

SPARK ENERGY, INC.

FORM 8-K (Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 11, 2018

Spark Energy, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36559
(Commission
File Number)

46-5453215
(IRS Employer
Identification Number)

12140 Wickchester Ln, Suite 100
Houston, Texas 77079
(Address of Principal Executive Offices)
(Zip Code)

(713) 600-2600
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 1.01 Entry into a Material Definitive Agreement.

On January 12, 2018, Spark Energy, Inc., a Delaware corporation (the “**Company**”), CenStar Energy Corp., a New York corporation and a subsidiary of the Company (“**Buyer**”), Woden Holdings, LLC (f/k/a Verde Energy USA Holdings, LLC), a Delaware limited liability company (“**Seller**”), Verde Energy USA, Inc., a Delaware corporation (“**Verde Energy**”), Thomas FitzGerald and Anthony Menchaca entered into the Agreement to Terminate Earnout Payments (the “**Agreement**”). The Agreement amends the Membership Interest and Stock Purchase Agreement dated as of May 5, 2017 (the “**Purchase Agreement**”), by and among the Company, Buyer and the Seller, pursuant to which Buyer previously acquired all of the membership interests and stock in the Verde Companies (as defined therein).

The Agreement amends the Purchase Agreement to terminate Buyer’s obligation to make any required earnout payments under the Purchase Agreement in exchange for Buyer’s issuance to the Seller of a promissory note in the principal amount of Five Million Nine Hundred Thousand and No/100 Dollars (\$5,900,000.00) (the “**New Note**”). The New Note, effective January 12, 2018, matures on June 30, 2019 (subject to early maturity upon certain events) and bears interest at a rate of 9% per annum. The Buyer is permitted to withhold amounts otherwise due at maturity related to certain indemnifiable matters under the Purchase Agreement. Interest is payable monthly on the first day of each month in which the New Note is outstanding, beginning February 1, 2018. The principal and any outstanding interest is due on June 30, 2019. All principal and interest payable under the New Note is accelerated upon the occurrence of certain events of default, including the failure to pay any principal or interest when due under the New Note.

In addition, the Agreement provides for Buyer’s issuance to the Seller of an amended and restated promissory note (the “**Amended and Restated Note**”), which amends and restates the promissory note (the “**Original Note**”) previously issued by Buyer to the Seller on July 1, 2017 upon the closing of the transactions under the Purchase Agreement. The Amended and Restated Note, effective January 12, 2018, retains the same maturity date as the Original Note. The Amended and Restated Note bears interest at a rate of 9% per annum beginning January 1, 2018 (an increase from 5% per annum under the Original Note). Principal and interest remain payable monthly on the first day of each month in which the Amended and Restated Note is outstanding. Buyer will continue to deposit a portion of each payment under the Amended and Restated Note into an escrow account, which serves as security for certain indemnification claims and obligations under the Purchase Agreement. The amount deposited into the escrow account is increased from the Original Note. All principal and interest payable under the Amended and Restated Note remains subject to acceleration upon the occurrence of certain events of default, including the failure to pay any principal or interest when due under the Amended and Restated Note.

The foregoing descriptions of the Agreement, the New Note and the Amended and Restated Note are qualified by reference to the full text of the Agreement, the New Note and the Amended and Restated Note, which are attached hereto as Exhibit 2.1, Exhibit 10.1 and Exhibit 10.2, respectively, and incorporated by reference into this Item 1.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Promissory Notes

The description of the New Note and the Amended and Restated Note set forth in Item 1.01 above are incorporated by reference into this Item 2.03.

Exercise of Accordion Feature

As previously disclosed in its Form 10-Q for the quarter ended September 30, 2017, on November 2, 2017 the Company and Co-Borrowers (as defined in the Senior Credit Facility) entered into Amendment No. 1 to their senior secured borrowing base credit facility (as amended, the “**Senior Credit Facility**”) to allow the Co-Borrowers to elect to increase total commitments under the Senior Credit Facility from \$150.0 million to \$200.0 million subject to obtaining additional commitments from existing or new lenders. On January 11, 2018, the Co-Borrowers partially exercised the accordion feature under the Senior Credit Facility, which when combined with a prior exercise, increased the total commitments under the Senior Credit Facility from \$150.0 million to \$195.0 million. Additional borrowings under the increased commitments are subject to the terms and conditions of the Senior Credit Facility. No other modifications have been made to the terms, conditions or covenants of the Senior Credit Facility. In connection with the exercises of the accordion feature, Whitney Bank and Green Bank, N.A. were added as lenders under the Senior Credit Facility.

Item 7.01 Regulation FD Disclosure.

On January 15, 2018, the Company issued a press release announcing the Agreement, a copy of which is attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 7.01.

The information in this Item 7.01, including Exhibit 99.1, is being “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or otherwise subject to the liabilities of Section 18 of the Exchange Act, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
2.1#	<u>Agreement to Terminate Earnout Payments, effective January 12, 2018, by and among Spark Energy, Inc., CenStar Energy Corp., Woden Holdings, LLC (fka Verde Energy USA Holdings, LLC), Verde Energy USA, Inc., Thomas FitzGerald, and Anthony Menchaca.</u>
10.1	<u>Promissory Note of CenStar Energy Corp., effective January 12, 2018, payable to Woden Holdings, LLC.</u>
10.2	<u>Amended and Restated Promissory Note of CenStar Energy Corp., effective January 12, 2018, payable to Woden Holdings, LLC.</u>
99.1	<u>Press Release of Spark Energy, Inc., dated January 15, 2018.</u>

The Company agrees to furnish supplementally a copy of any omitted schedule and exhibit to the Commission upon request.

