

8.19 Lease-Related Covenants. Purchaser shall obtain a consent to collateral assignment, substantially in the form delivered on the Effective Date, from the lessor of its leased property set forth on Schedule 7.6. In addition, no later than six months prior to the end of the term of such lease referenced on Schedule 7.6, Purchaser shall secure office space through the end of the Term of this Agreement on terms reasonably comparable to the office space lease in effect on the date hereof if the Term of this Agreement extends beyond the term of such lease.

8.20 Credit and Collection Policy and Risk Management Policy Amendments. Upon the reasonable request of Energy Manager, Purchaser will adopt amendments to its Credit and Collection Policy and Risk Management Policy that are responsive to the changing credit underwriting requirements and the risk considerations that relate to Purchaser's business as the foregoing may be adopted from time to time. Similarly, upon reasonable request, and subject to the approval of Energy Manager, Purchaser may amend the Risk Management Policy and the Collection Policy to reflect current economic or market conditions, or in response to changes in regulation applicable to Purchaser or its Customers.

ARTICLE IX NEGATIVE COVENANTS

Purchaser shall not:

9.1 Indebtedness. Directly or indirectly, create, incur, assume, or guaranty, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness other than Permitted Indebtedness.

9.2 Liens. Directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind (including any document or instrument in respect of goods or accounts Receivable) of Purchaser, whether now owned or hereafter acquired, or any income or profits therefrom, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to any such property, asset, income or profits under the UCC or under any similar recording or notice statute, except for Permitted Liens.

9.3 Restrictive Agreements. Enter into any agreement (other than this Agreement) prohibiting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired, except (i) any agreement that does not restrict in any manner (directly or indirectly) Liens created pursuant to the Security Documents on any Collateral securing the Secured Obligations and does not require the direct or indirect granting of any Lien securing any Indebtedness or other obligation by virtue of the granting of Liens on or pledge of property of Purchaser to secure the Secured Obligations; and (ii) any prohibition or limitation that (a) exists pursuant to applicable requirements of Applicable Law, (b) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under this Agreement pending the consummation of such sale, (c) restricts subletting or assignment of leasehold interests contained in any lease, or (d) is imposed by any amendments or refinancings that are otherwise not prohibited by this Agreement or the contracts, instruments or obligations referred to above; provided that such amendments and refinancings are no more

materially restrictive with respect to such prohibitions and limitations than those prior to such amendment or refinancing.

9.4 Investments. Directly or indirectly, make or own any Investment in any Person, including any joint venture, or acquire, by purchase or otherwise, all or substantially all the business, property or fixed assets of, or capital stock or other ownership interest of any Person, or any division or line of business of any Person, or acquire any Subsidiary; other than (i) Investments in Cash Equivalents, (ii) Interest Hedging Obligations, (iii) Investments in Securities of trade creditors or customers in the ordinary course of business received upon foreclosure or pursuant to any plan of reorganization or liquidation or similar arrangement upon Insolvency Event of such trade creditors or customers, or (iv) other Investments in an aggregate amount not to exceed \$5,000,000 at any time outstanding. The amount of any Investment shall be the original cost of such Investment, minus the amount of any portion of such Investment repaid to such person as a dividend, repayment of loan or advance, release or discharge of a guarantee or other obligation or other transfer of property or return of capital, as the case may be, but without any other adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment or interest earned on such Investment.

9.5 Fundamental Changes. Alter its corporate, capital or legal structure, or enter into any transaction of merger or consolidation, or convey, sell, lease or sub-lease (as lessor or sublessor), transfer or otherwise dispose of, in one transaction or a series of transactions, all or substantially of its business, property or assets (including its notes or Receivables), whether now owned or hereafter acquired.

9.6 Asset Sales. Dispose of any of its assets (whether tangible or intangible) other than (a) assets sold in the ordinary course of business, (b) dispositions of cash and Cash Equivalents, (c) any issuance or sale of any new or additional Equity Interests of Purchaser beyond those existing on the Effective Date, and so long as no Change of Control results therefrom and so long as no Event of Default results therefrom, (d) dispositions of used, worn out, obsolete or surplus property in the ordinary course of business and the abandonment or other disposition of intellectual property that is, in the reasonable judgment of Purchaser, no longer economically practicable to maintain or useful in the conduct of its business, (e) dividends and other distributions permitted by this Agreement, (f) licenses, assignments and sales of intellectual property in the ordinary course of business, (g) discounts, adjustments, settlements and compromises of accounts receivable and contract claims in the ordinary course of business; and (h) any other assets to the extent such property, together with property conveyed, sold, leased, transferred or otherwise disposed of pursuant to this clause (h) in the preceding twelve months has a fair market value of less than \$250,000.

9.7 Transactions with Affiliates. Directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of any class of equity Securities of Purchaser or with any Affiliate of Purchaser or of any such holder, on terms that are less favorable to Purchaser, than those that might be obtained at the time from Persons who are not such a holder or Affiliate.

9.8 Line of Business. Engage in any business other than the Retail Gas Business, Retail Power Business, or any other businesses reasonably related or ancillary thereto and

performing under the Transaction Documents and any activities incidental or related thereto to the extent not prohibited under the Transaction Documents.

9.9 Restricted Payments. Except as currently contemplated by Purchaser's existing shareholder agreements, bylaws or other governing documents, and except in the manner that has been Purchaser's practice in the prior 24 month period, make any other dividend, payment, or delivery of property or cash to its shareholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any of its shares, now or hereafter outstanding or set aside any funds for any of the foregoing purposes.

9.10 Risk Management and Credit Collection Policy. (a) Fail to comply with, or amend, restate, supplement or waive, any provision or term of the Risk Management Policy, (b) amend, restate or supplement any provision or term of the Credit and Collection Policy, or (c) fail to comply with, or waive compliance with, in any material respect, the Credit and Collection Policy.

9.11 Billing Software. Change or materially alter its computer software used on the date hereof to invoice Customers in the Retail Gas Business or Retail Power Business, unless approved by Energy Manager.

9.12 No Other Accounts. Establish, maintain or permit to be maintained any "deposit account" or "securities account" (each as defined in the UCC) or other account (including, without limitation, any lockbox or associated postal box) in the name of Purchaser, other than any account for which a Control Agreement is in full force and effect.

9.13 Changes in Fiscal Periods. Permit the Fiscal Year of Purchaser to end on any day other than December 31 or change the method of determining Fiscal Quarters of Purchaser without the prior written consent of Energy Manager.

9.14 Limitation on Customer Contracts with Residential Customers. Enter into any Customer Contracts after the Effective Date with a residential Customer that cannot demonstrate compliance with Purchaser's internal credit approval processes as such processes are from time to time approved by Energy Manager.

9.15 Permits. Abandon, terminate or permit to lapse any Permit existing on the date hereof.

9.16 Certain Contracts. Terminate, materially breach or otherwise cause or permit to terminate (for reason other than the end of the stated term) any Operating Agreement.

9.17 Portfolio Margin. Undertake a portfolio of Customer Contracts with a weighted average (by volume) Gross Margin per MWh or MMBtu, as applicable, less than the volume weighted average base commodity price.

9.18 Governmental Limitation. The aggregate volume of Commodity Transactions with Customers that are Governmental Authorities shall not exceed 5% of the total aggregate volume of the Purchaser's portfolio of Commodity Transactions, without Energy Manager's prior written consent.

9.19 Term of Fixed Price Contracts. Permit any Fixed Price Contract with a residential Customer to exceed a term of twenty-four (24) months or permit any Fixed Price Contract with any commercial and industrial Customer to exceed a term of three years, in each case unless approved in writing by Energy Manager.

9.20 No Prepay to Affiliated Brokers. Prepay any broker that is an Affiliate of Purchaser.

9.21 Customer Contracts. Purchaser shall not enter into any Customer Contract other than an Approved Customer Contract, unless approved by Energy Manager.

9.22 Capital Expenditures. Purchaser shall not make any expenditures for capital improvements other than for Approved Capital Expenditures.

ARTICLE X

ADDITIONAL EVENTS OF DEFAULT BY PURCHASER AND REMEDIES

The occurrence of any of the following shall constitute an Event of Default under this Agreement with respect to Purchaser:

10.1 Change of Control. A Change of Control.

10.2 Judgments. Any final, non-appealable judgment, final, non-appealable writ or warrant of attachment or similar process involving in any individual case or in the aggregate at any time an amount in excess of \$3,000,000 is taken against Purchaser, any cure period has expired, and an action may be legally taken by a judgment creditor to attach or levy upon any assets of Purchaser to enforce any such judgment, unless such judgment is covered by insurance and provided that the insurance carrier has not denied coverage.

10.3 Failure to be in Force and Effect; Credit Support Default. At any time after the execution and delivery thereof, (a) any Secured Document, any guarantee issued to Energy Manager in connection herewith or any provision of such documents, for any reason other than the satisfaction in full of all obligations thereunder, shall (i) cease to be in full force and effect (other than in accordance with its terms), (ii) be terminated or (iii) be declared to be null and void, (b) Energy Manager shall not have a valid and perfected First Priority Lien in any material Collateral, except as permitted hereunder or under the Security Agreements, purported to be covered by the Security Agreements, or (c) Purchaser shall contest the validity or enforceability of any Secured Document or any provision thereof in writing or deny in writing that it has any further liability under any Secured Document or any provision thereof to which it is a party.

