

Ambit Energy, L.P.

Texas Residential Terms of Service

PUCT 10117

V. 080108

Effective Date (new customers): August 1, 2008

The following is your Terms of Service Agreement ("Agreement") with Ambit Energy, L.P. ("Ambit Energy," "we," "our") for the purchase of electricity service. Please retain this Agreement for your records. Ambit Energy is certified as a Retail Electric Provider ("REP") by the Public Utility Commission of Texas ("PUCT"), Certificate #10117.

Internet Address	www.ambitenergy.com
Mailing Address	1801 N. Lamar Street, Suite 200, Dallas, TX 75202
Telephone Number	1-877-282-6248
General Office Hours	8:00 AM - 5:00 PM CT Mon. - Fri.
Customer Service	1-877-282-6248 (Monday-Friday 8:00 AM - 6:00 PM CT, Saturdays 10:00 AM- 5:00 PM CT)

Ambit Energy will arrange for the delivery of electricity from your local energy delivery company (officially referred to as your Transmission and Distribution Service Provider, or "TDSP") to the service location designated by you pursuant to this Agreement.

Outage Reporting: In the event of an outage in your area please call your local TDSP:

Oncor Electric Delivery	(888) 313-4747
Centerpoint Energy	(800) 332-7143
AEP Texas Central	(866) 223-8508
AEP Texas North	(866) 223-8508
Texas New Mexico Power	(888) 866-7456

Ambit Energy is not liable for service interruptions or outages. Any questions relating to your electric distribution lines or meters should be directed to your local energy delivery company listed above.

Term & Renewal: Depending on which plan you ("customer") have selected, your service under this Agreement is provided on either a month-to-month basis or a term basis. If you are a new customer, your term will become effective on the day your service begins with Ambit Energy, which coincides with the date your meter is read by your TDSP. If you are currently an Ambit Energy customer and are switching to a term plan, your term will become effective the date you request the switch to the term plan. Because this date is determined by your TDSP, Ambit Energy is not able to commit to a specific date for the commencement of service. Upon the expiration of your term, your service will automatically continue on a month-to-month basis under one of Ambit Energy's month-to-month plans unless either you or Ambit Energy cancels the Agreement, as specified below in the Cancellation Rights Section of this Agreement. This change to month-to-month pricing will be made automatically without further notice. In cases of service cancellation due to disconnection for non-payment, Ambit Energy will reinstate service on Ambit Energy's Standard Plan.

Pricing: Your rate for service, as indicated on the Electricity Facts Label, as incorporated into, and forms an integral part of, this Agreement, includes all recurring TDSP charges for the delivery of electricity. The electricity price, non-recurring TDSP charges or credits, service connection, disconnection or account reinstatement fees, taxes and any additional charges will appear as separate items on your bill. You are responsible for all federal, state and local taxes and charges. Customers that use less than 1,000 kWh of electricity in any given billing period will be assessed a customer charge of \$4.99 for the Heart of Texas plans, \$9.99 for the Lone Star plans, and \$9.99 for the Ambit Certified Green plans. Month-to-month customers are subject to rate adjustments throughout the term of this agreement, but not more than once per billing cycle, to reflect changes in market costs and the cost of fuel used to generate electricity. Customers that choose a term product have a fixed price for the term; however, in cases of service cancellation due to disconnection for non-payment and subsequent reconnection of service to Ambit Energy, Ambit Energy will reinstate service under Ambit Energy's Standard Plan. Under either the month-to-month or term product plans, the price paid per kWh by the customer may be adjusted to account for charges associated with TDSP rate changes. Non-recurring TDSP charges assessed to Ambit Energy due to a move-in or switch will be passed through to the customer. Non-

recurring TDSP initiated charges, may include, but are not limited to out-of-cycle meter reads, connection and reconnection fees, and move-in fees. Other discretionary charges the TDSP may assess that Ambit Energy may pass on to the customer include, but are not limited to meter tests, meter tampering costs, and broken meter seal repairs. For move-in orders, customer will be assessed a \$35.00 move-in fee, and for expedited move-ins, customer will be assessed a \$100.00 expedited move-in fee. Ambit Energy reserves the right to include in any subsequent bill, adjustments related to previous billings, previous billing errors, meter read errors, miscalculation of taxes or other errors or omissions.

Right to Rescind: If you are switching to Ambit Energy from another retail electric provider, you may rescind this Agreement without fee or penalty of any kind within three federal business days after receiving the Terms of Service document by notifying Ambit Energy by phone toll-free at 1.877.282.6248 or by fax at 214.969.5928. If rescinding by fax, please write the name on the account, address, phone number, ESI ID, and state that you are rescinding this Agreement within three federal business days of receiving Ambit Energy's Terms of Service.

