



Consultant Policies and Procedures

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THE AGREEMENT

The "Agreement" is a fully integrated agreement composed of this Policies and Procedures ("Policies"), the Ambit Application, the Ambit Compensation Plan, and the Business Entity Application (if applicable), as they may be amended from time to time pursuant to the procedures set forth herein. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Application, these Policies, the Compensation Plan and the Business Entity Application (if applicable). These contracts are incorporated by reference into one another and form the parties' integrated Agreement. When sponsoring or enrolling a new consultant, it is the responsibility of the sponsoring consultant to ensure that the applicant is provided with, or has online access to, all component parts of the Agreement.

SECTION 1: CODE OF ETHICS

Ambit Marketing, LLC (herein "Ambit" or the "Company"), is guided by core principles established by our Co-Founders that emphasize integrity, excellence, commitment and enthusiasm in all that we do. Everything we do is based on our commitment to improve the lives of our customers, employees and Independent Consultants ("consultants"). We want consultants who will embrace these values with us. Therefore, we insist that consultants operate within the parameters of the parties' Agreement. Consultants will not, in any way, attempt to persuade, induce or coerce another party to breach the Agreement. Any such action is considered a violation of the Agreement. Consultants will notify Ambit at Ambit Energy's Field Compliance Department, (i) email at fieldcompliance@ambitenergy.com; (ii) fax at 877-431-0689; or (iii) mail to Ambit Energy, Attention: Field Compliance, 6555 Sierra Drive, Irving, Texas 75039, of any known violation of the Agreement. Failure to report any known violation of the Agreement is itself considered a violation of the Agreement.

1.1: ADHERENCE WITH LAWS. Consultants will comply with all applicable laws and regulations of every jurisdiction in which they conduct their independent businesses, regardless of whether such laws or regulations are expressly referenced herein.

1.2: DECEPTIVE AND UNLAWFUL PRACTICES. To ensure compliance with all applicable laws and regulations, consultants will uphold the values of Ambit and will not engage in any deceptive, unlawful or unethical consumer or recruiting practices that may be detrimental to or reflect poorly on Ambit. As a member of the Direct Selling Association ("DSA"), Ambit and its consultants are expected to comply with the [DSA's Code of Ethics](#).

1.2.1: SLAMMING. Consultants must never switch, or attempt to switch, any individual or entity to Ambit Energy's services unless the customer affirmatively and voluntarily made the change by signing a contract or indicated his/her acceptance of the change by another method approved by the state public service commission.

1.2.2: ENROLLMENT PROHIBITIONS. Consultants must comply with all requirements of the state public service commission to ensure each Ambit customer enrollment is authorized. Consultants are prohibited from having any of his/her contact information (phone number or email) associated with a customer account unless (i) the consultant has the same residential address as the customer or (ii) the consultant provides proof of ownership or other supporting documentation that shows the consultant as the person authorized to make changes for non-residential addresses. Consultants must comply with all regulatory third-party verification ("TPV") prohibitions, such as not interfering with the TPV by guiding customer's answers and remaining on the line during the recorded TPV call.

1.2.3: CLAIMING TO BE THE CUSTOMER. Consultants are strictly prohibited from holding themselves out as the customer.

1.3: HONESTY IN REPRESENTING THE AMBIT OPPORTUNITY. It is unlawful to make false or misleading representations in connection with the operation of your independent business and the offering of Ambit's energy products and services. Therefore, consultants will familiarize themselves with Ambit's Compensation Plan and energy service and will represent those to their customers and prospective consultants realistically and without misleading or providing false expectations reflecting non-typical results. To avoid violating any applicable law or regulation, any claims, representations or statements consultants make regarding Ambit will be limited to those included in the Ambit literature.

1.3.1: INDEMNIFICATION. A consultant is fully responsible for all their verbal and written statements made regarding Ambit products, services and the Compensation Plan that are not expressly contained in official Ambit materials. Consultants agree to indemnify Ambit Marketing, LLC, or any other Ambit-related entity including Ambit Marketing, LLC's ultimate parent company and its related subsidiaries and affiliates (collectively, the "Ambit Companies") and any of Ambit's directors, officers, employees and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by Ambit as a result of the consultant's unauthorized representations or actions. This provision shall survive the termination of the Agreement.

1.3.2: INCOME AND LIFESTYLE CLAIMS. Federal law and certain state law prohibit individuals engaged in direct selling or network marketing from making any false, misleading, or potentially misleading claims regarding earnings, income, or lifestyles. Accordingly, consultants are prohibited from making Improper Income and Lifestyle Claims. Improper Income and Lifestyle Claims include any claim, testimonial, statement, or other representation, whether written or oral, that pertains to the following in connection with the Ambit Opportunity: (i) exaggerated or guaranteed incomes, earnings, or profits; (ii) hypothetical, potential, or estimated incomes, earnings, or profits that are in any way misleading; (iii) exaggerated or luxurious lifestyles; or (iv) any other false, untruthful, incomplete, or otherwise misleading or potentially misleading information regarding income, earnings, or lifestyles.

Consultants must provide truthful and accurate information regarding the Ambit Business Opportunity that reflects the typical results of Ambit consultants. Consultants should therefore direct prospective consultants to Ambit's Income Disclosure Statement (www.ambitsuccess.com/disclaimer) when in any way discussing, or alluding to, earning potential under the Ambit Opportunity.

If a consultant has any doubts as to the propriety of a statement regarding the Ambit Opportunity, the consultant is encouraged to contact Ambit Energy's Field Compliance Department by: (i) email at fieldcompliance@ambitenergy.com; (ii) fax at 877-431-0689; or (iii) mail to Ambit Energy, Attention: Field Compliance, 6555 Sierra Drive, Irving, Texas 75039.

1.3.3: PRODUCT CLAIMS. To ensure compliance with all applicable laws and regulations, consultants are prohibited from making any claim regarding Ambit Energy products that deviates from the product's terms, pricing and conditions.

1.3.4: MANIPULATION OF THE COMPENSATION PLAN. Ambit prohibits conduct and action which are, or may be perceived as, manipulation of the Compensation plan primarily for the purpose of qualifying for incentives, bonuses, advancement, and/or compensation paid by Ambit. This prohibited conduct may include, but is not limited to: (i) purchasing and/or paying for Ambit products and services under a consultant's account in your downline; or (ii) placing, or encouraging the placement of, orders under customer accounts in a fraudulent, manipulative, or deceptive manner. Ambit employs robust and consistent monitoring to ensure compliance with this policy. Similarly, consultants shall not require or encourage other current or prospective customers or consultants to make any purchase from, or payment to, any individual or other entity to participate in the Ambit Compensation Plan other than those purchases or payments identified as recommended or required in official Ambit literature.

SECTION 2: PURPOSE OF THE AGREEMENT

Ambit is a direct sales company that markets its products and services to its customers through consultants. It is important to understand that your success and the success of your fellow consultants depends on the integrity of the men and women who market our products and services. To clearly define the relationship that exists between consultants and Ambit, Ambit has established the Agreement.

2.1: CHANGES TO THE AGREEMENT. Because federal, state and local laws, as well as the business environment, periodically change, Ambit reserves the right to amend the Agreement and its prices at its sole and absolute discretion, which shall be exercised reasonably and in good faith. In that instance, Ambit will provide 30 days' advance notice of any such amendment via electronic mail and/or the Ambit-provided consultant back office application (PowerZone). With regard to any such amendment, consultant agrees that the continuation of your consultancy, or your acceptance of bonuses or commissions, shall constitute your acknowledgement and acceptance of any and all such changes, and it shall also constitute adequate consideration to support such change(s), which shall automatically be incorporated into the Agreement as of the effective date. Unless consultant expressly agrees to such amendment, the amendment will only apply prospectively to disputes that arise after the effective date of such change. A consultant may opt out of any proposed amendments by terminating his or her Agreement prior to the effective date of such proposed amendments.

2.2: AGREEMENT AND PROVISIONS SEVERABLE. If any provision of the Agreement, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed only to the extent necessary to make it enforceable, and to reflect the purpose of the provision as closely as possible.

2.3: WAIVER. The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Ambit to exercise any right or power under the Agreement or to insist upon strict compliance by a consultant with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Ambit's right to demand strict compliance with the Agreement. Waiver by Ambit can be effectuated only in writing by an authorized officer of the Company. Ambit's waiver of any particular breach by a consultant shall not affect or impair Ambit's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other consultant. Nor shall any delay or omission by Ambit to exercise any right arising from a breach affect or impair Ambit's rights as to that or any subsequent breach. The existence of any claim or cause of action of a consultant against Ambit shall not constitute a defense to Ambit's enforcement of any term or provision of the Agreement.

