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Exhibits B-3,C-3, C-4 & C-5

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Exhibit B-3 Summary of Experience

MXENERGY has supplied gas to customers since December 1999. MXENERGY purchases gas in the wholesale market from major producers and suppliers. It then sells this gas to customers at fixed prices for terms of 1-3 years.

All customers are residential and small commercial choice customers. August 2004 numbers are specified below:

Utility area	Number of customers	Approx. volume of gas delivered (mmbtu/yr)
Columbia Gas of Kentucky	4,612	517,612.91
Columbia Gas of Maryland	1,224	139,509.27
Columbia Gas of Pennsylvania	20,398	2,307,935.21
Consumers Energy Company	23,196	3,208,173.86
Dominion East Ohio	21,648	2,106,845.14
Michcon	19,571	3,123,760.30
Nicor	38,799	5,318,208.95
Northern Indiana Public Service Company	29,027	5,111,094.21
Columbia Gas of Ohio	7,531	910,012.14
Baltimore Gas & Electric	5,272	520,022.39
Enbridge, Canada	885	305,302.80

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Exhibit C-3 Financial Statement

See attached.

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CONSOLIDATED FINANCIAL STATEMENTS

MxEnergy Inc.

Years ended June 30, 2003 and 2002

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MxEnergy Inc.

Consolidated Financial Statements

Years ended June 30, 2003 and 2002

Contents

ERNST & YOUNG

Ernst & Young LLP
1111 Summer Street
Stamford, Connecticut 06905

Phone: (203) 674-3000
Fax: (203) 674-3001
www.ey.com

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Report of Independent Auditors

The Board of Directors and Stockholders
MxEnergy Inc.

We have audited the accompanying consolidated balance sheets of MxEnergy Inc. as of June 30, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity (deficiency), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MxEnergy Inc. at June 30, 2003 and 2002, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

November 10, 2003

MxEnergy Inc.
Consolidated Balance Sheets

	June 30, 2003	June 30, 2002
Assets		
Current assets:		
Cash	$ 3,279,515	$ 3,610,408
Restricted investments	9,383,308	1,660,186
Accounts receivable, net of allowances for doubtful accounts of $221,000 and $7,000, respectively	7,879,730	4,800,933
Inventories	12,358,907	5,346,993
Current portion of net unrealized gains on hedging transactions	13,519,858	–
Other current assets	224,846	–
Total current assets	46,646,164	15,418,520
Customer acquisition costs, net of accumulated amortization of $1,610,000 and $818,000, respectively	7,392,775	4,662,645
Fixed assets, net	1,746,363	728,825
Unrealized gains on hedging transactions	1,800,521	425,649
Other assets, net	110,862	16,200
Total assets	$57,696,685	$ 21,251,839
Liabilities and stockholders' equity (deficiency)		
Current liabilities:		
Accounts payable and accrued expenses	$19,360,573	$ 8,154,391
Loans payable	13,560,595	14,457,731
Current portion of unrealized losses on hedging transactions	-	2,994,515
Total current liabilities	32,921,168	25,606,637
Term loan	3,000,000	2,988,089
Long term debt	6,000,000	–
Total liabilities	41,921,168	28,594,726
Stockholders' equity (deficiency):		
Common stock, par value $0.01; 10,000,000 shares Authorized; 2,852,900 shares issued and outstanding	28,529	28,529
Additional paid-in-capital	7,805,143	7,871,565
Unearned compensation	(227,500)	(430,667)
Accumulated other comprehensive income (loss)	18,000,830	(2,568,866)
Accumulated deficit	(9,831,485)	(12,243,448)
Total stockholders' equity (deficiency)	15,775,517	(7,342,887)
Total liabilities and stockholders' equity (deficiency)	$57,696,685	$ 21,251,839

See accompanying notes.

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MxEnergy Inc.
Consolidated Statements of Operations

	Years Ended June 30, 2003	2002
Sales of natural gas	**$102,475,025**	$ 52,291,812
Cost of natural gas sold	**(90,342,694)**	(51,131,161)
Gross profit	**12,132,331**	1,160,651
Operating expenses		
General and administrative	**1,216,581**	756,520
Professional fees	**934,428**	795,591
Salaries and related expenses	**2,666,757**	1,761,368
Reserves and discounts	**1,753,031**	1,335,973
Depreciation and amortization	**906,024**	737,231
Total operating expenses	**(7,476,821)**	(5,386,683)
Operating profit (loss)	**4,655,510**	(4,226,032)
Interest expense, net	**(2,196,920)**	(1,416,404)
Net income (loss) before income taxes	**$ 2,458,590**	$ (5,642,436)
Income tax expense	**(46,627)**	–
Net income (loss)	**$ 2,411,963**	$ (5,642,436)

See accompanying notes.

MxEnergy Inc.