10.4 Asset Coverage Test. At any time, failure by Purchaser to satisfy the Asset Coverage Test and such failure is not remedied or waived within twenty (20) calendar days after written notice of such failure is given to Purchaser.

10.5 Suspension of License. At any time:

(a) Purchaser's market based rate authority issued by FERC shall be modified, suspended or cease to be in full force and effect and such condition would result in a Material Adverse Effect; or

(b) Purchaser's governmental authorization and license to do business as a retail provider of natural gas or electricity shall be modified, suspended or cease to be in full force and effect in any state that Purchaser conducts the Retail Gas Business or the Retail Power Business.

10.6 Regulatory MAC. Purchaser shall be subject to regulation under any Applicable Law, and such regulation could reasonably be expected to result in a Material Adverse Effect.

10.7 Cross Default. Purchaser shall materially default under any Operating Agreement or any Customer Contract, there exists an Event of Default under the Master Agreement or any other Transaction Document, and any applicable cure period has lapsed or it would not be feasible to cure the default in such cure period.

10.8 Remedies. Upon the occurrence of an Event of Default of any type described in this Agreement, Energy Manager shall have the right, but not the obligation to, for the account of Purchaser and without assumption of any obligation to take any such action in the future, unilaterally execute Transactions between the Parties under this Agreement with an objective to cause Purchaser to be in compliance with the Risk Management Policy or the Asset Coverage Test, as the case may be. Energy Manager may otherwise, upon an Event of Default pursue any remedy available to Energy Manager under the Master Agreement, suspend all performance under this Agreement, and otherwise pursue any remedy against Purchaser available at law or in equity.

ARTICLE XI **INDEMNIFICATION**

11.1 By Energy Manager. Energy Manager shall indemnify, defend and hold harmless Purchaser Indemnified Parties from and against any and all Proceedings claims, fines, penalties, demands, losses, costs and expenses of whatsoever kind or character (collectively "Losses"), including reasonable attorneys' fees and expenses (collectively, to the extent that the same arises out of or results from (i) any failure of Energy Manager to perform its obligations under this Agreement, (ii) any negligent or tortuous acts or omissions by Energy Manager or its subcontractors (other than Purchaser or its subcontractors or their respective agents or employees) or their respective agents or employees, or (iii) any willful misconduct or breach of Applicable Law on the part of Energy Manager or its subcontractors (other than Purchaser or its subcontractors or their respective agents or employees) or their respective agents or employees in the performance of their express obligations arising under this Agreement.

11.2 By Purchaser. Purchaser shall indemnify, defend and hold harmless the Energy Manager Indemnified Parties from and against any and all Losses to the extent the same arises out of or results from (i) any failure of Purchaser to perform its obligations under this Agreement, (ii) any negligent or tortuous acts or omissions by Purchaser, its subcontractors (other than Energy Manager or its subcontractors or their respective agents or employees) or

their respective agents or employees, or (iii) any willful misconduct or breach of Applicable Law on the part of Purchaser, its subcontractors (other than Energy Manager or its subcontractors or their respective agents or employees) or their respective agents or employees. The indemnification obligations set forth in this Section 11.2 are in addition to any indemnification obligations otherwise set forth in this Agreement.

11.3 Concurrent Negligence. NOTWITHSTANDING SECTIONS 11.1 AND 11.2 ABOVE, WHEN ANY OBLIGATION FOR INDEMNIFICATION RESULTS FROM JOINT OR CONCURRENT NEGLIGENCE, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR BAD FAITH OR BOTH PURCHASER AND ENERGY MANAGER, SUCH PARTIES' DUTY OF INDEMNIFICATION SHALL BE IN PROPORTION TO EACH SUCH PARTY'S ALLOCABLE SHARE OF JOINT OR CONCURRENT NEGLIGENCE, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR BAD FAITH.

11.4 Cooperation Regarding Claims. If any Party hereto shall receive notice or have knowledge of any claim that may result in a claim for indemnification by such Party or any other Purchaser or Energy Manager Indemnified Party, as applicable (the "Indemnified Party") against the other Party (the "Indemnifying Party") pursuant to this Agreement, such Indemnified Party shall, as promptly as possible, give the indemnifying Party notice of such claim, including a reasonably detailed description of the facts and circumstances relating to such claim, and a complete copy of all notices, pleadings and other papers related thereto, and in reasonable detail the basis for its potential claim for indemnification with respect thereto provided, that failure promptly to give such notice or to provide such information and documents shall not relieve the Indemnifying Party from the obligation hereunder to respond to or to defend the Indemnified Party failing to give such notice against such claim, unless the failure to provide such notice would give rise to additional liability on the part of the Indemnifying Party, in which case the indemnifying Party shall not be liable for such additional liability.

11.5 Defense of Third-Party Claims.

(a) The Indemnifying Party shall be entitled, at its option, and expense and with counsel of its selection, to assume and control the defense of any third-party claim, action, suit or Proceeding that is subject to any indemnity provided in this Agreement by such Indemnifying Party, subject to the prior approval of the Indemnified Party, which shall not unreasonably be withheld; provided that the Indemnifying Party gives prompt notice of its intention to do so to the Indemnified Party and reimburses the Indemnified Party for the reasonable costs and expenses incurred by the Indemnified Party prior to the assumption by the Indemnifying Party of such defense.

(b) Notwithstanding the provisions of this Section 11.5, unless and until the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party and assumes control of the defense of a claim, suit, action or Proceeding in accordance with Section 11.5(a), the Indemnified Party shall have the right, but not the obligation, to contest, defend and litigate, with counsel of its own selection, any claim, action, suit or Proceeding by any Third Party alleged or asserted against the Indemnified Party in respect of, resulting from, related to or arising out of any matter for which it is entitled to be indemnified hereunder, and the

reasonable costs and expenses thereof shall be subject to the indemnification obligations of the Indemnifying Party hereunder.

(c) Indemnifying Party shall not be entitled to settle or compromise any such claim, suit, action or Proceeding without the prior written consent of the Indemnified Party; provided that after agreeing in writing to indemnify the Indemnified Party, the Indemnifying Party may settle or compromise any claim without the approval of the Indemnified Party so long as such claim is solely for monetary damages that are paid in full by the Indemnifying Party and so long as the Indemnified Party is fully released from liability by the claimant. So long as the Indemnifying party is fulfilling its obligations pursuant to this Article XI, the Indemnified Party shall not be entitled to settle any such claim, suit, action or proceeding without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

(d) Following the acknowledgment of the indemnification and the assumption of the defense by the Indemnifying Party, the Indemnified Party shall have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, when and as occurred, unless (i) the employment of counsel by the Indemnified Party has been authorized in writing by the Indemnifying Party and the indemnifying Party has agreed to pay such fees and expenses, (ii) the Indemnified Party shall have reasonably concluded, upon advice of counsel, that there would be a conflict of interest between the Indemnifying Party and the Indemnified Party in the conduct of the defense of such action, or (iii) the Indemnifying Party shall not in fact have employed independent counsel reasonably satisfactory to the Indemnified Party to assume the defense of such action and shall have been so notified by the Indemnified Party.

ARTICLE XII

LIMITATION OF LIABILITY

12.1 General Limitations of Liability. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, NEITHER PARTY NOR ANY OF THEIR RESPECTIVE SHAREHOLDERS, PARTNERS, PRINCIPALS, AFFILIATES, SUBSIDIARIES, OFFICERS, DIRECTORS, AGENTS OR EMPLOYEES SHALL BE LIABLE HEREUNDER FOR CONSEQUENTIAL OR INDIRECT LOSS OR DAMAGE INCLUDING LOSS OF PROFIT OR ANTICIPATED REVENUES, COST OF CAPITAL, LOSS OF GOODWILL, INCREASED OPERATING COSTS OR ANY OTHER SPECIAL OR INCIDENTAL DAMAGES OR PUNITIVE OR EXEMPLARY DAMAGES. The Parties further agree that the waivers and disclaimers of liability, indemnities, releases from liability, and limitations on liability expressed herein shall survive termination or expiration of this Agreement, and shall apply at all times, whether in contract, equity, tort or otherwise. REGARDLESS OF THE FAULT, NEGLIGENCE (IN WHOLE OR IN PART), STRICT LIABILITY, BREACH OF CONTRACT OR BREACH OF WARRANTY OF THE PARTY INDEMNIFIED, RELEASED OR WHOSE LIABILITIES ARE LIMITED, AND SHALL EXTEND TO THE SHAREHOLDERS, PARTNERS, PRINCIPALS, AFFILIATES, SUBSIDIARIES, DIRECTORS, OFFICERS AND EMPLOYEES, AGENTS AND RELATED OR AFFILIATED ENTITIES OF SUCH PARTY, AND THEIR SHAREHOLDERS, PARTNERS, PRINCIPALS, AFFILIATES, DIRECTORS, OFFICERS AND EMPLOYEES.

12.2 Limitation of Purchaser's and Energy Manager's Liability. Notwithstanding anything to the contrary herein or any Transaction Document, there shall be absolutely no personal liability or recourse for the payment of any amounts due hereunder, or the performance of any obligations hereunder against any employee, shareholder, partner, officer or director, whether past, present or future, of Purchaser or Energy Manager. Any direct or indirect parent corporation or any Affiliate thereof or of Purchaser, and Energy Manager for the satisfaction of each and every remedy of Energy Manager or Purchaser in the event of any breach by the other Party.