2.4: DELAYS. Ambit shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of supply or government decrees or orders.

SECTION 3: BECOMING AN CONSULTANT

3.1: REQUIREMENTS TO BECOME A CONSULTANT. To become an Ambit consultant, each applicant must:

- Be of the age of majority in his or her state of residence;
- Reside in the United States or U.S. Territories or country that Ambit has officially announced is open for business;
- Have a valid Social Security or Federal Tax ID number;
- Submit a properly completed Consultant Application to Ambit; and

- Provide separate authorization for Ambit to conduct a criminal background check if required by the regulations of the state(s) in which you will be marketing. Consultants and prospective consultants will be required to pay the cost of the criminal background check if one is required.

3.2: NO PRODUCT PURCHASE REQUIRED. No person is required to purchase Ambit energy or natural gas services to become a consultant.

3.3: SECOND-PARTY PURCHASE OF THE AMBIT OPPORTUNITY. Ambit strictly prohibits the purchase of the Ambit Opportunity by anyone other than the entering consultant. Purchase of the Ambit Opportunity for a consultant by a second party (including his/her sponsor or any other consultant) will be disciplined up to and including termination of either or both party's positions from Ambit's program. For the avoidance of doubt, this prohibition includes lending or advancing money to a prospect to begin an independent business or promising reimbursement of any kind to the prospective consultant. A consultant must pay with his/her own credit card.

3.4: AMBIT INDEPENDENT BUSINESS BENEFITS. Once a Consultant Application has been accepted by Ambit and consultant receives any required certifications, the consultant receives the right to:

- Sell Ambit products and services;
- Participate in the Ambit Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other consultants into the Ambit business and, thereby, build a marketing organization that sells Ambit products and services;
- Receive periodic Ambit literature and other Ambit communications;
- Participate in Ambit-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- Participate in promotional and incentive contests and programs sponsored by Ambit for its consultants.

3.5: TERM AND RENEWAL OF YOUR AMBIT BUSINESS. A consultant's Ambit Agreement will remain in force so long as the consultant does not voluntarily cancel his or her Consultant Agreement or the Consultant Agreement does not become involuntarily cancelled.

3.6: PROCESSING FEE. Ambit reserves the right to charge a service fee for each paper commission check that a consultant receives. This fee will not apply to consultants who sign up for direct deposit or other payment methods made available by Ambit.

SECTION 4: OPERATING AN AMBIT BUSINESS

4.1: INDEPENDENT CONTRACTOR STATUS. Consultants are independent contractors, and are not employees or officers of Ambit, nor are they purchasers of a franchise or a business opportunity. The agreement between Ambit Marketing, LLC, and its consultants does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the consultant. The consultant has no authority (expressed or implied) to bind the Company to any obligation. Consultants shall not hold themselves out as an employees or affiliates of Ambit Marketing, LLC, or any affiliates or subsidiaries. Each consultant shall establish his or her own goals, hours and methods of sale, so long as he or she complies with the terms of the Consultant Agreement, these Policies and applicable laws. The names of Ambit Energy, Ambit and other names as may be adopted by Ambit, are proprietary trade names, trademarks and service marks of Ambit. As such, these marks are of great value to Ambit and are supplied to consultants for their use only in an expressly authorized manner. Use of the Ambit name on any item not produced by the Company is prohibited, except as follows: • Consultant's Name • Independent Ambit Consultant. All consultants may list themselves as an "Independent Ambit Consultant" in a telephone directory under their own name using only a personal email address, personal website and personal contact information. Consultants are

prohibited from listing any and all Ambit Energy or Ambit Marketing contact information in any directory. No consultant may place telephone directory display ads using Ambit's name or logo. Consultants may not answer the telephone by saying "Ambit," "Ambit Incorporated" or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of Ambit.

4.1.1: INCOME TAXES. A consultant shall not be treated as an employee for his or her services or for federal or state tax purposes. Each consultant is responsible for paying local, state and federal taxes on any income generated as a consultant. If a consultant is tax-exempt, the appropriate documentation, including the Federal Tax Identification Number, must be provided to Ambit. Every year, Ambit will provide an IRS Form 1099-misc (Nonemployee Compensation) to each U.S. resident who, in the previous year: (i) had earnings of over \$600; (ii) made purchases during the previous calendar year in excess of \$5,000; or (iii) was subject to backup withholding.

4.2: IDENTIFICATION. Every Ambit consultant will be assigned a unique identification number "code" that will become their identification number and will be used in all correspondence. Every Ambit identification number must have a corresponding tax ID number provided by the consultant during the application process. Only Social Security numbers or FEINs issued by the Social Security Administration or Internal Revenue Service, for use by the individual or organization filling out the Consultant Agreement, will be accepted. Providing false or invalid Social Security numbers or FEINs to Ambit will subject a consultant to termination. All identification numbers will be kept strictly confidential, except where properly and legally required.

4.3: NAMING YOUR CONSULTANT BUSINESS. The name of a consultant position is determined by the name identified on the Consultant Agreement. No other name may be used in conjunction with a consultant business. To alter the consultant name (including the addition or deletion of a spouse, a change in last name, creating a D.B.A., "Doing Business As," or any other name change), the Sale/Transfer Packet must be used. In these cases, the \$45 administrative fee will be waived. Using a name other than the one appearing on the consultant account is strictly prohibited.

4.4: INSURANCE. You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy likely may not cover business-related injuries or the theft of or damage to inventory or business equipment. If you are concerned, you can contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to your present homeowner's policy. For the avoidance of doubt, Ambit is not offering any form of insurance or advice pertaining to insurance, it is only providing general information.

4.5: ADVERTISING. All consultants shall safeguard and promote the good reputation of Ambit and its products. The marketing and promotion of Ambit, the Ambit Opportunity, the Compensation Plan and Ambit products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

4.5.1: USE OF COMPANY-PRODUCED ADVERTISING MATERIALS. To ensure compliance with applicable laws, rules and regulations, consultants must use only the sales tools and support materials approved by Ambit in writing to promote both the products and services, and the Ambit Opportunity.

4.5.1.1: CONSULTANT WEBSITES. All Ambit consultants are eligible to subscribe to an Ambit Personal Website. The Ambit Personal Website is a personalized online store through which Ambit consultants may promote and market Ambit's services and the Ambit Opportunity. Consultant Personal Website Addresses (URLs) and all subdomains of a Personal Website address are wholly owned by Ambit. Ambit reserves

the right to limit advertising of its websites. Only approved advertising and online promotional tools may be used.

4.5.1.2: LINKS TO AN AMBIT WEBSITE. Personal website subscribers are granted a limited, non-exclusive right to create a hypertext link to the subdomain provided by Ambit that designates the consultant's personal store (example: www.<uniquename>.joinambit.com/), provided such link does not portray Ambit and/or its affiliates or any of their respective products and services in a false, misleading, derogatory or otherwise defamatory manner. Also, a consultant cannot create an impression that any subdomain is part of his or her own or other non-Ambit-maintained site. This limited right may be revoked at any time. Frames or framing techniques cannot be used to enclose any Ambit trademark, logo or proprietary information, including the images found at this website and the content of any text of the layout/design of any page or form contained on a page without Ambit's express written consent. Except as noted above, Ambit consultants are not conveyed any patent, trademark, copyright or proprietary right of Ambit Marketing, LLC, any of its affiliated companies or any third party.

4.5.1.3: BANNER ADVERTISING. From time to time, Ambit makes banner ads and other online advertising tools available to consultants through PowerZone. These tools may be used by consultants to promote Ambit services and the Ambit Opportunity as they are intended and as consultants are directed to use them in PowerZone. As with any Ambit online promotions, these tools may not be placed on websites or linked to websites or URLs that are obscene, pornographic or otherwise harmful to Ambit's reputation.

4.5.2: USE OF INDEPENDENTLY PRODUCED ADVERTISING MATERIALS. Consultants must not use any of their own literature, advertisements, sales tools, promotional materials or web pages in promoting Ambit's services or the Ambit Opportunity unless they first submit it to Ambit Marketing at MarketingTeam@ambitenergy.com and receive specific written approval for its use. As independent contractors, consultants control the manner in which they use the approved tools and materials, so long as such use is in compliance with the Agreement (including these Policies).