Consolidated Statements of Stockholders' Equity (Deficiency)

June 30, 2003

	Common Stock Par Value	Additional Paid-in Capital	Unearned Compensation	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficiency)
Balance at June 30, 2001	$28,529	$7,387,065	$ –	$(13,715,105)	$ (6,601,012)	$(12,900,523)
Issuance of options to purchase common stock (Note 10)		484,500	(484,500)			–
Amortization of unearned compensation			53,833			53,833
Comprehensive income						
Net loss					(5,642,436)	(5,642,436)
Comprehensive loss						
Reclassification adjustment – contract settlements				8,020,581		8,020,581
Net unrealized gain on hedging transactions				3,125,658		3,125,658
Comprehensive income						5,503,803
Balance at June 30, 2002	28,529	7,871,565	(430,667)	(2,568,866)	(12,243,448)	(7,342,887)
Amortization of unearned compensation			128,167			128,167
Cancellation of options to purchase common stock (Note 10)		(75,000)	75,000			–
Warrants issued in financing agreement		8,578				8,578
Comprehensive income						
Net Income					2,411,963	2,411,963
Reclassification adjustment – contract settlements				2,568,866		2,568,866
Deferred gains on settlement of hedging transactions (Note 7)				2,680,451		2,680,451
Net unrealized gain on hedging transactions				15,320,379		15,320,379
Comprehensive income						22,981,659
Balance at June 30, 2003	$28,529	$7,805,143	$(227,500)	$ 18,000,830	$ (9,831,485)	$ 15,775,517

See accompanying notes.

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MxEnergy Inc.

Consolidated Statements of Cash Flows

	June 30, 2003	June 30, 2002
Operating Activities		
Net income (loss)	$ 2,411,963	$ (5,642,436)
Adjustments to reconcile net income (loss) to net cash provided by (used in) in operating activities:		
Non-cash stock compensation expense	128,167	53,833
Depreciation and amortization	905,698	737,231
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(3,078,797)	(2,218,585)
Inventories	(7,011,914)	(1,577,313)
Other assets	(310,930)	4,833
Accounts payable and accrued expenses	11,206,182	5,488,311
Unrealized gains on settlement of hedging transactions	2,680,451	–
Net cash provided by (used in) operating activities	6,930,820	(3,154,126)
Investing Activities		
Purchases of restricted investments	(7,723,122)	(1,410,188)
Customer acquisition costs	(3,522,130)	(3,443,275)
Purchases of fixed assets	(1,131,236)	(617,682)
Net cash used in investing activities	(12,376,488)	(5,471,145)
Financing Activities		
Proceeds from borrowings	72,323,835	61,801,726
Repayments of borrowings	(67,209,060)	(51,352,979)
Payments of capital lease obligations	–	(8,415)
Net cash provided by financing activities	5,114,775	10,440,332
Net (decrease) increase in cash	(330,893)	1,815,061
Cash at beginning of period	3,610,408	1,795,347
Cash at end of period	$ 3,279,515	$ 3,610,408
Supplemental Cash Flow Information		
Income taxes paid	$ 3,691	$ 1,687
Interest paid	$ 2,396,229	$ 1,324,828

See accompanying notes.

MxEnergy Inc.

Notes to Consolidated Financial Statements

June 30, 2003

1. Organization and Business

MxEnergy Inc. ("MxEnergy") was incorporated on April 13, 1999 as a Delaware corporation and commenced operations on that date. MxEnergy is engaged in the marketing and supply of natural gas to residential and small commercial clients in the United States through local distribution companies. MxEnergy serves customers in Michigan, Illinois, Ohio, Pennsylvania, Kentucky, Maryland and Indiana.

MxEnergy also has three wholly-owned subsidiaries, Infometer.com Inc. ("Infometer"), MxEnergy Electric Inc. ("Electric") and OnlineChoice Inc. ("OnlineChoice"). Infometer is a Delaware corporation formed in 1999, which collects 15-minute consumption data of electricity, gas and water via a connection between the Internet and the meter. OnlineChoice is a Delaware corporation formed in 2003 to acquire the assets of OnlineChoice.com, Inc. on January 29, 2003. OnlineChoice markets products and services through a website using the Internet and had minimal activity during the year. Electric is a Delaware corporation formed in 2003 to engage in the marketing and supply of electricity to residential and small commercial customers. There was no financial activity in Electric for the fiscal year ended June 30, 2003. In addition, for the fiscal years ended June 30, 2003 and 2002, there was minimal activity in Infometer.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of MxEnergy, Electric, OnlineChoice and Infometer (collectively the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts reported in the consolidated financial statements for the fiscal year ended June 30, 2002 have been reclassified to conform to the 2003 presentation.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues from the sale of natural gas are recognized in the period in which the gas is supplied to customers. Sales of natural gas are billed by the local distribution companies, acting as the Company's agents, on a monthly cycle basis. The billing cycles for customers do not coincide with the accounting periods used for financial reporting purposes. The Company follows the revenue accrual method of accounting for natural gas revenues whereby revenues applicable to gas delivered to customers, but not yet billed under the cycle billing method, are estimated and accrued along with the related costs, and included in operations. Such estimates are refined in subsequent periods upon obtaining final information from the local distribution companies. Any change in estimates are reflected in operations in the period determined. Transportation and storage costs are included as a component of cost of natural gas sold.