ARTICLE XIII **CONFIDENTIALITY**

13.1 Non-Disclosure. Each Party agrees to hold in confidence any information imparted to it by the other Party which pertains to Purchaser's or Energy Manager's business activity in any manner, and which is not the subject of general public knowledge, including, without limitation, this Agreement and its Exhibits, proprietary processes, technical information and know-how, information concerning Purchaser's or Energy Manager's management policies, economic policies, financial and other data ("Confidential Information"). Confidential Information shall not include: (i) information in the public domain, (ii) information obtained by a Party from a third Person not under an obligation of nondisclosure to Purchaser or Energy Manager, or (iii) information independently developed by a Party. This obligation shall continue to remain in full force and effect during the Term, as the case may be, and for two (2) years after the date of termination or expiration of this Agreement.

13.2 Permitted Disclosure. Either Party shall have the right to disclose Confidential Information to (i) any Governmental Authority (in each case, to the extent legally required by any such entity), (ii) its advisors, auditors, legal counsel and insurers, (iii) its Affiliates, (iv) investors, potential investors and other members of the public in connection with the equity or ownership interests of Purchaser or Energy Manager, including in connection with the listing of any shares, stocks, Securities, bonds or any other similar financial instrument, and (v) bona fide potential purchasers of an interest in Purchaser or Energy Manager; provided, however, provided that any such Person receiving any Confidential Information under clause (ii), (iii), (iv) or (v) agrees to maintain the confidentiality of such Confidential Information in accordance with the terms hereof and the disclosing Party shall remain liable for any breach of confidentiality by any such Person.

ARTICLE XIV **REPRESENTATIONS AND WARRANTIES OF ENERGY MANAGER**

14.1 Energy Manager Representations and Warranties. Energy Manager represents and warrants to Purchaser as of the Effective Date that:

(a) Organization and Good Standing. Energy Manager is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Texas.

(b) Enforceability. This Agreement constitutes the legal, valid and binding obligation of Energy Manager, except as enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and (ii) general principles of equity.

(c) Due Authorization. The execution, delivery and performance of this Agreement by Energy Manager has been duly authorized by all requisite action and will not conflict with any provisions of any Applicable Law, or any material agreement or instrument to which it is a party or by which it, its property or assets may be bound or affected, and specifically that Energy Manager's performance under this Agreement, and the terms of any transactions entered into hereunder, are not subject to the jurisdiction of any state utility or public service commissions.

(d) Permits. Energy Manager has obtained and shall maintain during the Term of this Agreement, as the case may be, all Permits required for the Services.

(e) Legal Proceedings. There is not pending or, to its knowledge, threatened against Energy Manager or any of its Affiliates any legal Proceedings that could materially adversely affect its ability to perform its obligations under this Agreement.

ARTICLE XV **DISPUTE RESOLUTION**

15.1 Dispute Resolution; Arbitration.

(a) Any dispute relating or the pertaining this Agreement may be submitted for arbitration hereunder by either Party delivering to the other a notice demanding arbitration of the dispute in accordance with the commercial arbitration rules of the American Arbitration Association ("AAA") then in effect. Matters not subject to arbitration shall be resolved by the federal and state courts sitting in the city of Houston, Texas.

(b) The arbitrator shall either be as mutually agreed by the Parties within thirty (30) days after written notice from either Party requesting arbitration, or failing agreement, shall be selected under the expedited rules of the AAA. The arbitrator will not have a direct or indirect interest in either Party or the subject of the arbitration.

(c) The rules of AAA shall apply to the extent not inconsistent with the rules herein specified.

(d) The arbitration shall be conducted according to the following: (i) not later than seven (7) days prior to the hearing date set by the arbitrator each Party shall submit a brief with a single proposal for settlement, (ii) the hearing shall be conducted on a confidential basis without continuance or adjournment, (iii) the arbitrator shall be limited to selecting only one of the two proposals submitted by the Parties, PROVIDED HOWEVER that the arbitrator shall in no way exceed in its award the limits, if any, on damages afforded by Texas law or the provisions of this Agreement, particularly Article XII, (iv) each Party shall divide equally the cost of the arbitrator and the hearing and each Party shall be responsible for its own expenses and those of its counsel and representatives and (v) evidence concerning the financial position or

organizational make-up of the parties, any offer made or the details of any negotiation prior to arbitration and the cost to the Parties of their representatives and counsel shall not be permissible.

(e) The place of the arbitration shall be Houston, Texas at a site chosen by the arbitrator.

(f) The Federal Rules of Civil Procedure shall govern the procedure for discovery as well as presentation of the evidence.

(g) The arbitrator shall begin hearing evidence within sixty (60) days of selection of the arbitrator. The arbitrator shall render its decision in writing within thirty (30) days of the close of evidence. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction.

15.2 Continued Performance. The Parties shall continue to perform under this Agreement during the pendency of any dispute hereunder.

ARTICLE XVI **ADDITIONAL AGREEMENTS CONCERNING CONTROLLED ACCOUNTS**

16.1 Establishment of Controlled Accounts. The Parties agree that the execution of the Controlled Account Agreements shall be a condition precedent to the obligations of Energy Manager under this Agreement. Accordingly, if the Controlled Account Agreements are not executed as contemplated by this Agreement and in a manner so as to give Energy Manager the rights created by this Agreement and the Transaction Documents, then Energy Manager may terminate this Agreement and the Master Agreement and proceed with the enforcement of the remedies available under this Agreement and the Master Agreement, subject to the limitation of damages otherwise set forth in this Agreement.

16.2 Controlled Account Duration. The Controlled Accounts shall be maintained during the entire Term of this Agreement. Notwithstanding anything to the contrary in any other agreement between the Parties, Purchaser shall be responsible for all fees and service charges relating to the Controlled Accounts.

16.3 Sales Contracts. All invoices rendered under the Customer Contracts must specify that all payments due to Purchaser under the invoices must be deposited into the applicable Controlled Account depending upon the method of payment.

16.4 Disbursements. All payments owing to Purchaser under the Customer Contracts will be directed to the Controlled Accounts. The proceeds are then subject to the account control arrangements in place between Purchaser and Energy Manager.

16.5

ARTICLE XVII

17.1 [Reserved]

ARTICLE XVIII
MISCELLANEOUS

18.1 Severability. The invalidity, in whole or in part, of any of the foregoing Sections or provisions of this Agreement will not affect the validity of the remainder of such Sections or provisions.

18.2 Entire Agreement. This Agreement, which hereby expressly incorporates the Implementation Agreements, and the transactions entered into pursuant to the Implementation Agreements, and makes them part of this Agreement, contains the complete agreement between Purchaser and Energy Manager with respect to the provision of Services as contained herein and supersedes all other agreements, whether written or oral, with respect to the matters contained therein.

18.3 Amendment. No modification, amendment, or other change will be binding on any Party unless consented to in writing by both Parties.

18.4 Assignment.

(a) General. No assignment or transfer of this Agreement by a Party or such Party's rights or obligations hereunder shall be effective without the written approval of the other Party; provided that (i) Energy Manager may assign its rights (but not its obligations) without obtaining the consent of Purchaser in connection with a Third Party financing and (ii) either Party may transfer or assign its rights and obligations hereunder to an Affiliate or any entity succeeding to all or substantially all of the assets of the assigning Party to the Affiliate or entity with equal or greater creditworthiness as determined by the non-assigning Party using commercially reasonable credit standards without obtaining the approval of the other Party; provided, however, that no assignment of this Agreement by either Party shall relieve the assignor of any obligation, duty or liability hereunder except to the extent such Party is expressly released in writing from any such obligation, duty or liability by the other Party. Any purported assignment in contravention of this Section 18.4(a) shall be void.

18.5 Notices. All notices required or provided for in this Agreement shall be in writing and shall be delivered as follows:

If to Energy Manager:
EDF Trading North America, LLC
4700 W. Sam Houston Pkwy., N., Suite 250
Houston, Texas 77041
Attention: General Counsel
Tel. 281-653-5881
Fax. 281-781-0360

With a copy to:

Same Address
Attention: Credit Manager
Tel. 281-781-0333
Fax. 281-781-0360

If to Purchaser:
Santanna Natural Gas Corporation
7701 San Felipe Blvd, Suite 200
Austin, Texas 78729
Attention: Wayne Gatlin
Tel. 512-346-2500
Fax. 512-346-2578

With a Copy to:

Accounting Manager at the Address Provided
above for Purchaser.

Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service or facsimile. Notice by facsimile or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day. Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

18.6 Additional Documents and Actions. Each Party agrees to execute and deliver to the other such additional documents, and take such additional actions, as may be reasonably required by the other to effectuate the interest of this Agreement.

18.7 Waiver. Failure by either Party to exercise any of its rights under this Agreement shall not constitute a waiver of such rights. Neither Party shall be deemed to have waived any right resulting from any failure to perform by the other unless it has made such waiver specifically in writing.

18.8 Captions. The captions contained in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained herein. The headings are inserted for convenience and are to be ignored for the purposes of construction. The Schedules to this Agreement form part of this Agreement and will be of full force and effect as though they were expressly set forth in the body of this Agreement.