4.5.2.1: INDEPENDENTLY PRODUCED WEBSITES. Ambit allows its consultants to place approved advertising on the Internet to promote the Ambit Opportunity, Ambit services and designated Ambit websites only. However, any websites (or URLs designating these websites) on which such advertisements or links are placed may not be obscene, pornographic, racist or otherwise deemed harmful to Ambit's reputation as determined by Ambit at its sole discretion. Additionally, URLs of websites used for advertising the Ambit Opportunity, Ambit products and services and designated Ambit websites may not contain any term that is a trademark, service mark or copyright that violates any other proprietary right held by another, including Ambit Marketing, LLC. Approved advertising includes only those advertising tools made available to Ambit consultants through PowerZone. As explained in Section 4.5.1, and in order to comply with all applicable laws and regulations, Ambit prohibits the use of unapproved online advertising to promote the Ambit Opportunity, Ambit products and services or any Ambit website address (URL) or subdomain of an Ambit URL.

In order to ensure compliance with applicable consumer protection laws, other than through an Ambit-provided Consultant Personal Website, Ambit consultants are prohibited from using websites to take orders for the Ambit Opportunity or for Ambit products and services.

4.5.3: DOMAIN NAMES. Consultants may not use or attempt to register any of Ambit's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. For example, www.<your name>.ambit.com.

4.5.4: TRADEMARKS AND COPYRIGHTS. Ambit will not allow the use of its trade names, trademarks, designs or symbols by any person,

including Ambit consultants, without its prior, written permission. Consultants may not produce for sale or distribution any recorded Company events and speeches without written permission from Ambit, nor may consultants reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

4.5.5: KEYWORD ADVERTISING. Consultants may not engage in keyword advertising using the trademarks of Ambit, any competitor of Ambit (such as, for example, TXU, Pennywise, Reliant, ConEdison, National Grid, etc.) or other keywords that are obscene, pornographic, political or otherwise harmful to Ambit's reputation or business.

4.5.6: UNSOLICITED MAIL OR EMAIL. To comply with applicable laws, rules and regulations, consultants may not send unsolicited commercial mail or emails related to Ambit, Ambit products or services, or the Ambit Opportunity, unless such mail or emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN-SPAM Act. Any mail or email sent by a consultant that promotes Ambit, Ambit products or services, or the Ambit Opportunity, must comply with the following:

- There must be a functioning return mail or email address that goes to the sender.
- There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- The mail or email must include the consultant's physical mailing address.
- The mail or email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- The use of deceptive headlines, subject lines and/or false header information is prohibited.
- All opt-out requests, whether received by email or regular mail, must be honored. If a consultant receives an opt-out request from a recipient of an email, the consultant must forward the opt-out request to the Company.

Ambit may periodically send commercial emails on behalf of consultants. By entering into the Agreement, a consultant agrees that the Company may send such emails and that the consultant's physical and email addresses will be included in such emails as outlined above. Consultants shall honor opt-out requests generated as a result of such emails sent by the Company.

4.5.7: UNSOLICITED FAXES. To comply with applicable laws, rules and regulations, consultants may not send unsolicited commercial faxes related to Ambit, Ambit products or services, or the Ambit Opportunity.

4.5.8: TELEMARKETING TECHNIQUES. The Federal Trade Commission ("FTC") and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although Ambit does not consider consultants to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling or texting someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).

Therefore, consultants must not engage in telemarketing in the operation of their independent Ambit businesses. The term "telemarketing" means the placing of one or more telephone calls or texts to an individual or residence to induce the purchase of an Ambit product or service. "Cold calls" or texts made to prospective customers that promote Ambit's products or services constitute telemarketing and are prohibited. However, telephone calls or texts placed to a prospective customer (a "prospect") are permissible under the following situations:

- If the consultant receives written and signed permission from the prospect authorizing the consultant to call. The authorization must specify the telephone number(s) that the consultant is authorized to call.
- You may call family members, personal friends and acquaintances. An "acquaintance" is someone with whom you have, at least, a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you make a habit of "card collecting" with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.
- In addition, consultants shall not use or contract with a third party to use automatic telephone-dialing systems (for calls or texts) relative to promoting Ambit's products or services. The term "automatic telephone dialing system" means equipment which has the capacity to: (i) store or produce telephone numbers to be called using a random or sequential number generator; and (ii) to dial such numbers.

4.5.9: DOOR-TO-DOOR MARKETING. Because consultants must adhere to all applicable laws, rules, and regulations of every jurisdiction in which they conduct their independent businesses, as provided in Section 1.1, and because regulations on door-to-door marketing vary widely between jurisdictions and are continually changing, consultants shall not engage in door-to-door marketing in relation to their Ambit consultant business.

4.5.10: TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS. Consultants may display and/or sell Ambit services at trade shows and professional expositions. Before submitting a deposit to the event promoter, consultants must provide written awareness to Ambit Marketing at MarketingTeam@ambitenergy.com.

4.5.11: CONTRACTING WITH THIRD-PARTY SUPPLIERS. In order to comply with applicable consumer protection laws, prior to engaging with a third-party supplier relating to advertising and/or marketing services, consultant must receive written approval by Ambit Marketing at MarketingTeam@ambitenergy.com. All actions by third-party suppliers are the sole responsibility of the consultant.

4.6: CUSTOMER WITHOUT A DESIGNATED CONSULTANT. A consultant may claim a customer who lacks a designated consultant when all three of the following criteria are met: (i) the consultant can provide the name and Ambit account number of the customer; (ii) the request is made within seven (7) days of the customer's enrollment date; and (iii) the customer is in Pre-verification, Pending or Active status. Ambit management may authorize, at its discretion, a consultant to claim a customer without meeting all of the above criteria if there is a data entry mistake, system error, or similar event that impedes or prohibits the consultant from meeting the criteria.

4.7: SPONSORING. All active consultants in good standing have the right to sponsor and enroll others into Ambit in accordance with the Agreement. Each prospective customer or consultant has the ultimate right to choose his or her own Sponsor. If two consultants claim to be the Sponsor of the same new consultant or customer, the Company shall regard the first application received by the Company as controlling.

4.7.1: CHANGE OF SPONSOR. To protect the integrity of all marketing organizations and safeguard the hard work of all consultants, Ambit prohibits changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every consultant and marketing organization. Accordingly, the transfer of an Ambit business or customer account from one sponsor to another is not permitted, unless the consultant or customer voluntarily cancels his or her Ambit business or service and/or remains inactive (i.e., no purchases of Ambit services, no sales of Ambit services, no sponsoring, no attendance at any Ambit functions, no participation in any other form of consultant activity, no

commissions earned or operation of any other Ambit business) for six full calendar months. Following the six-month period of inactivity, the former consultant or customer may reapply under a new sponsor. In cases in which an improper sponsor change has occurred, to protect the integrity of the Ambit Opportunity and to ensure compliance with applicable laws, Ambit reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST AMBIT THAT RELATE TO, OR ARISE FROM, AMBIT'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.

4.7.2: CHANGE OF SPONSOR RESULTING FROM TRANSFERS OR SALES. Section 4.7.1 above shall not apply in the event of Ambit's approval of the transfer or sale of a consultant's Ambit organization under Section 5.6 of these Policies. Section 5.6.1 provides procedures for notifying consultants and customers of changes in sponsorship resulting from Ambit's approval of a transfer or sale under Section 5.6.

4.8: ERRORS OR QUESTIONS. If a consultant has questions about or believes any errors have been made regarding commissions, bonuses, downline activity reports or charges, the consultant must notify Ambit in writing within 30 days of the date of the purported error or incident in question. Ambit will not be responsible for any errors, omissions or problems not reported to the Company within 30 days.

SECTION 5: ALLOWABLE BUSINESS ENTITIES, TRANSFERS AND CHANGES

5.1: FAMILY BUSINESSES.

5.1.1: ONE AMBIT BUSINESS PER COUPLE. Ambit permits a married couple, regardless of where each lives, to operate only one position in Ambit, unless each individual is sponsored by the same consultant, or unless each individual had a separate consultant position prior to marriage. A married couple, by operating as a single consultant, represent to Ambit that each of them: (i) is bound by the terms of the Consultant Agreement and these Policies; (ii) is responsible for any and all conduct by his or her spouse, even though only one spouse is designated as a consultant; and (iii) understands that if the spouse of any consultant acts in a manner that would be a violation of the Consultant Agreement and/or these Policies, such violation will be attributed to the consultant position, and thus to both individuals.