Cancellation Rights: To cancel this Agreement, you may call or fax us at the contact information provided above. Cancellation is permitted for any reason. After the three day initial request to switch or upon initiating a move-in request, one year term customers will be assessed a \$199.00 cancellation fee and six month term customers will be assessed a \$100.00 cancellation fee if the customer cancels prior to the expiration of the Initial Term. You may cancel your Agreement with Ambit Energy without penalty if (1) Ambit Energy notifies you of a material change to the Terms of Service (see the Material Change provision of this Agreement for more information) or (2) you move to another premise. Ambit Energy reserves the right to terminate this Agreement for non-pay, believable threats or harm made by the customer to Ambit Energy's owners, employees, or contractors, or for insufficient payments past the due date. If Ambit Energy submits a disconnection order to the TDSP for non-payment and you would like to continue to receive service from Ambit Energy, your service will continue on a month-to-month basis under Ambit Energy's Standard Plan. To cancel this Agreement, you may call or fax us at the contact numbers provided above. Regardless of the method or reason for cancellation of the Agreement, you are responsible for all outstanding charges incurred through the date on which the cancellation is effected by the TDSP.

Payments: You will receive a monthly bill; however, Ambit will not send you a bill if your balance is equal to or less than \$5.00. All bills are due and payable 16 days after issuance, which is defined as the statement date on your invoice or the postmark date on the envelope, whichever is later. Bills shall be deemed past due and delinquent at the close of business on the day the bill is due. Late payments, delinquent or past due balances may result in a penalty equal to 5% of the month's past due amount. Ambit Energy will charge \$25.00 for each transaction not processed due to insufficient funds including a) returned checks, b) returned electronic fund transfers, and c) rejected credit card transactions. We may also charge a service processing fee of up to \$5.00 for any payment processed by an Ambit Energy Customer Care Specialist or for any one-time credit/debit card payments.

Payment Arrangements: If you are unable to pay your bill on time, please call Customer Care immediately. Ambit Energy may allow you to pay the outstanding bill after its Due Date but before the Due Date of the next bill. Ambit Energy may also charge a service processing fee of up to \$20.00 to establish a payment arrangement. If a disconnection notice was issued before a payment arrangement was made, but a payment arrangement is then subsequently agreed to between you and Ambit Energy, disconnection will be suspended until after the date of the payment agreed to in such payment arrangement. If payment is not received by the due date of the payment arrangement, no further notice will be provided prior to the disconnection of your electric service.

Deferred Payment Plans: You may be eligible for a deferred payment plan if you cannot pay your bill on time provided that (1) you have not received two termination or disconnection notices within the past 12 months, (2) you do not have a deferred payment for a previous balance, or (3) you have not had service by Ambit Energy for three or more months. A deferred payment plan requires an initial payment of 25% of the outstanding balance, and the remaining balance to be paid over three billing cycles. Your service may still be terminated and disconnected if you do not meet the requirements of a deferred payment plan.

Average Billing: This program allows you to pay approximately the same monthly amount for electric service. Average monthly billing is calculated by adding the current month's usage with the previous 11 month's usage and dividing by twelve. This program is offered to any customer who meets Ambit Energy's eligibility requirements. Ambit Energy will reconcile your account to determine whether you will receive a credit or will be required to make payment. The reconciliation will occur (1) at the end of every twelve (12) months that you are on Average Billing, (2) if you are past due on any monthly bill, (3) if you cancel your service or (4) if you switch to conventional billing.

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V. 110708GGNG(b)

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Disconnection: Without Notice: Ambit Energy may disconnect service immediately for the following reasons: (1) a known dangerous condition exists, in which event; prior notice will be given, if possible (notice will be provided by phone or posted on the door of the residential unit as soon as practicable after service is disconnected); (2) service was connected by a person without authority and without an Agreement; (3) service is reconnected without authority after being disconnected for failure to pay; (4) there is evidence of tampering with equipment of the transmission or Local Distribution utility, municipally owned utility or electric cooperative; and (5) there is evidence of theft of service. If service was disconnected due to a dangerous situation, customer must correct the situation and notify Ambit Energy before service will be reconnected.

Ambit Energy may disconnect service for non-payment if amounts due remain unpaid ten days after a Disconnection Notice has been sent. Fraud and non-payment shall be considered breaches of this Agreement. Issuance of a disconnect order to the TDSP will generate a \$15.00 Disconnect Fee and a \$50.00 Account Reinstatement Fee regardless of whether your service was disconnected by the TDSP. Disconnection of service will not excuse you from paying any outstanding amounts owed to Ambit Energy. Ambit Energy reserves the right to assess an additional deposit for customers who are disconnected due to non-pay. If service is not reconnected within ten days of disconnection for non-payment, Ambit Energy reserves the right to cancel this Agreement and require a new deposit for service initiation.

Collections: In the event you default in the prompt payment of amounts due under this Agreement, Ambit Energy reserves the right to assess any and all fees or charges reasonable and necessary in order to collect or attempt to collect delinquent balances. Ambit Energy may use the services of debt collection agencies, consumer reporting agencies and other remedies as allowed by law to collect any unpaid balances on your account.

Credit: This Agreement is conditioned upon you demonstrating to us your creditworthiness and is subject to your meeting the credit requirements of Ambit Energy, each in our sole discretion, throughout the Delivery Term. You agree to cooperate with Ambit Energy in establishing your creditworthiness. If you do not have satisfactory credit, Ambit Energy will require you to post a deposit before service can be established.