18.9 Survival. Notwithstanding any provisions herein to the contrary, the obligations set forth in Articles XI, XII, XIII, and XV shall survive the expiration or termination of this Agreement for a period of twenty-four (24) months therefrom.

18.10 No Third Party Beneficiary. This Agreement is for the sole and exclusive benefit of the Parties hereto and shall not create a contractual relationship with, or cause of action in favor of, any Third Party.

18.11 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

18.12 Governing Law. THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF ITS CONFLICTS OF LAWS PRINCIPALS. EACH PARTY WAIVES ITS RESPECTIVE RIGHTS TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. EXCEPT WITH RESPECT TO THOSE DISPUTES WHICH ARE REQUIRED TO BE RESOLVED BY ARBITRATION UNDER ARTICLE XV, ANY PROCEEDING IN CONNECTION WITH ANY CLAIM, COUNTERCLAIM, DEMAND, CAUSE OF ACTION, DISPUTE AND CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES HEREBY CONSENT TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS SITTING IN HARRIS COUNTY, TEXAS.

18.13 Ambiguity and Construction. Purchaser shall promptly notify Energy Manager in writing of any apparent ambiguity or conflict or inconsistency among any of the documents within the Agreement or parts thereof. The Parties will then meet to resolve such conflict, ambiguity or inconsistency. For purposes of resolution of such ambiguity, conflict or inconsistency, the order of precedence of the documents in the Agreement shall be as follows unless otherwise specified in this Agreement:

- (i) This Agreement; then
- (ii) the other Transaction Documents.
- (iii) Notwithstanding anything in this Agreement to the contrary, the Security Agreement shall control over all other documents in the Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of this ____ day
of _____, 2011.

SANTANNA NATURAL GAS
CORPORATION d/b/a SANTANNA ENERGY
SERVICES

By: 
Name: T.W. GALIN
Title: PRESIDENT

EDF TRADING NORTH AMERICA, LLC

By: 
Name: Russell Schneider
Title: Vice President & Treasurer

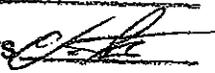
LEGAL 
CREDIT 
SETTLEMENTS 

EXHIBIT A
FORM OF CUSTOMER CONTRACT

GAS SALES CONTRACT

THIS GAS SALES CONTRACT, made and entered on 6/19/06 by and between Brookhaven Marketplace/ EVA Inv. Inc. (herein referred to as "BUYER") and SANTANNA ENERGY SERVICES (herein referred to as "SELLER").

WITNESSETH

WHEREAS, BUYER is actively seeking supplies of natural gas; and

WHEREAS, SELLER has natural gas supplies available which SELLER desires to sell to BUYER; and

WHEREAS, SELLER and BUYER desire to enter into a contract relating to the sale and purchase of natural gas, all as hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Except in those certain instances where the context states another meaning the following terms apply:

- 1.1 MCF - One Thousand (1,000) Cubic Feet.
- 1.2 BTU - British Thermal Unit.
- 1.3 Therm - One Hundred Thousand (100,000) BTUs.
- 1.4 MMBTU - One Million (1,000,000) BTUs or
- Ten (10) Therms.
- 1.5 Delivery Point(s) - The point at which SELLER delivers the natural gas to BUYER into the interstate pipeline(s).
- 1.6 Sales Point(s) - The Delivery Point, at which the sale occurs and title to the natural gas passes to BUYER.
- 1.7 Redelivery Point(s) - The point at which the interstate pipeline delivers the natural gas to the Local Distribution Company (LDC).
- 1.8 PSIA- Pounds Per Square Inch (Absolute).

ARTICLE II
SALE AND PURCHASE

2.1 Subject to the terms and conditions hereinafter set forth, SELLER agrees to sell upon its sole determination and judgment of BUYER's ongoing credit worthiness to BUYER and BUYER agrees to purchase from SELLER certain quantities of natural gas as set forth on the monthly invoice.

ARTICLE III
PRICE

3.1 The price per Therm shall be based on the monthly market price then in effect for natural gas delivered to the various natural gas Sales Point(s) into the interstate pipelines. The price shall include the summation of all fuel retention costs, transportation costs and any miscellaneous fees involved in the delivery of natural gas from the Delivery Point(s) to the Redelivery Point(s). For all natural gas delivered by SELLER and sold to BUYER, BUYER shall pay SELLER a price per Therm at 14.73 PSIA and Sixty Degrees (60 deg.) Fahrenheit as indicated on the monthly invoice.

ARTICLE IV
SALES POINT(S)

4.1 The natural gas purchased and sold hereunder shall be delivered at the Delivery Point(s) as indicated on the monthly invoice.

4.2 Title to the natural gas sold and delivered hereunder shall pass to BUYER at the Sales Point(s). As between the Parties hereto, SELLER shall be in control and possession of the natural gas until title passes to BUYER, after which delivery BUYER shall be deemed to be in exclusive control and possession thereof and responsible for any and all injury or damage caused thereby.

ARTICLE V
BILLING AND PAYMENTS

5.1 On or about the fifth (5th) day of each month, SELLER shall cause to be rendered to BUYER an invoice showing the actual or scheduled (if actual is not known) quantity of natural gas delivered during the preceding month and the amount due therefore, and BUYER shall pay SELLER (by wire or mail) the stated amount by the twentieth (20th) day of the month following the month such natural gas is delivered or ten (10) days after the date of the invoice, whichever is later. Corrections to estimates shall be made on the following month's bill or as soon thereafter as actual data is available.

5.2 In the event BUYER may dispute any invoice or portion thereof, payment will nonetheless be made for any portion not in dispute. Any dispute must be detailed in writing via certified mail, return receipt requested and received by SELLER by the due date stated on the disputed invoice, or interest charges per Article 5.3 of the Contract will be invoiced by SELLER, and paid by BUYER. The SELLER shall provide BUYER with a written determination of the dispute as soon as practicable. If BUYER doesn't prevail in the dispute, then SELLER will invoice and BUYER will pay interest at the rate of 1.8% per month (or any part of a month) compounded monthly from the due date of the invoice that was partially paid per the written notification of dispute from BUYER. SELLER shall not be responsible for penalties or natural gas purchases from the LDC resulting from events beyond SELLER's control, including but not limited to, utility company issued estimated billings or increases / decreases in consumption of 25% or more above or below the consumption of the same month of the prior year, faulty meters or related equipment, ruptured gas lines, faulty gas equipment, receipt of incorrect data from BUYER or LDC, or force majeure.

5.3 Should BUYER fail to remit the full amount less disputed amount, when due, an interest charge on the unpaid portion will be added to the invoice amount equal to two percent (2%) of the gross invoice amount. BUYER's account will be suspended for natural gas deliveries effective the fifth (5th) day of the month if any amount remains past due by the third (3rd) day of the month following the due date. Deliveries shall resume as soon as possible after the account is paid in full. If BUYER's account is suspended three (3) times during any twelve (12) month period, SELLER, in its sole and absolute discretion, may require a security deposit or personal guarantee from BUYER, or may terminate this Contract. Any outstanding amounts remaining after they are due shall accrue interest at the rate of 1.8% per month (or any part of a month) compounded monthly. Failure to remit payment by the due date constitutes a default of this Contract and voids any and all warranties that SELLER may have to the BUYER. Any penalties imposed on the BUYER or gas purchased by BUYER from the LDC as a result of or associated with the suspension of deliveries or the termination of this Contract by SELLER, as related to credit concerns, late payments, partial payments or nonpayment of invoices, is for the account of the BUYER and not the responsibility of or the liability of SELLER.

5.4 No payment by BUYER or receipt by SELLER of an amount less than the full amount due, shall be considered as anything other than a partial payment of the amount due. No endorsement or statement to the contrary on any check shall be deemed an accord and satisfaction. SELLER may accept a partial payment without prejudicing SELLER's right to recover the balance of such payment which is still due, and without affecting any other remedies available to SELLER.

5.5 Each Party hereto shall have the right, at any and all reasonable and mutually agreeable times, to examine the books and records of the other, to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under this Contract. Corrections to inaccuracies will be permitted to any monthly transaction up to one hundred and eighty days (180) after the end of the month in question. Any inaccuracies older than said period shall not be corrected and said inaccuracy shall not represent a breach or default by either party.

5.6 SELLER may request that BUYER provide security for outstanding balances as well as projected invoices for future deliveries of 45 days. SELLER may cease gas deliveries if, in its sole discretion, risk of not being paid by BUYER exists.

ARTICLE VI TAXES AND ROYALTY

6.1 SELLER shall pay or cause to be paid the taxes lawfully levied on SELLER, all royalties and other sums of whatever nature due on production, gathering, severance or handling of the natural gas prior to its delivery to BUYER and agrees to hold BUYER harmless therefrom. BUYER shall pay all taxes lawfully levied on BUYER applicable to such natural gas after delivery to BUYER or for the account of BUYER and agrees to hold SELLER harmless therefrom. The foregoing notwithstanding, BUYER will reimburse SELLER in the amount of 100% of any existing or future sales, use, state, municipal, and similar tax borne by SELLER. BUYER agrees to provide SELLER a sales/use tax exemption certificate, if BUYER is exempt from payment of sale and/or use tax on natural gas purchased hereunder.