5.1.2: FAMILY MEMBERS WITHIN THE SAME HOUSEHOLD. All consultants and their children, siblings, parents and in-laws residing in the same household may, at the time one or more of them is being sponsored, may have one Ambit business. By way of example, a parent and adult child living in the same home may operate one consultant position or may sign up under the same sponsor or different sponsors.

5.2: CORPORATIONS. To become a new consultant as a corporation, or to change the status of the corporation, you must provide Ambit with the following:

- An Application completed by an authorized officer of the corporation.
- A copy of the corporate Articles of Incorporation that has been file-stamped by the Secretary of State in the state of incorporation.
- Full name, address and Social Security number of: (i) each shareholder of the corporation who owns more than 5% of the outstanding stock of the corporation; (ii) each officer of the corporation; and (iii) each director of the corporation. A copy of the official notification from the Internal Revenue Service issuing the Federal Employer Identification Number (FEIN) for the corporation.
- A copy of the corporate resolution authorizing the corporation to enter into the Agreement.

- Letter of designation from the corporation designating one individual, who must be at least 18 years of age, as the responsible party for the corporation's operations and sales.

If an active consultant desires to change the status from that of an individual consultant to that of a corporate consultant, the consultant must use the Sale/Transfer Form available online through PowerZone. See "Sale/Transfer of Consultant Position" for more details.

It is not permissible for stockholders, officers and directors of the corporation applying as a consultant corporation to have been Ambit consultants—(i) as individuals; (ii) as members of a consultant partnership; (iii) as a stockholder, officer or director of another consultant corporation; or (iv) as a trustee or a beneficiary of a consultant trust—within six calendar months preceding the execution of the Agreement.

5.3: PARTNERSHIPS. To become a new consultant as a partnership, or to change the status of the partnership, you must provide Ambit with the following:

- A completed Application;
- A copy of the partnership agreement executed by all partners;
- Full name, address and Social Security number of each partner;
- A copy of the official notification from the Internal Revenue Service issuing the FEIN for the partnership;
- A copy of the consent of the partnership to enter into the Agreement with Ambit; and
- A letter of designation from the partnership designating one individual, who must be at least 18 years of age, as the responsible party for the partnership's operations.

It is not permissible for any partner applying as a consultant partnership to have been an Ambit consultant—(1) as an individual; (2) as a partner of another consultant partnership; (3) as a stockholder, officer or director of an consultant corporation; or (4) as a trustee or a beneficiary of an consultant trust—within six calendar months preceding the execution of the Agreement.

5.4: TRUSTS. To become a new consultant as a trust, or to change the status of the consultant position to a trust, you must provide Ambit with the following:

- A completed Application signed by all trustees of the trust.
- A complete copy of the trust agreement.
- Full name, address and Social Security number of all trustees and beneficiaries.
- A copy of the official notification from the Internal Revenue Service issuing the FEIN for the trust.
- Letter of designation from the trustees designating one individual, who must be at least 18 years of age, as the responsible party for the trust's operations and sales.

If an active consultant desires to change status from that of an individual consultant to that of a trust consultant, the consultant must use the Sale/Transfer Form available online through PowerZone. See "Sale/Transfer of Consultant Position" for more details.

It is not permissible for any trustee or beneficiary of a trust applying as an consultant trust to have been an Ambit consultant—(i) as an individual; (ii) as a partner of a consultant partnership; (iii) as a stockholder, officer or director of a consultant corporation; or (iv) as a trustee or a beneficiary of another consultant trust—within six calendar months preceding the execution of the trust Agreement.

5.5: BUSINESS ENTITY CHANGES MAY NOT RESULT IN SPONSOR CHANGES. To prevent the circumvention of Section 5.6 (regarding transfers and assignments of Ambit business), if an additional partner, shareholder, member or other business-entity affiliate is added to a business entity, the original applicant must remain as a party to the original Agreement. If the original consultant wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 5.6 below. If this process is

not followed, the business shall be cancelled upon the withdrawal of the original consultant. All bonus and commission checks will be sent to the address of record of the original consultant.

Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 4.7.1, above.

5.6: SALE, TRANSFER OR ASSIGNMENT OF AMBIT BUSINESS. To ensure compliance with applicable law, and subject to Ambit's prior review and approval, which Ambit may grant at its sole option and discretion, in good faith, a consultant may sell or transfer his/her consultant position to an individual, partnership, trust or corporation. The review and approval process will not begin until Ambit has received all of the documentation required in accordance with the requirements set forth in the Position Sale/Transfer Packet, including a check for the applicable processing fees from the consultant who is selling or transferring the position.

A Transfer will be defined as a change in name and/or identification number in which the consultant still retains any financial interest in the consultant position upon completion of the transfer. Some examples of transfers are: transfer from one spouse to the other spouse; transfer from an individual to a corporation, trust or partnership or vice versa, in which the transferor or any individuals having an interest therein still retains a financial interest; and transfer from Social Security number to FEIN or vice versa. In all cases, the transferor retains a financial interest/ownership interest after the transfer. There is a \$45 transfer request processing fee that must be paid.

A Sale will be defined as a change in which the individual(s) selling the consultant position no longer maintain(s) a financial interest in the consultant position upon completion of the sale. Processing fees for Sales are determined by the level of promotion the consultant position has achieved at the time of the sale.

Sale processing fee by position title due from both seller and buyer:

- Marketing Consultant - \$45
- Regional Consultant - \$125
- Senior Consultant - \$350
- Executive Consultant - \$750
- National Consultant - \$2,000

Ambit reserves the right, at its sole option and discretion, to determine a sale versus a transfer. A Sale/Transfer Form can be obtained online by downloading it from PowerZone. Ambit will not approve any sale or transfer of a consultant position for which Ambit receives a Notice of Levy from the Internal Revenue Service or a court-ordered garnishment (e.g., child support) against the transferring position. Ambit will also revoke any sale or transfer of a consultant position that occurs within a 60-day period in which Ambit receives a Notice of Levy from the Internal Revenue Service or a court-ordered garnishment. Ambit also will not approve any sale or transfer of a consultant position that involves a consultant currently under investigation. Any position purchased begins vesting requirements from the date of the purchase. Once the sale or transfer of a position has been completed, the transferring consultant may not operate or have a financial interest in another consultant position for six months from the date of the sale or transfer. Affiliate consultants are ineligible to sell or transfer their consultant position.

5.6.1: SPONSORSHIP AFTER TRANSFER OR SALE OF DOWNLINE.

Should Ambit approve such a sale or transfer that will result in a change of sponsorship for any customer or consultant, Ambit will send such affected customer or consultant written notice explaining the change in sponsorship and giving the affected customer or consultant the opportunity to elect to (i) stay in the transferred or sold organization, (ii) request, subject to Ambit's approval, a transfer to another organization within Ambit, (iii) terminate his or her agreement with Ambit under the termination-related provisions of his or her existing agreement with Ambit, or (iv) take any other action Ambit deems reasonably necessary

and makes available at Ambit's discretion.

5.7: SEPARATION OF AN AMBIT BUSINESS.

5.7.1: DIVORCE. Should a married couple operating a single consultant position divorce, they must provide Ambit with: (1) a certified copy of the final decree of divorce that sets forth ownership of the consultant position; (2) a completed Sale/Transfer Form dated no later than ten (10) business days after the date of the final decree of divorce; and (3) a \$45 nonrefundable check for processing fees. Until Ambit receives proper documentation, the consultant position will retain its predivorce ownership and no changes to the consultant position will be implemented.

5.7.2: BUSINESS ENTITY DISSOLUTION. Upon the dissolution of a business entity (trust, partnership, corporation, etc., the owners of the business entity shall provide Ambit with written instruction on who shall be the proper party(s) to continue to operate the business, and a \$45 processing fee shall apply. The written instruction shall be signed by all owners, shareholders, partners or trustees, and all signatures shall be notarized.

5.7.3: NO COMMISSION OR DOWNLINE DIVISION. Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Ambit split commission and bonus checks between divorcing spouses or members of dissolving entities. Ambit will recognize only one Downline Organization and will issue only one commission check per Ambit business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion, as determined by the Company, the Agreement shall be involuntarily cancelled.