Restricted Investments

Restricted investments at June 30, 2003 and 2002 consist of certificates of deposit with maturities ranging from 30 days to one year from the date of purchase and money market funds, a portion of which are held as security backing letters of credit and surety bonds which are required by several of the local distribution companies, utility commissions' and pipelines' tariffs and regulations. Certificates of deposit are stated at cost which approximates fair value due to the short-term maturity of the instruments. The Company has entered into a lockbox agreement with Virginia Power Energy Marketing Inc. ("VPEM") whereby the cash on deposit is subject to withdrawal restrictions and has been pledged to VPEM. The Company must provide support to VPEM in order to obtain approvals for disbursements from this account.

Inventories

Inventories consist of natural gas held by third parties and are valued at the lower of cost or market on a weighted average cost basis.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments (trade receivables/payables, loans payable) approximate fair value due to their short-term nature. Additionally, the fair values of the Company's derivative instruments are estimated based on quoted market prices. For long term debt, the carrying amount of the debt approximates fair value due to the commercial terms of the debt agreements.

2. Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The Company estimates the amount of bad debts from gas sales based on the age of the receivable, payment history of the customer and past loss experience. The Company works with outside collection agents to maximize the collection of past due customer balances. Since most of the local distribution companies that the Company sells through guarantee customer billings or amounts due for delivered gas, the allowance is primarily on customer accounts serviced through Baltimore Gas & Electric, Columbia Gas of Maryland, and Nicor Gas in Illinois, where no such guarantees exist. At June 30, 2003 and 2002 the Company had gross accounts receivable from local distribution companies where no guarantee of receivables exist of approximately $1,459,000 and $180,000, respectively. An allowance for doubtful accounts of approximately $221,000 and $7,000 has been recorded at June 30, 2003 and 2002, respectively.

Concentration of Credit Risk

The Company, through its Energy Management Agreement (the "Agreement") with Virginia Power Energy Marketing Inc. ("VPEM") engages in transactions for the purchase of derivative instruments and physical commodity purchases. The Agreement is exclusive in nature, and as a result, predominately all of the Company's transactions are with VPEM. The Company is party to a master netting agreement which mitigates the exposure to credit risk as the Company has borrowings from VPEM under the Agreement in excess of the amount of credit exposure (see Note 3). Management continually evaluates the credit risk associated with VPEM and all other counterparties. Credit risk associated with trade accounts receivable is limited as most of the local distribution companies guarantee customer billings or amounts due for delivered gas. In the market areas where the local distribution company does not guarantee the receivables, the Company maintains a provision for credit losses based upon the credit risk of its customers, historical trends and other information. Although this concentration could affect the Company's overall exposure to credit risk, management believes that the exposure is minimal.

Customer Acquisition Costs

Customer acquisition costs represent the purchase price of customer contracts acquired from independent third parties and through bulk acquisitions. These costs are capitalized and amortized over an estimated seven year average life of a customer. All costs associated with servicing and maintaining customer accounts are expensed as incurred. Amortization expense relating to capitalized customer acquisition costs for the years ended June 30, 2003 and 2002 was $ 792,000 and $ 653,000 (including approximately $195,000 of accelerated amortization for a specific group of customers), respectively. The expected amortization expense on such costs is approximately $ 1.2 million per year over the next five years on amounts that are capitalized at June 30, 2003.

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Management evaluates the recoverability of long-lived assets (including customer acquisition costs, which are evaluated monthly) by comparing the carrying value of such assets to their projected future cash flows. If there are indications that the carrying value of such assets may not be recoverable, the Company recognizes an impairment loss by a charge against current operations.

Income Taxes

The Company accounts for income taxes under the liability method as required by Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. Under this method, deferred tax liabilities and assets are determined based upon the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the temporary differences are expected to reverse.

Derivatives and Hedging Activities

The Company utilizes derivative financial instruments to reduce its exposure to fluctuations in the price of natural gas. Commodity derivatives used as hedges include futures, forwards and swaps which are both exchange traded and with counterparties. Settlements on the derivatives contracts are realized monthly, generally based upon the difference between the contract price and the closing price as quoted on the New York Mercantile Exchange (NYMEX). The Company accounts for such derivatives under the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted (the "Statement").

The Statement requires all derivative instruments to be carried on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through operations. The Company has designated substantially all of its derivative financial instruments as cash flow hedges and the terms and conditions of the volumes involved coincide with the terms and conditions of the Company's anticipated purchases (see Note 7). The Company has implemented risk management controls and limits to monitor its risk position and ensure that hedging performance is in line with agreed upon objectives.

The Company has entered into put options for NYMEX contracts during the 2003/2004 winter season. The put options will reduce exposure from lower natural gas prices in the event the expected demand from the Company's customers does not materialize. Such derivative instruments were not designated as hedges as defined by the Statement. Accordingly, the fair values of such instruments have been recorded in the Consolidated Balance Sheet with changes in fair values recorded through earnings. For the year ended June 30, 2003, $108,000 was included as an unrealized gain in cost of natural gas sold in the consolidated statements of operations.

2. Summary of Significant Accounting Policies (continued)

Accumulated Other Comprehensive Income (Loss)

The Company follows the provisions of SFAS No. 130, *Reporting Comprehensive Income,* for reporting and displaying comprehensive income (loss) and its components. Accumulated Other Comprehensive Income (Loss) consists of the unrealized gain (loss) on the Company's derivatives contracts, which have been designated as cash flow hedges.