ARTICLE VII TERM

7.1 Subject to the terms hereof, this Contract shall be effective upon initial execution and shall remain in full force and effect thereafter for a period of thirty six (36) months from the date of initial deliveries of natural gas hereunder and shall continue automatically for additional one (1) year periods thereafter unless canceled by either of the Parties hereof by giving written notice no more than sixty (60) days or less than thirty (30) days prior to the anniversary date to the other Party via certified mail, return receipt requested. The cancellation notice will specifically state the last date that the contract will be in effect. That date is defined as the last day of the month in which the anniversary date lies.

ARTICLE VIII FORCE MAJEURE

8.1 Except for BUYER'S obligations to make payment for natural gas deliveries hereunder, neither Party shall be liable for inability to perform under the terms of this Contract when such failure is due to force majeure, defined as any cause, not reasonably within the control of the Party claiming force majeure.

8.2 In the event either Party claims force majeure, the Party making such claims shall notify the other Party as soon as reasonably practical under the circumstances. The claiming Party shall thereafter cure (or commence to cure and thereafter diligently prosecute such cure to completion) the force majeure in a reasonably prompt manner.

ARTICLE IX ASSIGNMENT

9.1 This Contract shall be binding upon and benefit the Parties hereto and their respective successors and assigns. BUYER shall not assign this Contract without obtaining the prior written consent of SELLER, which shall not be unreasonably withheld.

ARTICLE X
MISCELLANEOUS

10.1 No waiver by either SELLER or BUYER of any default of the other under this Contract shall operate as a waiver of any future default, whether of like or different character or nature.

10.2 This Contract may be amended only by a written instrument executed by the Parties hereto.

10.3 The headings throughout this Contract are inserted for reference purposes only, and are not to be construed or taken into account in interpreting the terms and provisions of any Article, or to be deemed in anyway to qualify, modify, or explain the effects of any such terms or provision.

10.4 This Contract shall be interpreted with the internal laws, but not the laws regarding choice of law, of the State of Illinois.

10.5 SELLER may pay someone else to help collect the amounts due from BUYER under this GAS SALES CONTRACT and AGENCY AGREEMENT and to enforce them, and BUYER will pay that amount. This includes, subject to any limits under applicable law, SELLER's attorneys' fees, expert witness fees and other legal expenses, whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. BUYER also will pay any court costs, in addition to all other sums provided by law.

10.6 In the event either BUYER or SELLER shall fail to perform any of its obligations hereunder in accordance with the terms and conditions of this Contract, then this Contract and all of the provisions hereof may be immediately terminated by the non-defaulting Party by written notice to the defaulting Party by certified mail, return receipt requested; provided, however, that termination rights shall be without prejudice to the non-defaulting Party's rights to collect any amounts due from defaulting Party prior to the time of termination. Anything to the contrary in this Contract notwithstanding, neither BUYER or SELLER shall be liable to the other for loss of profits or for any other incidental or consequential damages whatsoever.

10.7 SELLER shall have the right to match any bona fide third party price, terms and conditions to sell natural gas to BUYER.

10.8 Both SELLER and BUYER agree that the information concerning this Gas Sales Contract, natural gas supplies, cost of said supplies, transportation and cost of transportation, is confidential, valuable, and proprietary and that its disclosure will cause serious and irreparable harm, therefore, both SELLER and BUYER agree to not disclose said information to any third Party or Parties throughout the term of this Gas Sales Contract unless ordered to do so by a court having jurisdiction over this Gas Sales Contract.

10.9 Any new facility added under this contract shall require an addendum executed by both SELLER and BUYER and shall be covered under the warranties granted in this agreement starting on the ninety first day after first day of gas deliveries to said new facility.

10.10 SELLER's expressed or implied warranties in this agreement are not valid for gas purchased from the LDC or penalties incurred because of, or associated with, the abandonment of a facility or BUYER defaults under this contract. SELLER shall use its best efforts to avoid or minimize such purchases or penalties.

10.11 BUYER that has not executed an Agency Agreement with SELLER must fax or mail a copy of the gas utility bill to SELLER within 10 days of its issuance from gas utility company.

ARTICLE XI
NOTICES & PAYMENTS

11.1 Any notice, request, demand, statement or payment provided for in this Contract shall be in writing and shall be sent to the Parties at the following addresses:

EXHIBIT B

CREDIT AND COLLECTION POLICY

Credit and Collection Policy

CUSTOMER CREDIT PROCEDURES

The purpose of credit processes will be to manage the potential risk for bad debt while allowing for an expedited credit process and continued sales. Credit policy and procedures are implemented and monitored by the Controller and must adhere to the rules provided by the applicable Public Utility Commission or law.

Illinois Residential/Small Commercial Customer Credit Policy (Natural Gas) - Santanna utilizes historical customer payment information provided by the utility company to determine the prospects creditworthiness. Upon consent of the prospect, Santanna electronically retrieves payment information from the utility and applies the following credit criteria:

Nicor Gas -- must not have been assessed more than two late fees in the past twelve months.

Peoples/North Shore Gas --

- 1) Arrears balance must be less than \$25

AND

- 2) Must have made 4 payments in the last 6 months

Illinois Large Commercial Customers (All Utilities) - An examination of the customers most recent utility bill -- must be current, no balance in arrears

Michigan and Indiana Residential/Small Commercial Customers (Natural Gas) --

Consumers, Michcon/DTE, NIPSCO -- Purchase of receivables by utility company

COLLECTION AND TERMINATION PROCEDURES

The purpose of collection processes will be to ensure the timely payment of all outstanding invoices and the fair and equitable treatment of customers who legitimately want to bring accounts current. For late/non-payers, the goal is to limit Santanna's exposure and collect any past due amounts.

Process/Timing: The chart below outlines the collection process and timing:

Days Past Due	Process Steps
7 - 24	Reminder Call(s) Initiated
>24	Delinquent Call(s) Initiated
>24	Final/Termination Notice Sent via USPS
>34	Termination Initiated unless payment arrangements are made
Inactive	Inactive Collection Call(s) made
Inactive	Final Demand Letter -- 15 days to pay
	Account turned over to collection agency

During the collections process outbound calls are made as frequently as every 3 days.

Payment Arrangements:

If during the Active Collections process a customer desires a payment plan to cure past due amounts, Santanna will consider up to a 4 month plan depending on the customers responsiveness and their previous payment history with Santanna. Payment plans require monthly payments of current charges plus a portion of the past due balance. If during the payment plan, the customer fails to make the monthly payment(s) as agreed, immediate termination of the account is initiated.

Write-Off Policy:

Santanna accrues Allowance for Doubtful Accounts each month at a level of 1% of gross sales.

Accounts are written-off if no payment is received within 60 days of being turned over to a collection agency OR a bankruptcy filing notice is received.

EXHIBIT C

RISK MANAGEMENT POLICY

Risk Management Policy

1 Introduction

Santanna Energy Services recognizes that all organizations operate in an environment of uncertainty and no organization can eliminate all potential risks. Organizations that can identify and manage risks within an acceptable tolerance level are in the best position to accomplish their mission and achieve their goals and objectives.

Santanna Energy Services has adopted a traditional business model, based on sound and widely-used commercial practices, which in itself is a risk mitigation mechanism. The business model is based on the sale of physical gas to known end-users and may include the use of NYMEX futures contracts or physical (storage) hedges. In addition, Santanna operates with a separation of operations and with strong internal controls. Governance and oversight mechanisms provide safeguards, provided that the mechanisms are diligently executed.

2 Objectives of the Policy

The objectives of this Risk Management Policy are as follows:

- Provide the framework that guides Santanna's operations and internal controls, including policies that:
 - identify and communicate commercial activities that are approved, require further approval, or are prohibited;
 - govern transactional boundaries and limits for staff and management; and
 - Guide management/staff in making day to day decisions and assessing commercial opportunities.
- Provide the policies that define adequate governance for the effective management of risks and changes in these risks
- Provide clear controls that will mitigate risk exposure consistent with the risk tolerance of the Santanna Executive Management and Board of Directors.

3 Sources of Risk

The different exposures to Santanna can be classified into five general risk categories: customer acquisition/retention/attrition risk, credit and customer payment risk, operational risk, end user delivery (volume) risk and weather risk.

3.1 Customer Acquisition/Retention/Attrition Risks

Under the general category of customer acquisition/retention/attrition risk, Santanna recognizes that ongoing sales and marketing programs directly affect future delivery commitments, monthly base volumes and net revenue. In addition, dramatic changes in Santanna's public image may significantly affect Santanna's retention and attrition of customers.

3.2 Credit and Customer Payment Risk

As a commercial energy commodity seller, Santanna is exposed to credit risks. Credit risk faced by Santanna manifests itself in two general areas: (1) outright default in payment by customers, and (2) late payment by customers.

3.3 Operational Risk

Santanna Operational Risk is defined as the risk of direct or indirect loss resulting from inadequate or failed planning, internal processes, people, or systems. This is a risk inherent in any organization. Lack of comprehensive and generally accepted accounting practices and systems undermines an organization's ability to effectively monitor performance and execute value maximizing course corrections. Without viable automated systems, performance, accountability, and efficiencies cannot be attained and bottom-line results suffer.