If a former spouse has completely relinquished all rights in the original Ambit business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as a consultant. In either case, however, the former spouse or business affiliate shall have no rights to any consultants in their former organization or to any former customer. They must develop the new business in the same manner as would any other new consultant.

5.8: SUCCESSION. Upon the death or incapacitation of a consultant, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a consultant should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever an Ambit business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased consultant's marketing organization provided the following qualifications are met: The successor(s) must (1) execute an Application and enter into the Agreement, (2) comply with terms and provisions of the Agreement, and (3) meet all of the qualifications for the deceased or incapacitated consultant's status.

Bonus and commission checks of an Ambit business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Ambit with an "address of record" to which all bonus and commission checks will be sent.

If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer identification number. Ambit will issue all bonus and commission checks, and one 1099, to the business entity.

5.8.1: TRANSFER UPON DEATH OF A CONSULTANT. In addition to complying with the above provisions of Section 5.8, to effect a testamentary transfer of an Ambit business, the successor must provide the following to Ambit: (1) an original death certificate, (2) a notarized copy of the will or other instrument establishing the successor's right to the Ambit business, and (3) a completed Application, including acceptance of the Agreement.

5.8.2: TRANSFER UPON INCAPACITATION OF A CONSULTANT. In addition to complying with the above provisions of Section 5.8, to effectuate a transfer of an Ambit business because of incapacity, the successor must provide the following to Ambit: (1) a notarized copy of an appointment as trustee, (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Ambit business, and (3) a completed Application, including acceptance of the Agreement executed by the trustee.

SECTION 6: CONFLICTS OF INTEREST

Ambit is engaged in a highly competitive business and has expended considerable time and resources to develop its confidential and proprietary information and its goodwill with consultants, customers, vendors, and others. The success of a consultant's Ambit-related business depends in part on access to such confidential and proprietary information and the goodwill that Ambit has created. In light of Ambit's legitimate business interests in protecting its confidential and proprietary information and preventing dilution of its goodwill, consultants are prohibited from engaging in certain activities described in this Section 6.

Because the multilevel, network marketing, or direct sales business is conducted through networks of independent contractors broadly dispersed across the entire United States and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of the restrictions set out in Section 6 would be wholly ineffective. Therefore, these restrictions apply to the consultant's activities conducted in or directed at the United States.

6.1: ACTIVITIES DURING THE TERM OF THE AMBIT CONSULTANT AGREEMENT. Unless consultants are ranked as an Executive or National Consultant, during the term of the Ambit Consultant Agreement, consultants shall not, directly or indirectly (including through or on behalf of any other person or entity), (i) sell or solicit the sale of energy services or other products or services offered by Ambit through any person or entity other than that specifically designated or approved in writing by Ambit; (ii) participate in any other multilevel, network marketing, or direct sales business or venture that competes with the energy services or with the other products or services offered by Ambit; or (iii) recruit any Ambit consultant or customer to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales business or venture that competes with the energy services or with the other products or services offered by Ambit. "Recruit" for this purpose means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner. Consultants otherwise are free to participate in non-competing multilevel, network marketing, or direct sales businesses or ventures while a consultant if their activities otherwise are in compliance with this Agreement.

6.2: ACTIVITIES DURING THE TERM OF THE AMBIT CONSULTANT AGREEMENT FOR EXECUTIVE CONSULTANTS. If consultants are ranked as an Executive Consultant, during the term of the Ambit Consultant Agreement, consultants shall not, directly or indirectly (including through or on behalf of any other person or entity), (i) sell or solicit the sale of energy services or other products or services offered by Ambit through any person or entity other than that specifically designated or approved in writing by Ambit; (ii) participate in any other multilevel, network marketing, or direct sales business or venture that

competes with the energy services or with the other products or services offered by Ambit; or (iii) recruit any Ambit consultant or customer to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales business or venture. "Recruit" for this purpose means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner.

6.3: ACTIVITIES DURING THE TERM OF THE AMBIT CONSULTANT AGREEMENT FOR NATIONAL CONSULTANTS. If consultants are ranked as a National Consultant, consultant agrees that during the term of this Agreement, consultant will not, directly or indirectly (including through or on behalf of any other person or entity), (i) sell or solicit the sale of energy services or other products or services offered by Ambit through any person or entity other than that specifically designated or approved in writing by Ambit; (ii) participate in or, recruit for, any other multilevel, network marketing, or direct sales business or venture; or (iii) recruit any other Ambit consultant or customer to enroll or participate in any other multilevel, network marketing, or direct sales business or venture. "Recruit" for purposes of the foregoing means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner.

6.4: ACTIVITIES AFTER THE TERM OF THE AMBIT CONSULTANT AGREEMENT. For a period of one (1) year after the cancellation or termination of the Agreement for any reason, a consultant shall not, directly or indirectly (including through or on behalf of any other person or entity), (I) recruit any Ambit consultant to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales business or venture that competes with the energy services or with the other products or services offered by Ambit, provided that this restriction does not apply to consultants that the former consultant personally sponsored as an Ambit consultant; or (II) recruit any Ambit customers that the former consultant personally enrolled with Ambit, that were enrolled by Ambit consultants in the former consultant's downline organization, or that the former consultant otherwise knows to be Ambit customers, to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales business or venture that competes with the energy services or with the other products or services offered by Ambit. "Recruit" for this purpose means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner.

6.5: CONSULTANT PARTICIPATION IN OTHER PROGRAMS. If a consultant is permissibly engaged in a non-Ambit business opportunity, it is the responsibility of the consultant to ensure that his or her Ambit business is operated entirely separate and apart from any other business or venture. To this end, the following must be adhered to:

- Consultants shall not display Ambit promotional material, sales aids, products or services with or in the same location as any non-Ambit promotional material or sales aids, products or services.
- Consultants shall not offer the Ambit Opportunity or Ambit products or services to prospective or existing customers or consultants in conjunction with any non-Ambit program, opportunity, product or service.
- Consultants shall not offer any non-Ambit business opportunity, products or services at any Ambit-related meeting, seminar or convention, or within two hours of the Ambit event. If the Ambit meeting is held telephonically or on the Internet, any non-Ambit meeting must be at least two hours before or after the Ambit meeting, and on a different conference telephone number or Internet address from the Ambit meeting.
- Consultants shall not in any way state or imply that Ambit has any connection with, or otherwise supports or approves of, the non-Ambit business opportunity without first notifying, and receiving prior written authorization from, an authorized officer of Ambit.

6.6: DOWNLINE ACTIVITY (GENEALOGY) REPORTS. Consultants' access to their Downline Activity Reports is password-protected. All Downline Activity Reports, and the information contained therein, are confidential and constitute proprietary information and business trade secrets belonging to Ambit. Downline Activity Reports are provided to consultants in strictest confidence and are made available to consultants for the sole purpose of assisting consultants in working with their respective Downline Organizations in the development of their Ambit business. The consultant and Ambit agree that, but for this agreement of confidentiality and nondisclosure, Ambit would not provide Downline Activity Reports to the consultant.

A consultant shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- Directly or indirectly disclose the password or other access code to his or her Downline Activity Report;
- Use the information to compete with Ambit, or for any purpose, other than promoting his or her Ambit business; or
- Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former consultant will return the original and all copies of Downline Activity Reports to the Company.

6.7: VIOLATIONS/REMEDIES. This Section 6 may be enforced by Ambit or any other Ambit-related entity (collectively, the "Ambit Companies"). In the event that a consultant breaches any provision of this Section 6, in addition to the remedies afforded by the Violations and Arbitration Provisions contained in Section 13, the Ambit Companies shall be entitled to equitable relief, including by way of injunction or specific performance preventing future breaches, in addition to any other remedies available at law. Also, in addition to any remedies at law or in equity that the Ambit Companies may have, any violation of this Section 6 will result in forfeiture of any of consultant's rights as a consultant, including to receive commissions, bonuses, and payments of any kind. Further, any violation of this Section 6 will cause irreparable harm to the Ambit Companies and one such violation by consultant will entitle the Ambit Companies to an injunction against future violations without evidence or proof of the likelihood of future violations.

SECTION 7: RESTRICTIONS ON ACTIVITIES

7.1: TARGETING OTHER DIRECT SELLERS. Ambit does not condone consultants specifically or consciously targeting the sales force of another multilevel, network marketing, or direct sales business or venture to sell Ambit products or to become consultants for Ambit, nor does Ambit condone consultants' solicitation or enticement of members of the sales force of another multilevel, network marketing, or direct sales business or venture to violate the terms of their contract with such other company. Should consultants engage in such activity, they bear the risk of being sued by the other multilevel, network marketing, or direct sales business or venture. If any lawsuit, arbitration or mediation is brought against a consultant alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Ambit will not pay any of consultant's defense costs or legal fees, nor will Ambit indemnify the consultant for any judgment, award or settlement.