EXHIBIT INDEX

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The Company agrees to furnish supplementally a copy of any omitted schedule and exhibit to the Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 16, 2018

Spark Energy, Inc.

By: /s/ Gil Melman

Name: Gil Melman

Title: Vice President, General Counsel and Secretary

AGREEMENT TO TERMINATE EARNOUT PAYMENTS

This Agreement to Terminate Earnout Payments (the “**Agreement**”) amends the Membership Interest and Stock Purchase Agreement dated as of May 5, 2017 (the “**Purchase Agreement**”), and is entered into as of January 12, 2018 by and among CenStar Energy Corp., a New York corporation (“**Buyer**”), Spark Energy, Inc., a Delaware corporation, as Guarantor (“**Guarantor**”), Woden Holdings, LLC (fka Verde Energy USA Holdings, LLC), a Delaware limited liability company (“**Seller**”), Verde Energy USA, Inc., a Delaware corporation, and, only for purposes of Sections 4 and 9 hereof, Thomas FitzGerald (“**FitzGerald**”), an individual residing in the State of Texas, and Anthony Menchaca (“**Menchaca**” and, together with FitzGerald, the “**Executives**”), an individual residing in the State of Connecticut.

WHEREAS, Buyer, Seller and Guarantor (the “**Parties**”) have entered into the Purchase Agreement;

WHEREAS, the Parties desire to amend the Purchase Agreement in certain respects as set forth in this Agreement;

WHEREAS, the Parties also desire to modify certain of the arrangements relating to the transactions pursuant to the Purchase Agreement in certain respects, as set forth in this Agreement; and

WHEREAS, all capitalized terms used and not otherwise defined herein and defined in the Purchase Agreement shall have the respective meanings attributed thereto in the Purchase Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein and in the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. In lieu of any Earnout Payments pursuant to the Purchase Agreement but as consideration for the transfer of all outstanding Company Interests as provided in Section 2.1 of the Purchase Agreement, Buyer and Guarantor shall deliver to Seller upon the full execution of this Agreement a promissory note in the principal amount of Five Million Nine Hundred Thousand and No/100 Dollars (\$5,900,000.00) in the form attached hereto as Exhibit A (the “**Second Buyer Note**”). Upon delivery of the Second Buyer Note, Buyer shall have no further obligation to make any Earnout Payments under the Purchase Agreement, and all rights and obligations of Buyer and Seller under Section 2.6 of the Purchase Agreement shall cease.

2. Upon the full execution of this Agreement, Buyer and Guarantor shall deliver to Seller an amended and restated Buyer Note in the form attached hereto as Exhibit B.

3. As of January 12, 2018, Buyer shall assume full operational control of the Companies, with the exception of any matters subject to indemnification by Seller, which matters currently include only the Indemnified Litigation Claims (as defined in Schedule 4.6 of the Company Disclosure Schedules) and any Tax Claims (as defined in Section 2.7 of the Purchase Agreement).

Buyer and Guarantor each represent and warrant to Seller, and Seller represents and warrants to the Buyer and Guarantor, that, as of the date of this Agreement, it does not have any Knowledge of: (1) any Losses and/or Claims applicable to the Verde Business that could, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect on the results of operations of the Verde Business for the year ended December 31, 2017 and/or the quarter ending March 31, 2018, of which Buyer does not already have Knowledge, or (2) Losses or Claims that are likely to give rise to a claim by it for indemnification pursuant to Article X of the Purchase Agreement, including receipt by it of notice of any Proceeding by any third party with respect to any matter as to which it claims to be entitled to indemnity under the provisions of the Purchase Agreement, in each case other than the Indemnified Litigation Claims and any Tax Claims.

4. The Executives shall remain in their current positions through March 31, 2018 in order to assist on an as-requested basis with the assumption by Buyer of full operational control of the Companies. The Executives shall each receive their current Base Salary (as defined in Section 4.1 of their respective Amended and Restated Employment Agreements (collectively, the “**Amended and Restated Employment Agreements**”)) and other benefits as provided in Section 5 of their respective Amended and Restated Employment Agreements through the close of business on March 31, 2018. Upon termination of employment as of the close of business on March 31, 2018, each Executive shall receive a lump sum payment equal to nine months’ Base Salary, less applicable taxes and withholding. Buyer shall pay each Executive’s COBRA premiums to continue Executive’s group health insurance coverage (including coverage for Executive’s eligible dependents, if applicable) from April 1, 2018 through December 31, 2018. The Executives shall be entitled to Bonus Compensation in the amount of \$60,000 each (as defined in each Executive’s respective Amended and Restated Employment Agreement), less applicable taxes and withholding, for 2017 but not for 2018. Each Executive hereby agrees that the payments and benefits set forth in this Section 4 shall represent the sole remaining compensation, payments and other benefits under Sections 4, 5, 7.2 and 7.3 under their respective Amended and Restated Employment Agreements, and each Executive hereby waives any and all rights to any other compensation and benefits under such sections of their respective Amended and Restated Employment Agreements. This Section 4 constitutes an amendment to each of the Amended and Restated Employment Agreements.