3.4 End User Delivery (volume) Risk

End User Delivery risk represents the risk of not meeting customer contractual obligations and/or LDC balancing requirements. Delivery volume variances may occur due to inconsistencies between Santanna forecast models and LDC (forecast) delivery requirements OR changes in customer consumption profiles. If data required to reconcile inconsistencies is not available in a timely manner, then there is an increased risk of LDC penalties or delivering gas to satisfy customer requirements at an unfavorable price.

3.5 Weather Risk.

Recent catastrophic weather events underscore the necessity for adequate mitigation of Weather Risk. Weather risks include, but are not limited to events such as hurricanes, natural weather disasters, and abnormal summer (heat) and winter (cold/warm) weather. Weather risk typically manifests itself as significant commodity price volatility.

4 Oversight Responsibilities

Within Santanna, there are four levels of risk policy oversight responsibility: Accounting & Operations Managers; the Chief Risk Officer; the Santanna Executive Committee; and the Santanna Board of Directors.

Accounting & Operations Managers are responsible for daily tasks of associated with reporting, operational tolerances, and cash flow.

The Chief Risk Officer is responsible for overall compliance with policy, and reporting on the effectiveness of the risk management policies and controls.

Major responsibilities include:

- Daily monitoring of financial and volumetric risk tolerance,
- Generation and disbursement of reporting.
- A review of proposed new business opportunities with respect to their consistency with risk tolerance and compliance with risk management policy.

The Santanna Executive Committee is made of up the Santanna Chief Executive Officer, Chief Marketing Officer, and Chief Operating Officer. The Executive Committee monitors and reviews financial, marketing, and operational information to ensure that risk is within acceptable tolerances. The Executive Committee periodically reviews parameters that define acceptable tolerances.

The Santanna Board of Directors meets quarterly. Santanna recruited two industry veterans to act as advisors to the board of directors or outside directors. These advisors are both very strong in risk management, one of which heads the risk management committee for a Corporation many multiples larger than Santanna, where he also serves on the board of directors.

5 Risk Management Policies]

5.1 Customer Acquisition/Retention/Attrition Risk Mitigation Policies

Santanna policies governing the sales and marketing portion of its business model provide risk control and mitigation features. Standardized customer contract terms and conditions, with clearly defined sales prices points and contract terms will be provided to all customers. A multi-tier sales validation process will be used, to ensure that customers are well educated and voluntarily choose Santanna as their energy provider. Customer Acquisition rates and retention/attrition rates will be monitored via standard reporting on a daily, weekly and monthly basis.

Santanna may offer fixed price full requirements contracts to smaller commercial or residential customers via mass marketing campaigns. Forecast requirements strips will be used to purchase forward contracts. Under the limits established by the Santanna Executive committee, appropriate forward contracts will be purchased prior to actual customer acquisition to minimize upside price risk.

5.2 Credit and Customer Payment Risk Mitigation Policies

Santanna maintains a proactive policy with regard to customer credit. Wherever reasonably possible, prospective customers will be evaluated for credit worthiness and utility payment history. In addition Santanna will maintain a regimented Standard Operating Procedure that defines customer notification of past due balances, customer contacts by payment collections specialist, and ultimately customer termination for non-payment.

5.3 Operational Risk Mitigation Policies

Organizational structure and separation of functions provides for effective risk operational control policy. Santanna will maintain a separation of accounting and gas operation functions with appropriate transactional logging and reporting functions. Santanna financials will be submitted to an independent accounting firm for review on an annual schedule. Essential standard operations procedures will be documented and reviewed on a regular basis.

5.4 End User Delivery (volume) and Weather Risk Mitigation Policies

Santanna policies to minimize the risk associated with end user delivery volume can generally be segmented by LDC and customer contract category.

5.4.1 Monthly Base Load (market/index based contracts):

Base load volumes will be determined for the front future month on or about the 20th day of the month. Base load volumes are determined by either by a Santanna forecasting model or are provided by LDCs. Base load volumes will be based upon normal/typical weather data – and a defined storage utilization (withdrawals or injections) profile. Monthly variations in weather (or consumption) are offset by customer owned storage. Santanna will not take positions in the market to satisfy monthly (indexed) base load requirements.

5.4.2 Swing or Daily Load Variations (market/index based contracts):

Occasionally, daily LDC delivery tolerances require swing gas purchases. Before swing gas is purchased, base load gas is reallocated among customer classes or LDCs to either eliminate or minimize swing gas purchases.

5.4.3 Fixed Volume, Fixed Price Contracts:

Santanna offers fixed volume, fixed price contracts to its larger commercial and industrial end users. A fixed price agreement – will not be executed/finalized until either a physical hedge (using Santanna owned storage) or a forward contract hedge for the strip has been purchased from Santanna's primary supplier. All offers are conditioned on covering the contract requirements. Contracts contain overage/underage clauses to allow Santanna effectively minimize Santanna's risk – in a situation where customer delivery requirements vary from contracted volumes.

5.4.4 Fixed Price Full Requirements Contracts:

Santanna offers fixed price full requirements contracts to its smaller commercial or residential customers via mass marketing campaigns. Santanna's customer consumption forecast models are used to calculate typical delivery profiles – for prospective customer classes. These delivery profiles along with estimates of customer acquisition and attrition rates are used to establish a requirements strip. The forecast requirements strip will be used to purchase forward contracts. Options (both puts and calls) may also be purchased for winter months to minimize risk associated with over/under consumption. Requirements strips will be traded up on a monthly basis and short term storage may be used to balance delivery requirements month to month.

6 Risk Monitoring and Reporting

To support the Risk monitoring and oversight, the following reports will be provided:

- Month End and Year End Financial Statements
- Daily Inventory Report, showing un-invoiced Inventory and Inventory Cost Basis
- Monthly Purchased Weighted Average Cost of Gas
- Daily Aged Receivables report
- Daily/Weekly Collections report
- Weekly Risk Exposure report showing hedged volumes compared to commitments to sell – for fixed price customer contracts
- Weekly Operations Customer Count report
- Daily Customer Acquisition reports showing customer count, average customer size, and annual forecasted customer volumes
- Three Year Cash Flow Proformas
- Day ahead, Week Ahead, Month Ahead and Year Ahead Delivery Forecasts

EXHIBIT D

ACCOUNTS RECEIVABLE AGING



Category	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Total
Accounts Receivable	\$ 11,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 11,000.00
Accounts Payable	\$ 44,700.00	\$ 747.13	\$ 0.00	\$ 0.00	\$ 45,447.13
Accounts Receivable - Other	\$ 67,800.00	\$ 11,400.00	\$ 3,000.00	\$ 12,300.00	\$ 94,500.00
Grand Total	\$ 125,500.00	\$ 757.13	\$ 3,000.00	\$ 12,300.00	\$ 141,557.13

EXHIBIT E

BILLED and UNBILLED RECEIVABLES REPORT

Santanna Energy Services - Billed Receivables			
Month	Therms	Revenue	Cost
August	7,447,474		

Santana Energy Services
Daily Gas Inventory
9/9/2011 06:00:04 AM

Name	Inventory ID	LDC	Volume	9/9/2011 Cost Basis	Inventory Value
Customer					
CPA - NON-POOL	IL10-110-10-10-10	CP	-705,055	50.3900	(351,592.47)
CPB TRUNK	IL10-125-10-10-10	CP	24,510	20.4524	491,239.89
CPB PEPL	IL10-125-10-10-10	CP	08,500	50.4807	433,781.74
IP - NON-POOL	IL11-110-10-11-10	IP	-27,005	50.4200	(1,362.82)
IP NGPL	IL11-127-10-11-10	IP	65,420	50.4591	3,309.43
IP PEPL	IL11-127-10-11-10	IP	220	50.4515	11.11
100576 - STGX	IL12-103-10-12-10	NG	452,544	50.4305	22,850.24
100576 - PFUX	IL12-103-20-12-10	NG	55,403	50.4788	2,791.10
100576 - PFUX	IL12-103-20-12-20	NG	-4,955	50.4205	(250.11)
100589 - STGX	IL12-104-10-12-10	NG	408,851	50.4540	20,617.70
100589 - PFUX	IL12-104-20-12-10	NG	631,360	50.4597	31,976.03
100589 - PFUX	IL12-104-20-12-20	NG	57,527	50.5559	2,899.08
3155 - STG	IL12-105-10-12-10	NG	-92,544	50.4035	(4,705.45)
3111 - STG	IL12-107-10-12-10	NG	-34,500	50.5700	(1,745.17)
NS - NON-POOL	IL12-121-10-12-10	NS	50,040	50.4042	2,522.57
41218 - STG	IL14-108-10-14-10	NS	-5,883	50.4058	(296.72)
41218 - STG	IL14-109-10-14-10	NS	-5,400	50.4055	(274.11)
50009 - STGX	IL14-110-10-14-10	NS	-5,505	50.3519	(278.24)
50009 - STGX	IL14-111-10-14-10	NS	205,002	50.4599	10,350.26
50009 - PFUX	IL14-111-20-14-10	NS	95,550	50.4551	4,821.05
50009 - PFUX	IL14-111-20-14-20	NS	19,597	50.4739	989.94
NS - NON-POOL	IL14-122-10-14-10	NS	10,498	50.4477	529.00
41218 - STG	IL12-113-10-12-10	PC	-14,005	50.5920	(705.74)
41218 - STG	IL12-114-10-12-10	PC	-55,124	50.5920	(2,785.41)
50001 - STGX	IL12-119-10-12-10	PC	-173,740	50.5925	(8,790.00)
50001 - PFUX	IL12-119-20-12-10	PC	4	50.4210	0.20
50001 - STGX	IL12-117-10-12-10	PC	315,234	50.4489	15,900.54
50001 - PFUX	IL12-117-20-12-10	PC	200,165	50.4698	10,090.65
50001 - PFUX	IL12-117-20-12-20	PC	42,007	50.4832	2,120.78
PC - NON-POOL	IL12-123-10-12-10	PC	49,302	50.4779	2,492.86
CLCO NON-POOL	IL17-125-10-17-10	CL	5,500	50.4810	278.50
CLCO 05791500	IL17-125-10-17-10	CL	70,290	50.4125	3,544.83
ZONE A - PFUX	IN19-147-20-19-10	NP	590	50.3000	29.70
ZONE A - PFUX	IN19-147-20-19-20	NP	53,070	50.4036	2,683.25
ZONE B - PFUX	IN19-148-20-19-10	NP	180	50.4145	9.09
ZONE B - PFUX	IN19-148-20-19-20	NP	5,510	50.4312	278.23
ZONE D - PFUX	IN19-149-20-19-10	NP	30	50.4147	1.54
ZONE D - PFUX	IN19-149-20-19-20	NP	1,400	50.4345	70.64
ZONE C - PFUX	IN19-150-20-19-20	NP	90	50.4210	4.59
ZONE E - PFUX	IN19-151-20-19-10	NP	50	50.4190	2.55
ZONE E - PFUX	IN19-151-20-19-20	NP	1,340	50.4374	67.52
10011 - STG	MH2-101-10-12-10	MC	12,071	50.5656	609.74
MC #1	MH2-122-20-12-10	MC	5,420	50.5799	274.94
MC #2	MH2-121-20-12-10	MC	-5,170	50.4300	(261.10)
MC #3	MH2-123-20-12-10	MC	21,485	50.5109	1,080.00
MC #4	MH2-127-20-12-10	MC	43,180	50.5022	2,180.00
MC #5	MH2-129-20-12-10	MC	23,510	50.5077	1,185.15
MC #6	MH2-141-20-12-10	MC	225,020	50.5191	11,375.11
MC #7	MH2-143-20-12-10	MC	555,000	50.4677	27,900.00