7.2: CROSS-SPONSORING. Actual or attempted cross-sponsoring is strictly prohibited. "Cross-sponsoring" is defined as the enrollment of an individual who, or entity that, already has a current customer or Consultant Agreement on file with Ambit, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID

numbers or fictitious ID numbers to circumvent this policy is prohibited. Consultants shall not demean, discredit or defame other Ambit consultants in an attempt to entice another consultant to become part of the first consultant's marketing organization. This policy shall not prohibit the transfer of an Ambit business in accordance with Section 5.6.

If cross-sponsoring is discovered, it must be brought to the Company's attention immediately. Ambit may take action against the consultant that changed organizations and/or those consultants who encouraged or participated in the cross-sponsoring, including but limited to termination of the Consultant's Agreement. Ambit may also move all or part of the offending consultant's downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, Ambit is under no obligation to move the cross-sponsored consultant's downline organization, and the ultimate disposition of the organization remains within the sole discretion of Ambit. Consultants waive all claims and causes of action against Ambit arising from or relating to the disposition of the cross-sponsored consultant's downline organization.

7.3: COLLECTING, BUYING OR SELLING OF PROSPECTIVE CONSULTANT AND CUSTOMER INFORMATION. Collecting, buying or selling, or inducing others to collect, buy or sell, customer or consultant or prospective customer or consultant information is strictly prohibited at all times. Consultants shall not provide any type of incentive for action(s) or proposed action(s) to induce a consultant or third party to sell any information pertaining to an Ambit Energy customer or consultant or prospective customer or consultant.

7.3.1. OFFERING INCENTIVES AND/OR REFERRAL FEES FOR PROSPECTIVE CUSTOMERS. Consultants are prohibited from rewarding customer referrals by means of incentives or referral fees such as cash and gift cards. The exception to this prohibition is Ambit Energy's Multifamily Program and its approved Advisors.

7.4: CONTACTING SUPPLIERS. Under no circumstances may a consultant contact any Ambit supplier of energy service, or other Ambit supplier of services, without prior written authorization from an authorized officer of Ambit Energy. Further, under no circumstances may a consultant directly contact a competitive energy provider on behalf of Ambit or in connection with any Ambit business without receiving prior written authorization from an authorized officer of Ambit.

7.5: CONTACTING REGULATORY AGENCIES. Under no circumstances may a consultant contact any Regulatory agency on behalf of a customer or to request information related to their business. All such inquiries should be made to Consultant Care.

7.6: GOVERNMENTAL APPROVAL OR ENDORSEMENT. Neither federal nor state regulatory agencies nor officials approve or endorse any direct selling or network marketing companies or programs. Therefore, consultants shall not represent or imply that Ambit or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

SECTION 8: RESPONSIBILITIES OF CONSULTANT

8.1: CHANGE OF ADDRESS, TELEPHONE AND E-MAIL ADDRESSES. Consultants must report any change of address, email address or telephone number by calling Consultant Support or by sending written notice to Ambit at the following address: Ambit Marketing, LLC, Attention: Consultant Support, 6555 Sierra Drive, Irving, Texas 75039.

Written notification of an address change must be signed by all parties when a position is owned by more than one individual (e.g., husband and wife). When mail is returned to Ambit because Ambit has not been informed of an address change, the consultant is placed on inactive status.

8.2: ONGOING SALES RESPONSIBILITIES. Regardless of their level

of achievement, consultants have an ongoing obligation to continue to personally sell Ambit products and services through the generation of new customers and through servicing their existing customers.

8.3: NONDISPARAGEMENT. Ambit wants to provide its consultants with the best products, compensation plan and service in the industry. Accordingly, we value your constructive criticism and comments. All such comments should be submitted in writing to Ambit's Consultant Support Department. While Ambit welcomes constructive input, negative comments and remarks made in the field by consultants about the Company, its directors, officers, employees, its products or the compensation plan serve no purpose other than to sour the enthusiasm of other, and prospective, Ambit consultants. For this reason, and to set the proper example for their downline, consultants must not disparage, demean or make negative remarks about Ambit, other Ambit consultants, Ambit's products and services, the Ambit Opportunity, or Ambit's directors, officers or employees.

8.4: PROVIDING DOCUMENTATION TO APPLICANTS. Consultants must provide the most current version of the Agreement to individuals whom they are sponsoring to become consultants before the applicant signs an Application. Additional copies of the Agreement, including these Policies, can be downloaded from Ambit's website.

8.5: REPORTING POLICY VIOLATIONS. Consultants observing a violation of the Agreement by another consultant should submit a written report of the violation directly to the attention of the Ambit Field Compliance Department. To ensure that all alleged violations of the Agreement are investigated and handled in a uniform manner, consultants must submit all allegations regarding potential violations to (i) fieldcompliance@ambitenergy.com or (ii) Ambit Energy, Attention: Field Compliance, 6555 Sierra Drive, Irving, Texas 75039, and shall not direct such allegations to Ambit in any other manner, including text messages, calls, or other means of communication. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

8.6: ASSISTANCE IN INVESTIGATIONS. If you are contacted by either Ambit Energy or a government authority regarding policy violations that you either have knowledge of, or that you are alleged to have committed, you agree to fully assist with such investigation. Lack of assistance may result in, at Ambit's discretion, corrective actions listed in Section 12.1, including but not limited to termination of the Agreement.

SECTION 9: SALES REQUIREMENTS

9.1: PRODUCT SALES. The Ambit Opportunity, including the Compensation Plan, is based on the sale of Ambit products and services to end-consumers. Consultants must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

9.2: FULL COST DISCLOSURE. When enrolling customers, you must provide to them all of the costs involved with the service. This includes all of the following, if applicable: cost per kilowatt-hour or therm, monthly service fees, one-time fees, taxes and surcharges, time-of-day or other usage limitations, and other costs. All of this information is available for download in PowerZone.

9.3: NO TERRITORY RESTRICTIONS. There are no exclusive territories granted to anyone. No franchise fees are required.

SECTION 10: BONUSES AND COMMISSIONS

10.1: RIGHT OF OFFSET. A consultant is not required to subscribe to any Ambit service in order to become a consultant. However, if the consultant selects Ambit as the consultant's retail energy provider, billing must be paid when due. If a consultant becomes 60 days past due in paying any Ambit bill, Ambit may, at Ambit's sole option, deduct the amounts owed

by the offending consultant from his or her commission check and may terminate the consultant. In addition, Ambit may offset any amount owed to Ambit by a consultant against commissions or other amounts owed to such consultant by Ambit.

10.2: REPORTS. All information provided by Ambit in online or telephonic downline activity reports, including, but not limited to, personal and group sales volume (or any part thereof) and downline sponsoring activity, is believed to be accurate and reliable. Nevertheless, due to various factors including, but not limited to: the inherent possibility of human and mechanical error; the accuracy, completeness and timeliness of orders; denial of credit card and electronic check payments; returned products; and credit card and electronic check chargebacks, the information is not guaranteed by Ambit or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR, BUT WITHOUT LIMITATION, THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE OR NONINFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, AMBIT AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL, IN NO EVENT, BE LIABLE TO ANY CONSULTANT OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF, OR ACCESS TO, PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING, BUT NOT LIMITED TO: LOST PROFITS, BONUSES OR COMMISSIONS; LOSS OF OPPORTUNITY; AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY OR LOSS OF THE USE OF THE INFORMATION), EVEN IF AMBIT OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, AMBIT OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Ambit's online reporting services, and your reliance upon such information, is at your own risk. All such information is provided to you "as is." If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Ambit's online and telephone reporting services and your reliance upon the information.