5. All Company employees other than the Executives shall be eligible for severance pay under Guarantor’s severance policy, including credit for prior service at the Companies, Buyer and Guarantor.

6. Schedule 2.7 of the Company Disclosure Schedules is hereby amended in the manner specified in Schedule 2.7 hereto.

7. For purposes of sub-clause (iii) of Section 10.3(e) of the Purchase Agreement, the Tax benefits actually received by the Indemnified Party or any of its Affiliates for the tax year ending December 31, 2018 shall be deemed to be 25.5% of the amount of any indemnified Losses incurred or paid by them in such year, provided that the foregoing provision shall not apply to any indemnified Losses for amounts that are not ordinarily deductible for income tax purposes. The amount of the deemed tax rate specified in the preceding sentence shall be adjusted for subsequent years to reflect changes in the applicable statutory state and federal income tax rates for such years..

8. With respect to Matter Two, each Party shall cause the Companies' litigation counsel (currently Eckert Seamans) to continue to submit its invoices to the insurance carrier (Liberty Insurance Underwriters, Inc.) for payment until the insurance proceeds are exhausted. Litigation expenses for Matter Two in excess of the insurance proceeds and litigation expenses for all other indemnified matters for which no insurance is applicable (including Matter One) shall be submitted to Buyer for payment, shall be promptly paid, and shall be deemed Losses related to Indemnified Litigation Claims under the Purchase Agreement, but subject to Sections 2.7, 10.3(e) and 10.9(a) of the Purchase Agreement, the set-off provisions of the Second Buyer Note and Section 7 of this Agreement.

9. Notice to Seller pursuant to this Agreement, the Purchase agreement, the Buyer Note and the Second Buyer Note shall be made to the following address: 777 Preston Street, Apt 32M, Houston, TX 77002. For clarification, no change is being made to the address(es) for any copies of such notices.

10. All other terms and conditions of the Purchase Agreement and the Amended and Restated Employment Agreements remain unchanged and in full force and effect.

11. The provisions of Article XI (Governing Law, Consent to Jurisdiction and Jury Trial Waiver) and Article XII (General Provisions) of the Purchase Agreement are incorporated herein by reference *mutatis mutandis* and shall apply as if such provisions were specifically included herein.

12. This Agreement may be executed by electronic transmission of signatures by any Party (i.e., portable document format or similar method) and such signature shall be deemed binding for all purposes hereof, without delivery of an original signature being thereafter required. This Agreement may be executed in one or more counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its respective duly authorized officers as of January 12, 2018.

SELLER:

WODEN HOLDINGS, LLC

By: /s/ Thomas FitzGerald

Name: Thomas FitzGerald

Title: Chief Executive Officer

BUYER:

CENSTAR ENERGY CORP.

By: /s/Gil Melman
Name: Gil Melman
Title: Vice President and General Counsel

GUARANTOR:

SPARK ENERGY, INC.

(solely for the purposes of providing the
guaranty in Section 12.11 of the Purchase Agreement)

By: /s/Gil Melman
Name: Gil Melman
Title: Vice President and General Counsel

/s/ Thomas FitzGerald

Thomas FitzGerald

(solely for the purposes of Section 4 and Section 9 of this Agreement)

/s/ Anthony Menchaca

Anthony Menchaca

(solely for the purposes of Section 4 and Section 9 of this Agreement)

VERDE ENERGY USA, INC.

Section 9 of this Agreement)

(solely for the purposes of Section 4 and

By: /s/Gil Melman

Name: Gil Melman

Title: Vice President and General Counsel

NEITHER THIS NOTE, NOR THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF CENSTAR ENERGY CORP. THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO CENSTAR ENERGY CORP., (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, (C) IN ACCORDANCE WITH RULE 144, RULE 145 OR RULE 144A UNDER THE SECURITIES ACT, IF APPLICABLE, AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS OR (D) IF CENSTAR ENERGY CORP. HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO CENSTAR ENERGY CORP., OR OTHERWISE SATISFIED ITSELF, THAT THE TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE U.S. STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES.

**CENSTAR ENERGY CORP.
PROMISSORY NOTE**

**Issuance Date: January 12, 2018
Houston, Texas**

For value received, CenStar Energy Corp., a New York corporation (“***CenStar***” or the “***Issuer***”), promises to pay to the order of Woden Holdings, LLC (fka Verde Energy USA Holdings, LLC) (the “***Holder***”), the principal sum of **Five Million Nine Hundred Thousand and No/100 US Dollars (\$5,900,000.00)**. This promissory note (this “***Note***”) is being issued pursuant to that certain Agreement to Terminate Earnout Payments, dated as of January 12, 2018 (the “***Earnout Termination Agreement***”) that modifies certain provisions of that certain Membership Interest and Stock Purchase Agreement dated as of May 5, 2017 among Holder, CenStar, and Spark Energy, Inc. (the “***MIPA***”) and is subject to the following terms and conditions. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the MIPA.

1. Interest, Maturity and Default

(a) Interest on this Note shall accrue from the Issuance Date on the unpaid principal balance at a rate equal to nine percent (9%) per annum, with interest payable monthly on the first day of each month in which this Note is outstanding commencing on the first day of the month immediately following the Issuance Date (each a “***Payment Date***”).