Santanna Energy Services

Daily Gas Inventory

9/9/2011 06:00:04 AM

MC #8	MI12-146-20-12-10	MC	1,169,790	\$0.4906	\$573,898.97
CN #1	MI16-130-20-16-10	CN	8,080	\$0.5570	\$4,500.56
CN #2	MI16-132-20-16-10	CN	10,250	\$0.5144	\$5,272.60
CN #3	MI16-134-20-16-10	CN	11,490	\$0.5187	\$5,959.86
CN #4	MI16-138-20-16-10	CN	10,720	\$0.4701	\$5,039.47
CN #5	MI16-140-20-16-10	CN	106,560	\$0.4832	\$51,489.79
CN #6	MI16-142-20-16-10	CN	1,147,410	\$0.5100	\$585,179.10
CN #7	MI16-145-20-16-10	CN	764,980	\$0.4677	\$357,785.82
			5,849,110	\$0.4784	\$3,276,636.43
SES					
SES - 5109	IL13-105-40-13-10	NG	-7,389	\$0.4456	(\$3,297.01)
SES - 5111	IL13-107-40-13-10	NG	-2,207	\$0.4472	(\$986.97)
SES - 41315	IL14-108-40-14-10	NS	156	\$0.4518	\$70.30
SES - 41316	IL14-109-40-14-10	NS	284	\$0.4485	\$127.19
SES-41318	IL15-113-40-15-10	PC	2,412	\$0.4749	\$1,145.55
SES-43190	IL15-114-40-15-10	PC	1,231	\$0.4529	\$557.29
SES NP ZONE A	IN19-147-41-19-10	NP	18,790	\$0.4494	\$8,444.23
SES NP ZONE B	IN19-148-41-19-10	NP	2,780	\$0.4418	\$1,228.20
SES NP ZONE D	IN19-149-41-19-10	NP	600	\$0.4489	\$269.34
SES NP ZONE C	IN19-150-41-19-10	NP	230	\$0.4290	\$98.67
SES NP ZONE E	IN19-151-41-19-10	NP	450	\$0.4381	\$194.90
			17,326	\$0.4532	\$7,851.70

EXHIBIT F

CASH BALANCE FOR PURCHASER

Cash Reporting -- Summary View

Prior Day

Informational Purposes Only

Amount Range: All Amounts

Includes Credits and Debits for All Transaction Types

Bank: JPMorgan Chase Bank, N.A. (TX)

Currency: U.S. Dollar

Account Number: [REDACTED]

Account Name: EAGLE ENERGY

Balances

Opening Balance 09/12/2011 [REDACTED]

Closing Balance 09/12/2011 [REDACTED]

Date	Your Ref Number	Bank Ref Number	Description	Credits
09/12/2011	[REDACTED]	[REDACTED]	ELECTRNIC LOCKBOX CR	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	EFT CREDIT	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	ELECTRNIC LOCKBOX CR	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	ELECTRNIC LOCKBOX CR	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	EFT CREDIT	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	EFT CREDIT	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	EFT CREDIT	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	EFT CREDIT	[REDACTED]
09/12/2011	[REDACTED]	[REDACTED]	EFT CREDIT	[REDACTED]
Date	Your Ref Number	Bank Ref Number	Description	Debits
09/12/2011	[REDACTED]	[REDACTED]	FEDWIRE DEBIT	[REDACTED]

**LOCKBOX ACCOUNT
SANTANNA - EDF**

HOLDING ACCOUNT SANTANNA - EDF

Funds Destination: (1)

[REDACTED] DF
[REDACTED] DF

Sep Invoice (Aug Deliveries)

Date	Credits	Transaction	Debits	Balance
9/1	[REDACTED]			[REDACTED]
9/1	[REDACTED]			[REDACTED]
9/1	[REDACTED]			[REDACTED]
9/1	[REDACTED]			[REDACTED]
9/1	[REDACTED]			[REDACTED]

Date	Credits	Transaction	Debits	Balance
9/1		Interest 8/31	[REDACTED]	[REDACTED]
9/1	[REDACTED]			[REDACTED]
9/2		Interest 9/01		[REDACTED]
9/2	[REDACTED]			[REDACTED]
9/6		Interest 9/02-09/05		[REDACTED]

9/1			9/6		
9/2	Sweep To Holding		9/7	Interest 9/06	
9/2			9/7		
9/2			9/8	Interest 9/07	
9/2			9/8		
9/2	Sweep To Holding		9/9	Interest 9/08	
9/6			9/9		
9/6			9/12	Interest 9/09-9/11	
9/6			9/12		
9/6					
9/6	Sweep To Holding				
9/7					
9/7					
9/7					
9/7					
9/7					
9/7	Sweep To Holding				
9/8					
9/8					
9/8					
9/8					
9/8	Sweep To Holding				
9/8					
9/8					
9/8					
9/8	Sweep To Holding				
9/9					
9/9					
9/9					
9/9	Sweep To Holding				
9/9					
9/1					
2					
9/1					
2					
9/1					
2					
9/1					
2					
9/1					
2					
9/1					
2					
9/1	Sweep To Holding				
2					

SCHEDULE I-AGAEC

ANNUAL GENERAL AND ADMINISTRATIVE EXPENSES CAP

Calendar Year	Cap
2011	\$ ██████████
2012	\$ ██████████
2013	\$ ██████████
2014	\$ ██████████

SCHEDULE I-AC

APPROVED COUNTERPARTIES

Gas Transaction Counterparties

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]

Power Transaction Counterparties

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]
9. [REDACTED]
10. [REDACTED]
11. [REDACTED]
12. [REDACTED]

REC Transaction Counterparties

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]

SCHEDULE 6.1

PRICING MATRIX

Delivery Point	FOM	Baseload		
		Baseload Credit Fee	Baseload Adder	Baseload Total
Nicor Pool	NGI Chicago	\$		\$
Peoples Pool	NGI Chicago	\$		\$
Nipsco Zone A	NGI Chicago	\$		\$
Nipsco Zone B	I-ferc Michcon	\$		\$
Nipsco Zone C	I-ferc Michcon	\$		\$
Nipsco Zone D	I-ferc Michcon	\$		\$
Nipsco Zone E	I-ferc Michcon	\$		\$
Northshore	NGI Chicago	\$		\$
Cips (MRT)	Consumers	\$		\$
Cips (NGPL)	NGI Chicago	\$		\$
Cips (PEPL)	I-ferc Consumers	\$		\$
Cips (Trunk)	I-ferc Consumers	\$		\$
Illinois Power (NGPL)	NGI Chicago	\$		\$
Illinois Power (PEPL)	I-ferc Consumers	\$		\$
Cilco (NGPL)	NGI Chicago	\$		\$
Consumers	I-ferc Consumers	\$		\$
Michcon	I-ferc Michcon	\$		\$