Stock Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB No. 25"), and related interpretations, in accounting for all stock options and warrants ("awards") granted to employees, rather than the alternative fair value method allowed under SFAS No. 123, *Accounting for Stock Based Compensation* ("SFAS No. 123"). APB No. 25 provides that compensation expense relative to the Company's employee stock and stock option grants be measured based on the intrinsic value of the stock or stock option at the date of grant.

The Company follows SFAS No. 123 and Emerging Issues Task Force ("EITF") No 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services,* for all awards granted to non-employees.

The pro-forma information regarding net loss required by SFAS No. 123 has been determined as if the Company had accounted for all awards under the fair value method described in that statement. The fair value of the awards granted by the Company to employees was estimated at the date of grant using the minimum value pricing model. The minimum value pricing model was developed for use in estimating the fair value of awards which have no vesting restrictions. In addition, the minimum value pricing model requires the input of highly subjective assumptions including the expected life of the options.

The Company uses the Black-Scholes model for estimating the fair value of non-employee grants. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions including the expected price volatility. Because the Company's stock warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

2. Summary of Significant Accounting Policies (continued)

Stock Based Compensation (continued)

Significant assumptions related to the determination of the fair value of the options and their impacts on earnings are as follows:

	June 30, 2003	June 30, 2002
Risk free interest rate for employee options	2.27%-3.96%	4.91%
Risk fee interest rate for non-employee options	2.56%-3.65%	2.99%
Expected life of employee options (in years)	5-10	10
Expected life of non-employee options (in years)	2-10	2

Had the Company followed the provisions of SFAS No. 123 for all awards granted, pro-forma net income (loss) would have been $2,288,168 and $(5,671,971) for the years ended June 30, 2003 and 2002, respectively.

3. Loans Payable and Long Term Debt – VPEM and Aquila

On September 18, 2002 the Company signed an Energy Marketing Agreement (the "Agreement") with VPEM which replaced the financing and supply agreement with Aquila Energy Marketing Corp. The Agreement, which expires on June 30, 2007, provides for the Company to borrow amounts based on the level of its trade receivables and inventories. The terms of the loans vary but are generally due in either 80-day or 300-day increments for receivables and inventory. Inventory loans accrue interest at prime for the duration of the loan. Accounts receivable and extended invoice loans accrue interest at prime for the earlier of (i) 60 days or (ii) the margin withdrawal date, thereafter the rate is prime plus 2%. In addition, the Agreement provides for borrowings of up to $6,500,000 (including third party guarantees) which are payable upon expiration of the Agreement and bear interest at a rate of 3% per annum plus administrative fees and other volumetric based expenses. The Company has drawn down $6,000,000 under this portion of the Agreement at June 30, 2003 and is using the funds as collateral for letters of credit or surety bonds to various utilities and regulatory agencies (see Note 2 – Restricted Investments). The loans under the Agreement are secured by a first lien on all assets of the Company.

The Company incurred interest cost of approximately $1,876,000 for borrowings under the VPEM and Aquila agreements during the year ended June 20, 2003. For 2002, the interest incurred for Aquila was $1,215,000.

4. Term Loan and Related Party Transactions

On September 6, 2001 the Company secured a $3,000,000 revolving line of credit with Lathi, LLC, a subsidiary of Harvard Management Company, Inc. (a 31% shareowner of the Company). On July 2, 2002, the Company and Lathi agreed to an increase, conversion and extension of the line. In connection with such transaction and in consideration thereof, the Company granted Lathi 285,928 immediately vested warrants to purchase one share of the Company's common stock at $6.99 per share. The fair value of such instruments, approximately $9,000, calculated using a Black-Scholes option-pricing model, was recorded as deferred financing costs and is being amortized over the life of the line of credit. The $3,000,000 line of credit was converted to a term loan and an additional $2,000,000 was provided as a line of credit which is available for normal operations of the Company. Both the term loan and the line of credit mature on January 2, 2004. The interest rate on the entire line was set at 10% per annum for the remaining term of the line. The line is secured by a second position on all assets of the Company. The Company had not drawn on the $2,000,000 line of credit as of June 30, 2003. During 2003, the Company incurred interest on loans from Lathi of $362,000.

Subsequent to year-end, Lathi and the Company agreed in principle to convert the $3 million term loan into common stock (see Note 12).

5. Fixed Assets, Net

Fixed assets, net are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over estimated useful lives or for equipment under capital lease, the lesser of its estimated useful life or non-cancelable lease term, as appropriate.

Depreciation expense related to capital assets for the years ended June 30, 2003 and 2002 was $113,698 and $83,974, respectively. Fixed assets consist of the following:

	June 30, 2003	June 30, 2002	Estimated Useful Lives
Computer equipment and software	$1,842,899	$ 730,469	3–5 years
Office furniture and equipment	150,616	131,810	3–5 years
	1,993,515	862,279	
Less: accumulated depreciation	(247,152)	(133,454)	
Net	$1,746,363	$ 728,825	

In February 2002, the Company commenced implementation of a customer relationship management ("CRM") system which is expected to be implemented and operational by the fourth quarter of 2003. As of June 30, 2003, the Company had incurred approximately $1.5 million in capitalized costs. The Company will commence depreciation of the asset when the system becomes ready for its intended use, which is expected to occur in the fiscal year ending June 30, 2004.