(b) Subject to Section 3 of this Note and unless sooner paid, the entire outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on June 30, 2019, *provided, however*, that (1) the principal amount of this Note shall constitute an Indeterminate Loss Amount with respect to the Indemnified Litigation Claims defined in Section 4.6 of the Company Disclosure Schedules, and (2) the principal balance of this Note, together with

all accrued and unpaid interest to the date of such payment, shall be prepaid to Holder at the later of (i) September 1, 2018 and (ii) final resolution or settlement, and payment to Buyer of all Losses related to, the Indemnified Litigation Claims. Payments hereunder are subject to offset as provided in Section 3 of this Note. Any amounts withheld or offset shall not constitute amounts due and owing by Issuer hereunder, and Holder releases all claims hereunder to such amounts as they shall be governed by the terms of the MIPA. The outstanding principal balance hereof shall constitute an Indeterminate Loss Amount and shall be handled pursuant to the indemnification provisions in the MIPA. For the avoidance of doubt, the Parties do not intend interest to continue to accrue on the balance of this Note after June 30, 2019 if such balance legitimately remains unpaid because such balance is an Indeterminate Loss Amount. Any payment received by Holder more than ten (10) days after it is due shall be subject to a late charge of five percent (5%) of the amount due. Whenever any payment to be made hereunder shall be due on a Saturday, Sunday or a date on which banks in the State of Texas are authorized or required to be closed, such payment will be made on the next succeeding business day.

(c) The following events shall constitute an event of default (each an “***Event of Default***”): (i) the execution by Issuer of a general assignment for the benefit of creditors, (ii) the filing by or against Issuer of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver or trustee to take possession of the property or assets of Issuer, or (iv) Issuer’s failure to pay any sum due on this Note and such failure continues for more than five (5) days after receipt of notice by the Issuer; provided however, that no such failure under clause (iv) of this paragraph shall be considered an Event of Default if the Issuer has elected to offset or reduce this Note by such amount in accordance with Section 3, and a good faith dispute exists between the Holder and Issuer regarding the ability of Issuer to make such offset or reduction. After an Event of Default, the interest rate on this Note will be increased to a fixed rate per annum equal to twelve percent (12%).

(d) At the option of Holder, the entire principal balance of this Note and accrued interest thereon shall at once become due and payable without notice or demand upon the occurrence of an Event of Default in clause (iv) of the preceding paragraph, provided that Holder has given Issuer a second notice after the expiration of the five (5) day period described in clause (iv) of the preceding paragraph, and such failure continues for more than five (5) days after receipt of the second notice by the Issuer, and Holder may proceed to exercise any rights it has under this Note or at law, in equity or otherwise. Notwithstanding the preceding sentence, the entire principal balance of this Note shall become due and payable, without any action by the Holder, upon the occurrence of any Event of Default in clause (i), (ii) or (iii) of the preceding paragraph, and Holder may proceed to exercise any rights it has under this Note or at law, in equity or otherwise.

(e) Issuer hereby waives presentment, demand and notice in connection with the delivery, acceptance, performance, default or enforcement of this Note, except as otherwise expressly provided herein.

2. Unsecured Obligation

The indebtedness evidenced by this Note, including principal and interest, is unsecured, but is guaranteed by the Guarantor.

3. Rights to Setoff

The Issuer shall have the option, at its sole discretion, to notify Holder of its election to offset any Losses and Indeterminate Loss Amounts pursuant to Section 2.7(c) and Section 10.9 of the MIPA, against any unpaid principal of, and all accrued and unpaid interest under, this Note on a dollar-for-dollar basis (the “**Setoff Notification**”). If within fifteen (15) days after receiving the Setoff Notification, Holder notifies the Issuer that it will pay all such amounts and tenders payment thereof within such fifteen (15) day period, no such setoff referenced in this Section 3 shall occur. The parties hereby agree that the amount offset shall be applied first to accrued but unpaid interest and the remainder applied to principal of this Note. These rights of offset, shall be exercisable by Issuer consistent with this Section 3 by giving written notice to Holder from time to time specifying the amount being offset and the effective date of such offset. For the avoidance of doubt, the entire principal amount of this Note shall be deemed an “Indeterminate Loss Amount” for as long as any Indemnified Litigation Claim remains outstanding without any requirement of Setoff Notification, provided that, immediately after June 30, 2019, the Parties hereto agree that they will consult with each other to potentially reduce the amount of this Note that constitutes an Indeterminate Loss Amount based on any change in circumstances surrounding the pending Indemnified Litigation Claims; provided that, any decision regarding such adjustment shall be at each Party’s sole discretion.

4. Payment

All payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to CenStar. Payment shall be credited first to the accrued but unpaid interest then due and payable and the remainder applied to principal. Any amounts due in connection with this Note may be prepaid in whole or in part at any time without penalty upon ten (10) days’ advance notice by CenStar to the registered holder of this Note. Any partial prepayment of this Note will be applied against the remaining installments in inverse order of maturity.

5. Representations and Warranties of Holder

Holder hereby makes the representations and warranties set forth on attached Appendix A.

6. Transfer; Successors and Assigns

The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Notwithstanding the foregoing, the Holder may not assign, pledge, or otherwise transfer this Note without the prior written consent of Issuer. Subject to the preceding sentence, this Note may be transferred only upon surrender of the original Note to Issuer for registration of transfer, duly endorsed, or accompanied by a duly executed written

instrument of transfer in form satisfactory to Issuer, and, thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. Upon receipt by Issuer of evidence reasonably satisfactory to it of the loss, theft or destruction, and, in such case, of indemnity or security reasonably satisfactory to it, and upon surrender of this Note if mutilated, Issuer will make and deliver a new Note of like tenor, in lieu of this Note.