Delivery Point	GD Location	Swing		
		Daily Index Gas Credit Fee	Daily Index Gas Adder	Daily Index Gas Total
Nicor Pool	Chicago	\$		\$
Peoples Pool	Chicago	\$		\$
Nipsco Zone A	Chicago	\$		\$
Nipsco Zone B	Michcon	\$		\$
Nipsco Zone C	Michcon	\$		\$
Nipsco Zone D	Michcon	\$		\$
Nipsco Zone E	Michcon	\$		\$
Northshore	Chicago	\$		\$
Cips (MRT)	Consumers	\$		\$
Cips (NGPL)	Chicago	\$		\$
Cips (PEPL)	Consumers	\$		\$
Cips (Trunk)	Consumers	\$		\$
Illinois Power (NGPL)	Chicago	\$		\$
Illinois Power (PEPL)	Consumers	\$		\$
Cilco (NGPL)	Chicago	\$		\$
Consumers	Consumers	\$		\$
Michcon	Michcon	\$		\$

SCHEDULE 7.2

EQUITY INTERESTS

[NONE]

SCHEDULE 7.6

PROPERTY OWNERSHIP

<u>Company</u>	<u>Address (including County)</u>
SANTANNA NATURAL GAS CORPORATION	7701 SAN FELIPE BLVD, STE 200 AUSTIN, TX 78729 WILLIAMSON
SANTANNA NATURAL GAS CORPORATION	425 QUADRANGLE DR, BOLINGBROOK, IL 60440 WILL COUNTY
SANTANNA NATURAL GAS CORPORATION	120 E OGDEN AVE, STE 230 HINSDALE, IL 60521 DUPAGE

SCHEDULE 8.13

MATCHED RISK BOOK CALCULATION

With respect to Purchaser's portfolio of Fixed Price Contracts, Purchaser shall enter into offsetting Transactions with Energy Manager within three Local Business Days after entering into any Fixed Price Contract that would cause Purchaser's portfolio of Fixed Price Contracts to no longer comply with the below. Purchaser shall be permitted to maintain open or un-hedged positions subject to the following limits:

- A. Forward Fixed Price Power and Gas Position: At the end of the day, net open/uncovered position shall not exceed the greater of 15% (with a 2% allowable variance) and 50 70 equivalent NYMEX natural gas contracts (or other such amount as mutually agreed) or [REDACTED] megawatt hours (MWh) (or other such amount as mutually agreed) (as applicable) of all fixed price contracts for natural gas and power customers. All forward fixed price sales and purchases are monitored closely through the use of a position report. The primary goal is to assure a matched book and this report assures us that a long or short position does not exist between Purchaser's purchases and sales
- B. Forward Heat Rate Position: At the end of any day, net Open/Uncovered Heat Rate position within each forward month shall not exceed the lesser of 15% (with a 2% allowable variance) and [REDACTED] MWh. Total Open /Uncovered Heat Rate position at the end of any day shall not exceed [REDACTED] megawatt hours (MWh) in the aggregate
- C. Intra-month Fixed Price Position: Open/Uncovered volumes intra-month shall not exceed the lesser of 10% (with a 2% allowable variance) and 4 equivalent NYMEX natural gas contracts or [REDACTED] megawatt hours (MWh) (as applicable) of that month's total volumes
- D. Forward REC Position: At the end of any calendar quarter, net Open/Uncovered REC obligations shall not exceed 10% (with a 2% allowable variance) of the Retail Entities' total REC obligations (within each specific REC class) for any given reporting period. In jurisdictions where a retail electric provider must procure its own RECs, the Retail Entities' REC obligation shall equal the specific jurisdiction's renewable portfolio standard requirement, in the form of a percentage, multiplied by the forward power position within the corresponding RPS requirement period. In jurisdictions where a retail electric provider is not required to procure its own RECs, such as New York where the cost of REC procurement is allocated to the load, the Retail Entities' REC obligation will be zero

SCHEDULE 10.4

ASSET COVERAGE TEST

The Asset Coverage Test shall be calculated within the first ten (10) calendar days of the following month and Purchaser shall be in compliance with the Asset Coverage Test if, on any Local Business Day for which the Asset Coverage Test is performed, the Modified Assets as of such Local Business Day divided by the Liabilities as of the same Local Business Day exceed the Minimum Modified Asset Coverage Ratio applicable on such Local Business Day.

The following definitions shall apply in connection with the determination of whether Purchaser passes the Asset Coverage Test as determined by Energy Manager from time to time.

The "Minimum Modified Asset Coverage Ratio" is determined by reference to the table set forth at the end of the definitions.

"Billed Receivables" means, as of any date, all Receivables payable by Customers under Customer Contracts for which such Customers have been invoiced.

"Double Haircuts": means, for each type of Receivable specified in the following table, the corresponding percentage discount set forth below:

Type of Receivables	Haircut
Billed Receivables	30%
Unbilled Receivables	40%

"Double Discount C&I Receivables" means, as of any date, all Receivables (excluding Future Receivables) payable by commercial and industrial Customers (as opposed to "residential Customers) which became Customers after the Effective Date, and which did not post a deposit with Purchaser in accordance with the Credit and Collection Policy, provided however that such Receivables will no longer be considered Double Discount C&I Receivables at the time such Customer pays his first invoice as long as such Customer, following payment of the first invoice, has no other amounts past due.

"Eligible Receivables" means, as of any date, all Receivables, excluding (i) Ineligible Receivables, (ii) Double Discount C&I Receivables, and (iii) Future Receivables.

"Existing Payables" means, as of any date, accrued and unpaid payment obligations of Purchaser with respect to all Transactions as of the last day of the applicable calendar month (whether or not (i) invoiced as of such date (ii) or due and payable as of such date.

"Future Payables" means, as of any date, the payment obligations of Purchaser to Energy Manager with respect to all Transactions that both (i) have not yet accrued such that such amounts are due and owing, and (ii) once accrued and therefore, due and owing will constitute Existing Payables. For purpose of calculating Future Payables, Energy Manager shall use the same estimate that is used for purpose of calculating the Future Receivables for the relevant Customer Contract.

"Future Receivables" means, as of any date, amounts that are expected to become payable by Customers to Purchaser under Customer Contracts but have not yet accrued, excluding the portion of Ineligible Receivables that constitute Future Receivables, but including (a) the positive marked to market value of any quantities of Gas or Power purchased by Purchaser from Energy Manager, where such quantities are in excess of the quantities required to meet the Power and Gas requirements of the underlying Customer Contracts; and (b) the value of Purchaser Customer Contracts priced by reference to index pricing on a month to month basis, using the historical 3 year annualized gross margin for all Customer as a basis for such calculation. For purposes of calculating Future Receivables, Energy Manager shall use reasonable estimates that Energy Manager reasonably determines to be available for the price of various components of the Customer Contract that are not hedged as a result of the nature of the underlying Customer Contract or the commercial feasibility thereof.

"Ineligible Receivables" means, as of any date, the sum of the following (without duplication):

- i. Receivables more than 60-days past due from Customers; excluding credit balances.
- ii. Receivables attributable to a Customer if twenty-five percent (25%) or more of the aggregate amount of Billed Receivables and Unbilled Receivables attributable to such Customer as of such date remained unpaid for more than sixty (60) days from the due date;
- iii. The portion exceeding 50% of receivables from any Customer that has entered into a fixed price Customer Contract after the Effective Date exceeds two percent (2%), but excluding the Receivables from (a) any such Customer that has posted a deposit with Purchaser in accordance with its Credit and Collection Policy and (b) any such Customer with a Customer Contract that is an extension or renewal of a Customer Contract in existence on the Effective Date so long as (1) such Customer Contract satisfies the requirements of the then existing Risk Management Policy and Credit and Collection Policy and (2) is on terms substantially similar to those of the original Customer Contract being extended or renewed); and

"Liabilities" means, as of any date, the sum of the following without duplication:

- i. Existing Payables as of such date;
- ii. all amounts payable to the Controlled Account Institution as of such date for service charges incurred in connection with maintaining the Accounts;
- iii. the present value of Future Payables on such date; and

"Modified Assets" means, within the first ten (10) calendar days of the following month, the sum of the following:

- i. cash on deposit on such date;
- ii. the Receivables Collateral Balance as of such date;

- iii. the face value of the Double Discount C&I Receivables as of such date after applying the applicable Double Haircuts set forth below; and
- iv. the present value of all Future Receivables as of such date after applying the Standard Haircuts set forth below.

“Receivables” means, collectively, all Billed Receivables, all Unbilled Receivables and all Future Receivables.

“Receivables Collateral Balance” means the face value of Eligible Receivables after applying the Standard Haircuts set forth below.

“Standard Haircuts”: means, for each type of Receivable, the percentage discount set forth below:

Type of Receivables	Haircut
Billed Receivables	POR 10%
	Non POR 15%
Unbilled Receivables	POR 10%
	Non POR 15%
Future Fixed Price Contract Receivables	15%

“Unbilled Receivables” means, as of any date, all receivables payable by Customers to Purchaser under Customer Contracts for which such Customers have not yet been invoiced.

For the purpose of calculating the present value of any Future Receivables or Double Discount C&I Future Receivables, Energy Manager will the rate per annum equal to the prime rate published under “Money Rates” section of The Wall Street Journal.

The Minimum Modified Asset Coverage Ratio shall be determined for the applicable period by reference to the following table:

<u>Period</u>	<u>Minimum Modified Asset Coverage Ratio</u>
First Annual Period	80
Second Annual Period	81
Third Annual Period	82
Fourth Annual Period	83