672
Adjusted EBITDA/Interest Expense	1.53 x