7. Governing Law; Consent to Jurisdiction and Jury Trial Waiver.

(a) **Governing Law.** This Note shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, without giving effect to the conflicts of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(b) **Consent to Jurisdiction.** The parties irrevocably submit to the exclusive jurisdiction of the Court of Chancery of the State of Delaware and any state appellate court therefrom within the State of Delaware (or, if under applicable Law exclusive jurisdiction over the applicable matter is vested in the federal courts, any court of the United States located in the State of Delaware) for the purposes of any Proceeding arising out of this Note or the transactions contemplated hereby (and each party agrees that no such Proceeding relating to this Note or the transactions contemplated hereby shall be brought by it except in such courts). The parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any Proceeding arising out of this Note or the transactions contemplated hereby in (i) any state or federal court sitting in the State of Delaware, or (ii) any state appellate court therefrom within the State of Delaware or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the parties hereto also agrees that any final and non-appealable judgment against a party hereto in connection with any Proceeding shall be conclusive and binding on such party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

(c) **JURY TRIAL WAIVER.** EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS NOTE IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS NOTE. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7(C).

8. Notices

Any notice required or permitted by this Note shall be given in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) upon confirmation of receipt by fax by the party to be notified, (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in subsection (d), or (d) three (3) days after deposit with the United States Post Office, postage prepaid, registered or certified with return receipt requested and addressed to the party to be notified at the address of such party indicated directly below, or at such other address as such party may designate by ten (10) days' advance written notice to the other party given in the foregoing manner.

CenStar

12140 Wickchester Lane
Suite 100
Houston, TX 77079
Attn: Chief Executive Officer

With copies to:

Spark Energy, Inc.
12140 Wickchester Lane, Suite 100
Houston, TX 77079
Attention: General Counsel

and

Clint H. Smith
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, LA 70170

Holder

Woden Holdings, LLC (fka Verde Energy USA Holdings, LLC)
777 Preston Street, Apt. 32M
Houston, TX 77002

With copies to:

Stephen J. Geissler, Esq.
Stephen J. Geissler, Esq., LLC
68 Warren Glen
Burlington, CT 06013

and:

William S. Lamb
Baker Botts LLP
30 Rockefeller Plaza
New York, NY 10112

9. Amendments and Waivers

Any term of this Note may be amended only with the written consent of the Issuer and the Holder. Any amendment or waiver effectuated in accordance with this Section 9 shall be binding upon Issuer, Holder and each transferee of this Note.

10. Shareholders, Officers and Directors Not Liable

In no event shall any shareholder, officer or director of CenStar be liable for any amounts due or payable pursuant to this Note.

11.

Action to Collect on Note

Issuer promises to pay, in addition to said principal sum and interest hereby (the "Loan Indebtedness"), all costs of collection including reasonable attorneys' fees incurred by Holder to (1) collect the Loan Indebtedness due hereunder from any party liable for the payment of the Loan Indebtedness whether as maker, endorser, guarantor, surety or otherwise (the "Note Parties") and realize its rights under this Note, (2) enforce, foreclose and realize its rights under this Note, and (3) defend, protect and assert Holder's rights under this Note in connection with any proceeding under any bankruptcy, reorganization, dissolution or liquidation law relating to any of the Note Parties. Said costs, expenses and reasonable attorneys' fees enumerated above shall expressly include but not be limited to those as may be incurred by Holder to collect the Loan Indebtedness due hereunder from any of the Note Parties after judgment in favor of Holder, including those incurred by Holder to foreclose any judgment lien, or to otherwise obtain payment and satisfaction of such judgment from any of the Note Parties. Issuer's obligation to pay such costs and reasonable attorneys' fees of Holder in connection with the protecting, asserting, enforcing or realizing of the rights and remedies above described shall exist whether or not proceedings are instituted or legal appearances made on behalf of Holder.

12.

Severability

If any provision of this Note shall be judicially declared to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of the parties under this Note would not be materially and adversely affected thereby, such provision shall be fully separable, and this Note shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof, and the remaining provisions of this Note shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance therefrom.

[*Signature Page Follows*]

ISSUER:

CENSTAR ENERGY CORP.

By: /s/ Gil Melman

Name: Gil Melman

Title: Vice President and General Counsel

GUARANTOR:

SPARK ENERGY, INC.

By: /s/ Gil Melman

Name: Gil Melman

Title: Vice President and General Counsel

AGREED TO AND ACCEPTED:

HOLDER:

WODEN HOLDINGS, LLC (fka VERDE ENERGY USA HOLDINGS, LLC)

By: /s/ Thomas FitzGerald

Name: Thomas FitzGerald

Title: CEO

APPENDIX A

To Promissory Note

REPRESENTATIONS AND WARRANTIES OF THE HOLDER

The Holder represents and warrants to Issuer as follows:

A. **Investment Intent** . Holder hereby represents and warrants that Holder is acquiring the Note for the Holder's own account, not as nominee or agent, for beneficial interests and investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended (the "***Securities Act***"), or any state securities laws.