SECTION 11: OTHER RIGHTS

11.1: COPYRIGHT. As a consultant, and without further consideration or compensation, I agree to the use (full or in part) of my name, voice, image, likeness, and any and all attributes of my personality in any marketing or promotional material created or used in connection with Ambit products and services, or the Ambit consultant opportunity, and each such item of marketing or promotional material will be considered a "work" for purposes of this Agreement. I irrevocably assign to Ambit any and all claims of copyright I may have in and to such works, and the exclusive and perpetual right throughout the world to use, print, produce, publish, copy, display, perform, exhibit, transmit, broadcast, disseminate, market, advertise, sell, lease, license, transfer, modify, and create derivative works from such works in any media or format, now known or unknown, for any purpose whatsoever. I waive any right to inspect or approve such work. I hereby indemnify and hold harmless Ambit Companies, its legal representatives and assigns, all persons

acting under its authority, and those for whom it is acting, from all claims, causes of action and liability of any kind, now known or unknown, in law or in equity, based upon or arising out of such works or this agreement including, without limitation, claims of libel, slander, invasion of privacy, right of publicity, defamation, trademark infringement, and copyright infringement. This Agreement will be binding upon my heirs, successors, representatives, and assigns.

11.2: RIGHTS IN MAGAZINE DATA AND WORKS. As an Ambit consultant, I agree that Ambit is the owner of all right, title, and interest in all materials, all documentation related to such materials, all media upon which any such materials and documentation are located (including tapes, disks, and other stage media) and all related material that are used by, developed for, or on behalf of Ambit, or paid for by Ambit, in connection with the creation, development and publishing of the Success From Home magazine. Full and exclusive rights and ownership in Success From Home magazine and in any and all related trademarks and copyrights with respect to the Success From Home magazine and any other proprietary rights with respect to the Success From Home magazine, which consultant possesses or is entitled to, shall vest in and are assigned to Ambit as of the date of this Agreement. Except as allowed for the marketing of Ambit's business, consultant shall retain no right, ownership or title in the data and works comprising Success From Home magazine or in any directly related trademarks, copyrights or any other proprietary rights with respect to Success From Home magazine. The parties hereto agree that the data and works comprising Success From Home magazine and all such rights are being conveyed in their entirety to Ambit for whatever use it desires, and nothing contained herein shall be deemed to constitute a license or franchise in Ambit.

11.3: MEDIA AND MEDIA INQUIRIES. Because consultants are independent contractors and not employees of Ambit, all media relations efforts related to Ambit, Ambit products or services, or the Ambit Opportunity must be coordinated through the Ambit Public Relations Department at mediarelations@ambitenergy.com. Any consultant who is contacted by the media, or wishes to contact the media related to Ambit, Ambit products or services, or the Ambit Opportunity, must first contact an Ambit Public Relations representative before taking any action and/or issuing any statement. Any communications with TV, radio and print media related to Ambit, Ambit products or services, or the Ambit Opportunity, should first be approved by Ambit Public Relations.

11.4: RETURN OF INVENTORY AND SALES AIDS BY CONSULTANTS UPON CANCELLATION. Upon cancellation of a Consultant's Agreement, the consultant may return any products and sales aids held in his or her inventory for a full refund of 100% of the cost of the original purchase price(s). If the purchases were made through a credit card, the refund will be credited back to the same account. Consultants may only return sales aids that he or she personally purchased from Ambit (purchases from other consultants or third parties are not subject to refund), and which are in resalable condition.

SECTION 12: VIOLATIONS AND DISPUTE RESOLUTION PROCEEDINGS

12.1: SANCTIONS. Violation of the Agreement, including these Policies, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a consultant that, in the sole discretion of the Company, may damage the Company's reputation or goodwill (such damaging act or omission need not be related to the consultant's Ambit business), may result, at Ambit's discretion, in corrective actions, including but not limited to termination of the Agreement.

Additionally, if any member of a consultant's immediate household engages in any activity which, if performed by the consultant, would violate any provision of the Agreement, such activity will be deemed a violation by the consultant and Ambit may take action against the

consultant, including but not limited to termination of the Consultant's Agreement. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and Ambit may take action against the entity, including but not limited to termination of the entity's Agreement.

Such sanctions include, for example:

- Issuance of a written warning or admonition requiring the consultant to take immediate corrective measures;
- Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission checks;
- Withholding from a consultant of all or part of the consultant's bonuses and commissions during the period that Ambit is investigating any conduct allegedly in violation of the Agreement (if a consultant's business is cancelled for disciplinary reasons, the consultant will not be entitled to recover any commissions withheld during the investigation period);
- Suspension of the individual's Agreement for one or more pay periods;
- Termination and/or suspension of the offending consultant's Ambit Marketing website or website access; and
- Any other measure expressly allowed within any provision of the Agreement, or which Ambit deems practicable, to implement and appropriate to equitably resolve injuries caused partially or exclusively by the consultant's policy violation or contractual breach.

12.2: DISPUTE RESOLUTION.

12.2.1: MEDIATION. Prior to entering into arbitration, Ambit (on behalf of the Ambit Companies) and the consultant shall meet in good faith and attempt to resolve any dispute arising from, or relating to, the Agreement through non-binding mediation. One individual who is mutually acceptable to Ambit (on behalf of the Ambit Companies) and the consultant shall be appointed as mediator.

The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between Ambit (on behalf of the Ambit Companies) and the consultant. Each party shall pay its portion of the anticipated shared fees and costs at least ten days in advance of the mediation. Each party shall pay its own attorneys' fees, costs and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Dallas, Texas, and shall last no more than two business days.

12.2.2: ARBITRATION. If mediation is unsuccessful, Ambit (on behalf of the Ambit Companies) and the consultant shall resolve any controversy, claim, or dispute between or amongst them, including, but not limited to, any controversy, claim, or dispute arising out of, or relating in any way to, the Agreement, or the breach thereof by binding arbitration. THE AMBIT COMPANIES AND CONSULTANTS AGREE THAT IN ORDER TO PROMOTE THE FULLEST EXTENT REASONABLY POSSIBLE A MUTUALLY AMICABLE RESOLUTION OF THE DISPUTE IN A TIMELY, EFFICIENT, AND COST-EFFECTIVE MANNER, THEY WILL WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY AND SETTLE THEIR DISPUTE BY SUBMITTING THE CONTROVERSY TO BINDING ARBITRATION. THE AMBIT COMPANIES AND CONSULTANTS WAIVE ALL RIGHTS TO TRIAL BY JURY.

The Parties understand and agree that this Section 12.2.2 operates as a separate and distinct agreement that is severable from the remainder of the Agreement and is enforceable regardless of the enforceability of any other provision of the Policies or the Agreement as a whole. Consideration for this provision includes, without limitation, the Parties' mutual agreement to arbitrate claims. As noted above, this agreement to arbitrate shall survive any terminations, cancellation, or expiration of the Agreement.

Ambit may amend the terms and conditions of these sections (12.2.2, 12.3, and 12.4) from time to time. Any such amendments will be made in accordance with the duty of good faith and fair dealing. Notwithstanding anything herein to the contrary, any amendment by Ambit to the Dispute Resolution agreement in this section shall only take effect upon a consultant's express agreement to such amendment. A consultant may indicate his or her agreement to such proposed amendment by following the instructions accompanying the proposed amendment. Ambit may terminate the Agreement of any consultant who does not agree to a proposed amendment to the Dispute Resolution agreement within 30 days after notice of the amendment is provided. Any such Amendment shall apply to all claims brought by the consultant or Ambit on or after the effective date of the amendment, regardless of the date of occurrence or accrual of any facts underlying such claim. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment unless expressly accepted by the consultant.

Any arbitration will be filed with and administered by JAMS under its rules and procedures, which are available at the JAMS website at jamsadr.com. The arbitrator(s) has the authority to determine jurisdiction and arbitrability issues as a preliminary matter, except the arbitrator(s) shall not have the authority to determine whether the arbitration can proceed on behalf of or against a class.

Notwithstanding the rules of JAMS, the following will apply to all arbitration actions:

- All arbitration proceedings will be held in Dallas, Texas.
- The arbitration agreement and the arbitration will be governed by the Federal Arbitration Act ("FAA"), 9 U.S.C. § 1 et seq. To the extent that there is a conflict between the FAA and Texas law, the FAA prevails.
- The arbitration will be conducted in English.
- The parties agree that time is of the essence.
- The Federal Rules of Evidence will apply in all cases.
- The parties will be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure.
- The parties will be allotted equal time to present their respective cases, including cross-examinations.
- The arbitrator(s) will have no authority to award punitive damages. Each party hereby waives any right to seek or recover punitive damages with respect to any dispute resolved by arbitration, except where an applicable statute or other law allows for punitive damages.

Each party to the arbitration will be responsible for its own costs and expenses of arbitration, including filing fees except where an applicable statute provides for recovery of legal fees and costs.