5. Fixed Assets, Net (continued)

The Company has followed SOP 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use,* and SFAS No. 34, *Capitalization of Interest Costs,* and capitalized certain internal payroll and interest costs related to the implementation of the CRM system. For the year ended June 30, 2003 the Company has capitalized approximately $207,000 and $87,000 of direct payroll and interest costs, respectively.

6. Acquisitions

On January 29, 2003, MxEnergy completed the acquisition of approximately 6,700 natural gas residential and small commercial customers. The customers, located in the Northern Indiana Public Service Company and in the Dominion East Ohio markets, were acquired from Nicor Energy, L.L.C. The acquisition was accounted for as a purchase. Total consideration for the customer contracts and the acquired gas storage inventory was approximately $1.5 million in cash. The Company assumed existing customer contracts with unrealized losses of $0.8 million as of the acquisition date. MxEnergy accrued this amount as part of the cost of the customers acquired. The amount will be amortized through cost of natural gas sold as the related commodity purchases are delivered to the acquired customers. The results of operations for the portfolio acquired are included in operating results since the date of acquisition.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition.

Customer contracts	$ 393,000
Gas in storage	1,910,000
Liabilities assumed	(797,000)
Net assets acquired	$1,506,000

In January 2003, OnlineChoice acquired substantially all of the assets of OnlineChoice.com Inc., a web based marketing company that sells various products and services to its member base. The acquisition was accounted for as a purchase. Total consideration includes $75,000 in cash, paid on closing, and contingent consideration of up to $200,000 (of which approximately $85,000 was accrued at the date of acquisition) based on the future earnings from the business for a 24 month period beginning July 2003. Under the provisions of the acquisition agreement, OnlinceChoice is obligated to pay 30% of future gross proceeds in excess of $8,333 per month up to a maximum of $200,000. If OnlineChoice sells substantially all the assets purchased in this acquisition prior to June 30, 2005, it will be liable for any unpaid contingent consideration up to the maximum of $200,000. Any additional payments made to Online Choice.com Inc. under this arrangement will be recorded as an adjustment to the purchase price.

6. Acquisitions (continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Trademarks	$ 17,000
Customer lists	74,000
Computer equipment and software	69,000
Net assets acquired	$160,000

7. Derivatives and Hedging Activities

At June 30, 2003 and 2002 the Company had open NYMEX and basis price swap agreements with VPEM and Aquila, respectively (all of which are subject to a contractual right of offset) to hedge the risk of variability in cash flows associated with a portion of its natural gas purchases for identifiable groups of customers. At June 30, 2003 such contracts extend to August 2006. The Company expects the NYMEX and basis hedges to be highly effective in that the changes in fair value of the derivative instruments will offset approximately 90% of the change in forecasted cash flows associated with the anticipated purchases of natural gas, using a cumulative dollar offset method. In accordance with the Statement, the Company recorded net unrealized gains of $15,320,379 and unrealized losses of $2,568,866 at June 30, 2003 and 2002, respectively, in accumulated other comprehensive income (loss). During the next twelve months the Company expects to reclassify $13,519,858 of net unrealized gains from accumulated other comprehensive income to operations.

On October 14, 2002, the Company settled all its forward swap agreements with Aquila and entered into new swap agreements with VPEM. In accordance with the Statement, the gains on the settlement were recorded in accumulated other comprehensive income and are being amortized to the cost of natural gas sold in the period that the original forecasted transaction will occur. As of June 30, 2003, the Company had a balance of $938,451 recorded in accumulated other comprehensive income (loss) relating to these positions. In addition, accumulated other comprehensive income at June 30, 2003 includes $1,742,000 of gains on settlement of swap contracts relating to hedged forecasted transactions which have not yet impacted earnings.

The above-mentioned transactions serve as hedges of anticipated purchases of natural gas underlying sales contracts having a future revenue stream for the same period as the hedges of approximately $211 million.

7. Derivatives and Hedging Activities (continued)

As of June 30, 2003, the Company has forward contracts to purchase a total of 4,496,113 million btus of natural gas for the months of July 2003 through June 2006. As of June 30, 2002, the Company had forward contracts to purchase a total of 768,000 million btus of natural gas for the months of July 2002 through March 2003. Pricing for these contracts is based on NYMEX prices for the delivery month plus a fixed basis, which differs based on the delivery point of the natural gas. All such contracts have been accounted for as normal purchases and accordingly have not been fair valued.