B. **Restricted Securities** . The Holder understands that this Note is a "restricted security" under the federal securities laws inasmuch as it is being acquired from Issuer in a transaction not involving a public offering and that under such law and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. The Holder represents that it is familiar with Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

[Signature Page to CenStar Energy Corp.
Promissory Note]

NEITHER THIS NOTE, NOR THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF CENSTAR ENERGY CORP. THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO CENSTAR ENERGY CORP., (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, (C) IN ACCORDANCE WITH RULE 144, RULE 145 OR RULE 144A UNDER THE SECURITIES ACT, IF APPLICABLE, AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS OR (D) IF CENSTAR ENERGY CORP. HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO CENSTAR ENERGY CORP., OR OTHERWISE SATISFIED ITSELF, THAT THE TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE U.S. STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES.

**CENSTAR ENERGY CORP.
AMENDED AND RESTATED PROMISSORY NOTE**

**Original Issuance Date: July 1, 2017, as Amended and Restated as of January 12, 2018
Houston, Texas**

For value received, CenStar Energy Corp., a New York corporation (“***CenStar***” or the “***Issuer***”), promises to pay to the order of Woden Holdings, LLC (fka Verde Energy USA Holdings, LLC) (the “***Holder***”), the principal sum of **Twenty Million and No/100 US Dollars (\$20,000,000.00)**. This amended and restated promissory note (this “***Note***”) amends and restates in its entirety, and is being issued as a replacement to, the Note originally issued pursuant to that certain Membership Interest and Stock Purchase Agreement dated as of May 5, 2017 among Holder, CenStar, and Spark Energy, Inc. (the “***MIPA***”) and is subject to the following terms and conditions. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the MIPA.

1. Interest, Maturity and Default

(a) Interest on this Note shall accrue from the Issuance Date through December 31, 2017 on the unpaid principal balance at a rate equal to five percent (5%) per annum and thereafter at nine percent (9%) per annum, with principal and interest payable monthly on the first day of each month in which this Note is outstanding commencing on the first day of the month immediately following the Issuance Date (each a “***Payment Date***”) in accordance with the amortization schedule set forth on Appendix A hereto, *provided, however*, that (1) an amount shall be withheld from each payment and deposited into the Escrow Account with the Escrow Agent in accordance with the amortization schedule set forth on Appendix A hereto, which amounts so withheld are subject to adjustment pursuant to Section 2.7(d) of the MIPA, and (2) the payments shown on the amortization schedule

are subject to offset as provided in Section 3 of this Note. The foregoing amounts, once withheld or offset, shall not constitute amounts due and owing by Issuer hereunder, and Holder releases all claims hereunder to such amounts as they shall be governed by the terms of the MIPA and the Escrow Agreement. Holder shall not be entitled to demand that the authorized withholdings or offsets under this Section 1(a) be amended or terminated. Any payment received by Holder more than ten (10) days after it is due shall be subject to a late charge of five percent (5%) of the amount due. Subject to Section 3 of this Note and unless sooner paid, the entire outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on the 18-month anniversary of the Issuance Date. Whenever any payment to be made hereunder shall be due on a Saturday, Sunday or a date on which banks in the State of Texas are authorized or required to be closed, such payment will be made on the next succeeding business day.

(b) The following events shall constitute an event of default (each an “*Event of Default*”): (i) the execution by Issuer of a general assignment for the benefit of creditors, (ii) the filing by or against Issuer of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver or trustee to take possession of the property or assets of Issuer, or (iv) Issuer’s failure to pay any sum due on this Note and such failure continues for more than five (5) days after receipt of notice by the Issuer; provided however, that no such failure under clause (iv) of this paragraph shall be considered an Event of Default if the Issuer has elected to offset or reduce this Note by such amount in accordance with Section 3, and a good faith dispute exists between the Holder and Issuer regarding the ability of Issuer to make such offset or reduction. After an Event of Default, the interest rate on this Note will be increased to a fixed rate per annum equal to twelve percent (12%).

(c) At the option of Holder, the entire principal balance of this Note and accrued interest thereon shall at once become due and payable without notice or demand upon the occurrence of an Event of Default in clause (iv) of the preceding paragraph, provided that Holder has given Issuer a second notice after the expiration of the five (5) day period described in clause (iv) of the preceding paragraph, and such failure continues for more than five (5) days after receipt of the second notice by the Issuer, and Holder may proceed to exercise any rights it has under this Note or at law, in equity or otherwise. Notwithstanding the preceding sentence, the entire principal balance of this Note shall become due and payable, without any action by the Holder, upon the occurrence of any Event of Default in clause (i), (ii) or (iii) of the preceding paragraph, and Holder may proceed to exercise any rights it has under this Note or at law, in equity or otherwise.

(d) Issuer hereby waives presentment, demand and notice in connection with the delivery, acceptance, performance, default or enforcement of this Note, except as otherwise expressly provided herein.

2. Unsecured Obligation

The indebtedness evidenced by this Note, including principal and interest, is unsecured, but is guaranteed by the Guarantor.

3. Rights to Setoff

The Issuer shall have the option, at its sole discretion, to notify Holder of its election to offset any Final Deficiency pursuant to Section 2.5(e) of the MIPA, and Losses and Indeterminate Loss Amounts pursuant to Section 2.7(c) and Section 10.9 of the MIPA, against any unpaid principal of, and all accrued and unpaid interest under, this Note on a dollar-for-dollar basis (the “**Setoff Notification**”). If within fifteen (15) days after receiving the Setoff Notification, Holder notifies the Issuer that it will pay all such amounts and tenders payment thereof within such fifteen (15) day period, no such setoff referenced in this Section 3 shall occur. The parties hereby agree that the amount offset shall be applied first to accrued but unpaid interest and the remainder applied to principal of this Note. These rights of offset shall be exercisable by Issuer consistent with this Section 3 by giving written notice to Holder from time to time specifying the amount being offset and the effective date of such offset.