The decision of the arbitrator will be final and binding on the parties and may, if necessary, be reduced to a judgment in a court of law. Any motion or action to confirm, vacate, modify, or otherwise enter judgment on the award shall comply with Section 12.3.

The parties agree and understand that maintaining confidentiality of disputes and dispute resolution is of the utmost importance, and agree that Ambit has valuable trade secrets and proprietary and confidential information. The parties agree to take all necessary steps to protect from public disclosure such trade secrets and proprietary and confidential information.

In addition to the foregoing and notwithstanding the rules of JAMS, certain procedures will apply depending on the amount in controversy. For controversies and claims in which the amount in controversy is less than \$1,000,000.00 (one million dollars), the following procedures will apply:

- The arbitration will occur within 180 days from the date on which the arbitrator is appointed and will last no more than five business days.
- There will be one arbitrator selected from the panel provided by

JAMS, using the JAMS rules for arbitrator selection.

- The arbitrator(s) shall institute discovery consistent with the goals of arbitration. Discovery and disclosure of information will be conducted under the rules provided by JAMS to achieve the usual goals of arbitration, including cost effective and efficient resolution of disputes between parties, but in no event shall, the Parties be entitled to discovery rights greater than provided by the Federal Rules of Civil Procedure.

For controversies and claims in which the amount in controversy is equal to or exceeds \$1,000,000.00 (one million dollars), the following procedures will apply:

- There will be three arbitrators selected from the panel provided by JAMS, using the JAMS rules for arbitrator selection.
- The Parties will be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure.
- The Parties will be entitled to appeal any arbitration award to an Appeal Panel under JAMS Optional Arbitration Appeal Procedures. The Parties agree to and request oral argument for any appeal filed under the Optional Arbitration Appeal Procedures.

NEITHER CONSULTANT NOR AMBIT AGREES TO ANY ARBITRATION ON A CLASS BASIS, AND THE ARBITRATOR(S) SHALL HAVE NO AUTHORITY TO PROCEED ON SUCH A BASIS. A PARTY MAY ASSERT A CLAIM OR COUNTERCLAIM ONLY IN THAT PARTY'S INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS PROCEEDING. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE JAMS RULES, THE ARBITRATOR(S) MAY NOT CONSOLIDATE MORE THAN ONE PERSON'S CLAIMS AND MAY NOT OTHERWISE PRESIDE OVER ANY FORM OF CLASS PROCEEDING. UNDER THE ARBITRATION PROCEDURES OUTLINED IN THIS SECTION, AN ARBITRATOR(S) SHALL NOT COMBINE OR CONSOLIDATE MORE THAN ONE PARTY'S CLAIMS WITHOUT THE WRITTEN CONSENT OF ALL AFFECTED PARTIES TO AN ARBITRATION PROCEEDING.

In the event the prohibition on class arbitration is deemed invalid or unenforceable, then the entire agreement to arbitrate will be null and void.

Except as provided below, no party shall be entitled to commence or maintain any action in a court of law upon any matter in dispute until such matter has been submitted and determined as provided here, and then only for the enforcement of such arbitration award. Notwithstanding this mediation and arbitration policy, either party may apply to a court of competent jurisdiction as necessary to enforce an arbitration award, or to seek a temporary restraining order or preliminary injunction to ensure that the relief sought in arbitration is not rendered ineffectual during the pendency of, or after the rendition of, a decision in any arbitration proceeding. The institution of any action shall not constitute a waiver of the right or obligation of any party to submit any claim seeking relief other than injunctive or enforcement relief to arbitration. Further, any Party seeking to enforce an award of an arbitrator(s) shall submit the award under seal to maintain protections of confidential information, and the Parties hereby agree and consent to the filing of such a submission, motion, or order under seal.

This agreement to arbitrate shall survive any termination or expiration of the Agreement.

12.3: GOVERNING LAW, JURISDICTION AND VENUE. Jurisdiction and venue of any matter not subject to arbitration, shall reside exclusively in Dallas County, Texas, and nowhere else, except that any action to enforce a judgment may be brought in any court of competent jurisdiction. This Agreement is to be construed in accordance with and governed by the substantive law of the State of Texas, without regard to its choice of law principles. Notwithstanding the foregoing, and the dispute resolutions provisions in Section 12.2, residents of the State of Louisiana shall be entitled to bring an action against Ambit in their home forum and pursuant to Louisiana law.

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12.4: WAIVER OF CLASS ACTIONS. THE AMBIT COMPANIES AND CONSULTANTS AGREE THAT EACH PARTY MAY BRING DISPUTES AGAINST THE OTHER PARTY ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, INCLUDING, WITHOUT LIMITATION, FEDERAL OR STATE CLASS ACTIONS OR CLASS ARBITRATIONS.

SECTION 13: INACTIVITY AND CANCELLATION

13.1: EFFECT OF CANCELLATION. So long as a consultant remains active and complies with the terms of the Agreement Ambit shall pay commissions to such consultant in accordance with the Agreement, including the Ambit Compensation Plan. A consultant's bonuses and commissions constitute the entire consideration for the consultant's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a consultant's voluntary or involuntary cancellation of his or her Agreement (all of these methods are collectively referred to as "cancellation"), the former consultant shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. A consultant whose business is cancelled will lose all rights as a consultant. This includes the right to sell Ambit products and services, and the right to receive future commissions, bonuses or other income resulting from the sales and other activities of the consultant's former downline sales organization. In the event of cancellation, consultants agree to waive all rights they may have, including, but not limited to, property rights to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former downline organization.

Following a consultant's cancellation of his or her Agreement, the former consultant shall not hold himself or herself out as an Ambit consultant and shall not have the right to sell Ambit products or services. A consultant whose Consultant Agreement is cancelled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

13.2: INACTIVE STATUS. To remain "active," a consultant must enroll a new energy customer within the preceding four months or maintain a minimum of 20 pending or energized customer points. If a consultant does not enroll a new energy customer in the preceding four months, or maintain a minimum of 20 pending or energized customer points, the consultant's Ambit business will be placed into inactive status and no commission will trigger until the position is reactivated by sponsoring a new customer. This rule does not apply in the consultant's first year.

13.3: INVOLUNTARY TERMINATION. A consultant's violation of any of the terms of the Agreement, including any amendments that may be made by Ambit at its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary termination of his or her Agreement. Termination shall be effective on the date on which written notice is mailed, faxed or delivered by an express courier to the consultant's last known address (or fax number), or to his/her attorney or when the consultant receives actual notice of termination, whichever occurs first.

13.4: VOLUNTARY TERMINATION. Consultants may terminate their Agreement at any time, regardless of reason. Termination must be submitted in writing to the Company at its principal business address: Ambit Marketing, LLC, Attention: Consultant Cancellation, 6555 Sierra Drive, Irving, Texas 75039.

The written notice must include the consultant's signature, printed name, address and Consultant I.D. number. If a consultant is also a customer of Ambit Energy, Ambit will continue to provide energy services to the customer and invoice the customer for such services, unless he or she also specifically requests that his or her energy services also be cancelled.

SECTION 14: DEFINITIONS

ACTIVE CONSULTANT: A consultant who has enrolled a new energy customer in the preceding four months.

ACTIVE RANK: This term refers to the current rank of a consultant, as determined by the Ambit Compensation Plan, for any month. To be considered "active" relative to a particular rank, a consultant must meet the criteria set forth in the Ambit Compensation Plan for his or her respective rank.

CANCEL OR TERMINATION: The termination of a consultant's Ambit business. Termination may be either voluntary, involuntary, through non-renewal or inactivity.

CUSTOMER: The term "customer" means current, past and prospective Ambit Energy customers.

GENEALOGY REPORT: A monthly report generated by Ambit that provides critical data relating to the identities of consultants, sales information and enrollment activity of each consultant's Marketing Organization. This report contains confidential and trade secret information which is proprietary to Ambit.

OFFICIAL AMBIT MATERIAL: Literature, audio or video tapes or disks, and other materials developed, printed, published and distributed by Ambit to consultants.

RESALABLE: Sales aids shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) it is returned to Ambit within one year from the date of purchase (time limitation is inapplicable to Massachusetts residents).

CUSTOMER: An individual who purchases Ambit services from a consultant, but who is not a participant in the Ambit Compensation Plan.

UPLINE: This term refers to the consultant or consultants above a particular consultant in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular consultant to the Company.