8. Commitments

The Company leases office space under non-cancelable operating leases, which contain escalation clauses, and expire between July, 2004 and December 2007. Rental expense related to the above leased spaces was $122,810 and $63,268 for the years ended June 30, 2003 and 2002, respectively. Future annual minimum lease payments under these operating leases are as follows:

Fiscal Year	
2004	$153,749
2005	160,695
2006	164,772
2007	115,504
2008	30,467
Total	$625,187

9. Income Taxes

The composition of the Company's net deferred income tax assets is as follows:

	June 30, 2003	June 30, 2002
Deferred income tax assets:		
Temporary differences	$ 192,607	$ 273,774
AMT credit carryforward	46,627	–
Net operating loss carryforwards	3,718,144	4,645,025
	3,957,378	4,918,799
Less: valuation allowance	(3,957,378)	(4,918,799)
Net deferred income tax assets	$ –	$ –

9. Income Taxes (continued)

Temporary differences are primarily the result of book versus tax differences in depreciation and amortization methods. The deferred tax assets have been offset by a full valuation allowance, as the assets are deemed not to be recoverable. The net operating loss carryforwards are approximately $9,203,000 and $11,492,000 as of June 30, 2003 and 2002, respectively. Such net operating loss carryforwards expire as follows: $3,264,000 in 2021, and $5,939,000 in 2022. During 2003 approximately $2,331,000 of net operating loss carryforwards were used to reduce taxable income. The Company is subject to alternate minimum tax and recorded a provision of approximately $47,000 in 2003.

10. Stockholders' Equity (Deficiency)

The Company has reserved 366,500 shares of Common Stock as a pool for distribution to employees and non-employees pursuant to the Company's Incentive Stock Option ("ISO") program. The ISO was established in February 2001 and approved by the Company's Shareholders. The ISO allows for awards of stock or stock options by the Board of Directors up to the allocated number of shares in the pool.

In February 2002, the Company granted options to purchase an aggregate of 216,500 shares of the Company's common stock to employees and non-employee directors, at exercise prices ranging from $1 to $4.40 per share, which vest ratably over a three-year period. Under the provisions of APB No. 25, the Company measured total compensation cost of $484,500 based upon the intrinsic value of the options granted at $1 per share.

During fiscal year 2003, the Company granted 156,800 options to employees under the Company's ISO plan. The options vest ratably over a three-year period and have a weighted average exercise price per share of $8.19 and a weighted average fair value of zero at the date of grant. In addition, the Company granted 5,000 immediately vested warrants and 15,000 warrants which vest ratably over a three-year period to an employee, which have a exercise price per share of $4.00 and a fair value of $.43 at the date of grant. Under the provisions of APB No. 25, the Company did not record any compensation expense relating to the options or warrants as the exercise price was greater than or equal to the estimated fair market value on the grant date.

During fiscal year 2003, 80,200 warrants and options ("Awards") were forfeited. The cancellation of the Awards during the year reduced compensation expense by approximately $33,000. In addition, unearned compensation and additional paid-in-capital were reduced by $75,000 during the fiscal year 2003. No Awards were exercised or expired in 2003. In 2002, no Awards had been exercised, forfeited or expired.

In addition, the Company granted options to purchase 3,600 shares of Common Stock to consultants at an exercise price of $8.00 per share. Such options were immediately vested and are exercisable over a period of 5 to 10 years. Compensation expense associated with such awards recognized in accordance with SFAS No. 123, *Accounting for Stock Based Compensation*, was immaterial.

10. Stockholders' Equity (Deficiency) (continued)

The following is a summary of all Awards as of June 30:

	2003		2002	
	Number of Awards	**Weighted -Average Exercise Price**	**Number of Awards**	**Weighted-Average Exercise Price**
Outstanding at beginning of year	**717,700**	**$3.6354**	501,200	$4.4087
Granted	**466,328**	**7.2733**	216,500	1.8453
Exercised	–	–	–	–
Forfeited	**80,200**	**3.0695**	–	–
Expired	–	–	–	–
Outstanding at end of year	**1,103,828**	**$5.2134**	717,700	$3.6354
Weighted average fair value of grants during the year	–	**$0.0400**	–	$4.0831

	2003		2002	
Exercise Price	**Number of Awards Outstanding**	**Number of Awards Exercisable**	**Number of Awards Outstanding**	**Number of Awards Exercisable**
$ 1.0000	**136,500**	**45,500**	161,500	–
2.1576	**176,600**	**176,600**	176,600	176,600
3.7200	**5,000**	**5,000**	5,000	2,500
3.7790	**25,100**	**25,100**	25,100	25,100
3.8729	**30,000**	**30,000**	70,000	43,333
4.0000	**30,000**	**8,333**	10,000	–
4.2345	**5,000**	**5,000**	5,000	5,000
4.3189	**2,500**	**2,500**	12,500	12,500
4.4000	**170,000**	**99,167**	175,000	45,000
5.3524	**14,000**	**14,000**	14,200	14,200
6.999	**285,928**	**285,928**	–	–
8.000	**138,000**	**15,000**	15,000	–
8.800	**37,400**	–	–	–
12.5712	**47,800**	**47,800**	47,800	47,800
	1,103,828	**759,928**	717,700	372,033

The weighted average remaining term for the Awards outstanding and exercisable at June 30, 2003 was 5 and 4 years, respectively (2002 – 5 and 2 years, respectively).

11. Employee Benefits

The Company sponsors an employee savings plan under Section 401(k) of the Internal Revenue Code for all full-time employees with at least 3 months of continuous service. Eligible employees may make pre-tax contributions up to 7.5% of their annual compensation not to exceed the annual 401(g) limitation for any plan year. The Company makes a matching contribution of 100% of each employee's contribution. Employees are immediately 100% vested in all contributions. The Company made contributions totaling approximately $109,000 and $73,000 during the fiscal years ended June 30, 2003 and 2002, respectively.