4. Payment

All payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to CenStar. Payment shall be credited first to the accrued but unpaid interest then due and payable and the remainder applied to principal. Any amounts due in connection with this Note may be prepaid in whole or in part at any time without penalty upon ten (10) days’ advance notice by CenStar to the registered holder of this Note. Any partial prepayment of this Note will be applied against the remaining installments in inverse order of maturity.

5. Representations and Warranties of Holder

Holder hereby makes the representations and warranties set forth on attached Appendix B.

6. Transfer; Successors and Assigns

The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Notwithstanding the foregoing, the Holder may not assign, pledge, or otherwise transfer this Note without the prior written consent of Issuer. Subject to the preceding sentence, this Note may be transferred only upon surrender of the original Note to Issuer for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to Issuer, and, thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. Upon receipt by Issuer of evidence reasonably satisfactory to it of the loss, theft or destruction, and, in such case, of indemnity or security reasonably satisfactory to it, and upon surrender of this Note if mutilated, Issuer will make and deliver a new Note of like tenor, in lieu of this Note.

7. Governing Law; Consent to Jurisdiction and Jury Trial Waiver.

(a) **Governing Law.** This Note shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, without giving effect to the conflicts of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(b) **Consent to Jurisdiction.** The parties irrevocably submit to the exclusive jurisdiction of the Court of Chancery of the State of Delaware and any state appellate court therefrom within the State of Delaware (or, if under applicable Law exclusive jurisdiction over the applicable matter is vested in the federal courts, any court of the United States located in the State of Delaware) for the purposes of any Proceeding arising out of this Note or the transactions contemplated hereby (and each party agrees that no such Proceeding relating to this Note or the transactions contemplated hereby shall be brought by it except in such courts). The parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any Proceeding arising out of this Note or the transactions contemplated hereby in (i) any state or federal court sitting in the State of Delaware, or (ii) any state appellate court therefrom within the State of Delaware or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the parties hereto also agrees that any final and non-appealable judgment against a party hereto in connection with any Proceeding shall be conclusive and binding on such party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

(c) **JURY TRIAL WAIVER.** EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS NOTE IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS NOTE. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7(C).

8. Notices

Any notice required or permitted by this Note shall be given in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) upon confirmation of receipt by fax by the party to be notified, (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in subsection (d), or (d) three (3) days after deposit with the United States Post Office, postage prepaid, registered or certified

with return receipt requested and addressed to the party to be notified at the address of such party indicated directly below, or at such other address as such party may designate by ten (10) days' advance written notice to the other party given in the foregoing manner.

CenStar

12140 Wickchester Lane
Suite 100
Houston, TX 77079
Attn: Chief Executive Officer

With copies to:

Spark Energy, Inc.
12140 Wickchester Lane, Suite 100
Houston, TX 77079
Attention: General Counsel

and

Clint H. Smith
Fishman Haygood, LLP
201 St. Charles Avenue, Suite 4600
New Orleans, LA 70170

Holder

Woden Holdings, LLC (fka Verde Energy USA Holdings, LLC)
777 Preston Street, Apt. 32M
Houston, TX 77002

With copies to:

Stephen J. Geissler, Esq.
Stephen J. Geissler, Esq., LLC
68 Warren Glen
Burlington, CT 06013

and:

William S. Lamb
Baker Botts LLP
30 Rockefeller Plaza
New York, NY 10112

9. Amendments and Waivers

Any term of this Note may be amended only with the written consent of the Issuer and the Holder. Any amendment or waiver effectuated in accordance with this Section 9 shall be binding upon Issuer, Holder and each transferee of this Note.

10. Shareholders, Officers and Directors Not Liable

In no event shall any shareholder, officer or director of CenStar be liable for any amounts due or payable pursuant to this Note.

11. Action to Collect on Note

Issuer promises to pay, in addition to said principal sum and interest hereby (the "Loan Indebtedness"), all costs of collection including reasonable attorneys' fees incurred by Holder to (1) collect the Loan Indebtedness due hereunder from any party liable for the payment of the Loan Indebtedness whether as maker, endorser, guarantor, surety or otherwise (the "Note Parties") and realize its rights under this Note, (2) enforce, foreclose and realize its rights under this Note, and (3) defend, protect and assert Holder's rights under this Note in connection with any proceeding under any bankruptcy, reorganization, dissolution or liquidation law relating to any of the Note Parties. Said costs, expenses and reasonable attorneys' fees enumerated above shall expressly

include but not be limited to those as may be incurred by Holder to collect the Loan Indebtedness due hereunder from any of the Note Parties after judgment in favor of Holder, including those incurred by Holder to foreclose any judgment lien, or to otherwise obtain payment and satisfaction of such judgment from any of the Note Parties. Issuer's obligation to pay such costs and reasonable attorneys' fees of Holder in connection with the protecting, asserting, enforcing or realizing of the rights and remedies above described shall exist whether or not proceedings are instituted or legal appearances made on behalf of Holder.