Deposits: Ambit Energy will not deny service based on your creditworthiness; however, you may be required to provide an initial deposit if you do not meet Ambit Energy's credit standards, you are a move-in customer, or you cannot demonstrate satisfactory credit as defined in 25.478 of the PUCT rules. If a deposit is required, the total amount of your deposit will not exceed an amount equivalent to the greater of either (1) the sum of the next two months estimated billings or (2) one-fifth of the estimated annual billing. This deposit requirement can be waived if you are an existing customer of another Retail Electric Provider and can prove that you have had no more than one late payment in the last 12 months of service.

You may be required to provide an additional deposit to continue to receive electricity service if (1) your average annual electric service invoice for the last 12 months is at least twice the amount of the original estimated annual invoice or (2) your electricity service has been disconnected once in the previous 12 months. Customers who qualify for the Texas Lite-Up Discount Program may pay an additional deposit equal to or in excess of \$50.00 in two (2) equal installments. Interest will accrue only on deposits retained for longer than 30 days at a rate approved by the PUCT. The interest shall accrue from the date the deposit is received. Your initial deposit and any accrued interest will be credited to your account after 12 consecutive months of service if (1) you have had no late payments for 12 consecutive months, (2) your service was not disconnected for non-payment and (3) you are not delinquent in the payment of your current bill.

Refusal of Service: Ambit Energy may refuse to provide electric service to a customer for one or more of the reasons specified in Section 25.477 of the PUCT rules and regulations. Please call the PUCT (1-888-782-8477) if you have any questions or want information on PUCT rules and regulations.

Discrimination: Ambit Energy will not discriminate, deny service, or require prepayment or deposit for service based on race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location in an economically distressed geographic area, or qualification for low income or energy efficiency services.

Material Change: Ambit Energy will provide you with 45 calendar days advance written notice of any material change in the Terms of Service, either in your bill or in a separate mailing to your billing address. The material change(s) will become effective on the date stated in the notice. In the event of a material change that does not favor you; you will have the option to cancel this Agreement without penalty or fee no later than ten (10) days before the material changes take effect. Your option to cancel will not be provided if the changes favor the customer or are mandated by the PUCT or other regulatory agency. Pricing changes made due to a change in law or regulation may be made without granting any right to cancel this Agreement without penalty.

Customer Information: By entering into this Agreement, your TDSP may release to us certain information that we need to provide you with service, including your address, phone number, account numbers and historical usage information.

Force Majeure: We will endeavor in a commercially reasonable manner to provide service, but we do not guarantee a continuous supply of electrical energy. Events that are out of our control ("force majeure" events) may result in interruptions in service. We will not be liable for any such interruptions. We do not generate your electricity nor do we transmit or deliver electricity to you. Therefore, you agree that we are not liable for damages caused by events of force majeure, including acts of God, acts of any governmental authority, including the Public Utility Commission of Texas or the Electric Reliability Council of Texas ("ERCOT"), accidents, strikes, labor trouble, required maintenance work, inability to access the TDSP system, non-performance of the TDSP, changes in laws, rules, regulations, practices or procedures of any governmental authority or ERCOT, or any cause beyond our control.

Limitations of Liability: Liabilities not excused by reason of force majeure or otherwise shall be limited to direct actual damages. Neither party will be liable to the other for consequential, incidental, punitive, special, exemplary or indirect damages. Lost profits or penalties of any nature are hereby waived; these limitations apply without regard to the cause of any liability or damage, including the negligence of Ambit Energy. There are no third party beneficiaries to this Agreement.

Representations and Warranties: The electricity sold under this Agreement will meet the applicable TDSP's standards and may be supplied from a variety of sources. Ambit Energy makes no representations or warranties other than those expressly set forth in this Agreement, and Ambit Energy expressly disclaims all other warranties, express or implied, including warranties of merchantability and fitness for a particular purpose.

Assignment: You may not assign this Agreement, in whole or in part, or any of its rights or obligations hereunder without the prior written consent of Ambit Energy. Ambit Energy may, without your consent (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial agreement; (b) transfer or assign this Agreement to an affiliate of Ambit Energy; (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of Ambit Energy; and/or (d) transfer or assign this Agreement to a certified REP. In the case of (b), (c) or (d) any such assignee shall agree in writing to be bound by the terms and conditions hereof. Upon any such assignment, customer agrees that Ambit Energy shall have no further obligations hereunder.

Excuse: If an event occurs which makes it impossible for Ambit Energy to perform under this Agreement, such as an act of God, extraordinary weather occurrence, war, civil disturbance or other national emergency, our performance under this Agreement shall be excused for the duration of such event. This could be an event affecting your TDSP, such as a facility outage on their electric distribution lines.

Governing Law: This Agreement shall be governed by and construed, enforced and performed in accordance with the laws of the State of Texas and venue shall be in Dallas County, Texas. The provisions of the Uniform Commercial Code ("UCC") shall apply to this Agreement, and electricity shall be a "good" for purposes of the UCC.