12. Subsequent Events

Subsequent to year-end, Lathi and the Company agreed in principle to convert the $3 million term loan into approximately 380,000 shares of common stock. In addition, the line of credit will be increased from $2 million to $12 million and will allow the Company to borrow over a four-year term from the date of draw down. The new facility expires sixty-six months from the date of execution of the agreement. Accordingly, the Company has classified all amounts outstanding with Lathi at June 30, 2003 as a long-term liability. The Company will grant Lathi approximately 1,184,000 warrants to purchase common stock of the Company at a weighted average exercise price of $10.14 per share in conjunction with the increased financing. The fair value of such warrants, which will be exercisable over a five-year period, will be recorded as a cost of the transaction. The Company expects to close this transaction in the fiscal year ending June 30, 2004.

Exhibit C-3

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CONSOLIDATED FINANCIAL STATEMENTS

MxEnergy Inc.
For the Month and Twelve Months Ended June, 2004
(unaudited)

Draft 3
August 5, 2004

MxEnergy Inc.
Consolidated Balance Sheets
As at June 30, 2004 and June 30, 2003

	June 30, 2004 (unaudited)	June 30, 2003
Assets		
Current Assets:		
Cash	$ 6,202,501	$ 3,279,515
Restricted investments	8,750,275	9,383,308
Accounts receivable, net of allowance for doubtful accounts of $ 3,569,246 and $ 221,264,respectively	16,365,544	7,879,730
Note receivable	30,111,507	
Gas in storage	13,639,204	12,358,907
Current portion of unrealized gains on hedging activities	37,629,717	13,519,858
Security deposits and other current assets	5,936,010	224,846
Total current assets	118,634,758	46,646,164
Customer acquisition costs, net of accumulated amortization of $ 3,404,006 and $ 1,609,927, respectively	16,685,354	7,392,775
Fixed assets, net	3,541,874	1,746,363
Unrealized gains on hedging transactions	25,496,484	1,800,521
Other assets, net	294,917	110,862
Total Assets	$ 164,653,387	$ 57,696,685
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 33,773,514	$ 19,360,573
Loans payable	12,060,900	13,560,595
Current portion of unrealized losses on hedging transactions	-	
Other current liabilities	-	-
Total current liabilities	45,834,414	32,921,168
Long term debt	14,200,000	6,000,000
Term loan	-	3,000,000
Unrealized losses on hedging transactions	-	
Total liabilities	60,034,414	41,921,168
Stockholders' equity:		
Common stock, par value $0.01; 10,000,000 shares authorized, 3,232,900 shares issued and outstanding	32,758	28,529
Additional paid-in-capital	11,191,569	7,805,143
Preferred Stock	29,729,526	
Unearned compensation	(91,000)	(227,500)
Accumulated other comprehensive income	63,126,724	18,000,830
Accumulated income(deficit)	629,396	(9,831,485)
Total stockholders' equity	104,618,973	15,775,517
Total liabilities and stockholders' equity	$ 164,653,387	$ 57,696,685

MxEnergy Inc.
Consolidated Statement of Operations
For the Month of June, 2004 and Twelve Months ended June 30, 2004
and the year ended June 30, 2003

	Month of June, 2004 *unaudited*	Twelve months ended June 30, 2004 *unaudited*	Year ended June 30, 2003
Sales of natural gas	$ 10,046,734	$ 185,590,723	$ 102,475,025
Cost of natural gas sold	(8,040,379)	(155,419,403)	(90,342,694)
Gross profit	2,006,355	30,171,320	12,132,331
Operating expenses:			
General and administrative	292,856	2,676,564	1,216,581
Reserves and discounts	(19,331)	3,431,690	1,753,031
Professional fees	223,824	1,709,521	934,428
Salaries and related expenses	512,155	5,855,525	2,666,757
	1,009,504	13,673,300	6,570,797
EBITDA	996,851	16,498,020	5,561,534
Depreciation and amortization	267,730	2,343,312	906,024
EBIT	729,121	14,154,708	4,655,510
Taxes	1,199	851,410	46,627
Interest expense, net	324,046	2,842,421	2,196,920
Net Income	$ 403,876	$ 10,460,877	$ 2,411,963

MxEnergy Inc.
Consolidated Statements of Cash Flows
For the Twelve Month Period Ended June 30, 2004

	Twelve months ended June 30, 2004 *(unaudited)*
Operating Activities	
Net income (loss)	$ 10,460,877
Adjustments to reconcile net income to net cash used in operating activities:	
Non-cash stock compensation expense	136,500
Change in accumulated other comprehensive income	(2,679,928)
Depreciation and amortization	2,343,312
Changes in assets and liabilities:	
Accounts receivable	(8,485,814)
Notes receivable	(30,111,507)
Inventories	(1,280,297)
Other assets	(5,895,219)
Accounts payable, accrued expenses and acquired contracts liability	14,412,941
Net cash provided by operating activities	(21,099,135)
Investing Activities	
Purchase of restricted investments	633,033
Customer acquisition costs	(11,117,332)
Purchases of fixed assets	(2,314,066)
Net cash used in investing activities	(12,798,365)
Financing Activities	
Change in loans payable-current	(1,499,695)
Change in common stock/paid in capital	3,390,655
Change in preferred stock	29,729,526
Change in loans payable-long term	5,200,000
Net cash used in financing activities	36,820,486
Net increase (decrease) in cash	2,922,986
Cash at beginning of period	3,279,515
Cash at end of period	$ 6,202,501

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Exhibit C-4 "Financial Arrangements"

Currently, MxEnergy Inc ("Mx"). has an agreement with Virginia Power Energy Marketing, Inc, a wholly owned subsidiary of Dominion Resources Inc. pursuant to which VPEM authorizes Mx to deliver up to seven billion cubic feet of natural gas per month until June 30, 2007. All financing and hedging of these purchases is arranged and agreed to by and between Mx and VPEM. The Company also has an additional $12 million revolving line of credit with Sowood Capital Management L.P.

Exhibit C-5

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MxEnergy, Inc.
Financial Statement Forecasts
For the Twelve Months Ending June 30, 2005 through 2006

Income Statement	Forecast Twelve Months Ended FY 2005	FY 2006
Revenues	84%	38%
Gross Sales	$324,387,118	$448,522,762
Cost of Goods Sold	274,225,120	379,024,347
Gross Profit	**$50,161,997**	**$69,498,415**
	15%	**15%**
Operating Expenses		
Personnel	10,377,103	12,330,608
Office and Administration (includes billing)	7,012,314	8,497,623
Reserves and AR discounts	6,974,134	9,740,109
Professional Fees	2,386,800	2,925,402
Total Operating Expenses:	**26,750,351**	**33,493,742**
EBITDA	**23,411,646**	**36,004,673**
Depreciation	8,493,207	13,116,355
EBIT	**14,918,439**	**22,888,318**
Interest & Other Income (Expense)	(3,973,140)	(4,700,116)
EBT	**10,945,299**	**18,188,202**
Tax	3,882,897	6,136,281
NET INCOME	**$7,062,402**	**$12,051,920**

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Exhibit C-5

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MxEnergy, Inc.
Financial Statement Forecasts
For the Twelve Months Ending June 30, 2005 through 2006

Balance Sheet	Forecast Twelve Months Ended FY 2005	FY 2006
Assets		
Cash & Cash Equivalents	$1,000,000	$1,000,000
Restricted cash	14,487,326	20,621,397
Net Accounts Receivable	24,780,318	33,568,999
Inventory (FIFO)	19,063,190	24,366,353
Other Current Assets	186,090	186,090
Total Current Assets	59,516,924	79,742,838
Other assets	2,031,494	2,031,494
Prepaid assets	-	-
Customer Accounts	18,808,714	20,887,100
Plant, Prop + Equip	2,769,548	2,187,265
Total Assets	$ 83,126,680	$ 104,848,697
Liabilities		
Accounts Payable (Energy)	$ 42,571,771	$ 60,332,235
Accounts Payable (Other)	736,461	903,566
Payroll & Benefits Liab.	239,968	269,091
Storage Financing	12,337,857	4,051,263
Payment Extension Financing	-	-
Capital Lease Obligations	-	-
Total Current Liabilities	55,886,058	65,556,154
Dominion Facilities (A&B)	9,500,000	9,500,000
Harvard Term Loan:	-	-
Lathi Facility	-	-
New debt financing	-	-
Total Liabilities	65,386,058	75,056,154
Shareowners' Equity		
Common shares, par =$0.01	32,329	32,329
Preferred Stock	-	-
Additional Paid in Capital	10,784,044	10,784,044
Retained Earnings	6,924,249	18,976,169
Total Shareowner Equity	17,740,622	29,792,542
Total Liabilities & Shareowners' Equity	$ 83,126,680	$ 104,848,697

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MxEnergy, Inc.
Financial Statement Forecasts
For the Twelve Months Ending June 30, 2005 through 2006

Cash Flow Statement	Forecast Twelve Months Ended FY 2005	FY 2006
Cash Provided by		
Operating Activities		
Income (loss)	$7,062,402	$12,051,920
Depreciation	$8,493,207	$13,116,355
Other comprehensive income	$0	$0
Other	$0	$0
Changes in Working Capital		
Restricted cash	($396,221)	($6,134,071)
Accounts Receivable	($5,923,510)	($8,788,680)
Inventory	($16,941)	($5,303,163)
Other Assets	$0	$0
Accounts Payable & Other Liab	$11,750,035	$17,956,691
Cash Flow from Operating Activity:	**$20,968,972**	**$22,899,052**
Financing Activities		
Change in Storage Financing:	($6,708,392)	($8,286,594)
Change in long term debt	-	-
Change in Payment Extension Financing	(1,134,151)	-
Change in Lathi Financing	-	-
Cash Flow from Financing Activity:		
Total	**($7,842,543)**	**($8,286,594)**
Investing Activities		
Plant, Property + Equipment	($1,545,750)	($1,206,250)
Customer Acquisition Costs	($11,580,679)	($13,406,208)
Cash Flow from Investing Activity:	**($13,126,429)**	**($14,612,458)**
Increase (Decrease) in Cash	$0	$0
Cash & Equivalents, beginning of year	$1,000,000	$1,000,000
Cash & Equivalents, end of year	**$1,000,000**	**$1,000,000**