12. Severability

If any provision of this Note shall be judicially declared to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of the parties under this Note would not be materially and adversely affected thereby, such provision shall be fully separable, and this Note shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof, and the remaining provisions of this Note shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance therefrom.

[Signature Page Follows]

ISSUER:

CENSTAR ENERGY CORP.

By: /s/ Gil Melman
Name: Gil Melman
Title: Vice President and General Counsel

GUARANTOR:

SPARK ENERGY, INC.

By: /s/ Gil Melman
Name: Gil Melman
Title: Vice President and General Counsel

AGREED TO AND ACCEPTED:

HOLDER:

WODEN HOLDINGS, LLC (fka VERDE ENERGY USA HOLDINGS, LLC)

By: /s/ Thomas FitzGerald
Name: Thomas FitzGerald
Title: CEO

APPENDIX A
Amortization Schedule

<u>Month</u>		<u>Gross Payment</u>	<u>Escrow</u>	<u>Net to Seller</u>
1	\$	1,155,610.69 \$	388,888.89 \$	766,721.80
2	\$	1,155,610.69 \$	388,888.89 \$	766,721.80
3	\$	1,155,610.69 \$	388,888.89 \$	766,721.80
4	\$	1,155,610.69 \$	388,888.89 \$	766,721.80
5	\$	1,155,610.69 \$	388,888.89 \$	766,721.80
6	\$	1,155,610.69 \$	388,888.89 \$	766,721.80
7	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
8	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
9	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
10	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
11	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
12	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
13	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
14	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
15	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
16	\$	1,180,502.68 \$	488,888.89 \$	691,613.79
17	\$	1,180,502.68 \$	388,888.89 \$	791,613.79
18	\$	<u>1,180,502.68 \$</u>	<u>388,888.87 \$</u>	<u>791,613.81</u>
	\$	21,099,696.30 \$	8,000,000.00 \$	13,099,696.30

APPENDIX B
To Promissory Note

REPRESENTATIONS AND WARRANTIES OF THE HOLDER

The Holder represents and warrants to Issuer as follows:

A. **Investment Intent** . Holder hereby represents and warrants that Holder is acquiring the Note for the Holder's own account, not as nominee or agent, for beneficial interests and investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended (the "***Securities Act***"), or any state securities laws.

B. **Restricted Securities** . The Holder understands that this Note is a "restricted security" under the federal securities laws inasmuch as it is being acquired from Issuer in a transaction not involving a public offering and that under such law and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. The Holder represents that it is familiar with Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

Spark Energy, Inc. Announces Buyout of Verde Earnout Obligations

Buyout Allows Spark to Accelerate Integration of Most Recent Acquisition

HOUSTON, January 15, 2018 (GLOBE NEWSWIRE) -- Spark Energy, Inc. ("Spark" or the "Company") (NASDAQ: SPKE), an independent retail energy services company, announced today that the Company and Verde Energy USA Holdings, LLC ("Verde") have agreed to terminate the earnout provisions of the purchase and sale transaction in which Spark acquired Verde's operating subsidiaries in July 2017.

Pursuant to the Membership Interest and Stock Purchase Agreement ("MIPA") entered into between the Company, its subsidiary, and Verde on May 5, 2017, the Company was obligated to pay 100% of the Adjusted EBITDA earned by the Verde Companies for the 18 months following closing that exceeds certain thresholds, subject to the Verde Companies' ability to achieve defined customer count criteria. In connection with such obligations, Verde's existing management continued to operate the business as a separate entity during the earnout period. The buyout transaction provides for a lump sum payment of approximately \$6.0 million in June 2019 in substitution of the existing earnout obligations. With the buyout of the earnout provision, Spark management will assume complete control over Verde's operations, effective immediately.

"The early buyout of the Verde earnout gives us the opportunity to begin immediate improvement in our bottom line results," said Nathan Kroeker, Spark Energy's President and Chief Executive Officer. "As I mentioned on our last earnings call, one of our near-term strategic priorities is to maximize process efficiencies and synergies through the integration of recent acquisitions. By ending the Verde earnout almost a year early, we are able to accelerate and realize synergies of the acquisition that should increase our Adjusted EBITDA performance in future periods."

About Spark Energy, Inc.

Spark Energy, Inc. is an established and growing independent retail energy services company founded in 1999 that provides residential and commercial customers in competitive markets across the United States with an alternative choice for their natural gas and electricity. Headquartered in Houston, Texas, Spark currently operates in 19 states and serves 94 utility territories. Spark offers its customers a variety of product and service choices, including stable and predictable energy costs and green product alternatives.

We use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Investors should note that new materials, including press releases, updated investor presentations, and financial and other filings with the Securities and Exchange Commission are posted on the Spark Energy Investor Relations website at ir.sparkenergy.com. Investors are urged to monitor our website regularly for information and updates about the Company.

Cautionary Note Regarding Forward-Looking Statements

This press release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology including "may," "should," "likely," "will," "believe," "expect," "anticipate," "estimate," "continue," "plan," "intend," "project," or other similar words. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurance that such expectations will prove correct. However, a variety of factors could cause actual results to differ materially from those projected in the forward-looking statements, including (i) restrictions in our debt agreements and collateral requirements, (ii) our ability to borrow funds and access credit markets, (iii) our level of indebtedness, (iv) our ability to successfully and efficiently integrate acquisitions into our operations, (iv) federal, state and local regulation, including the industry's ability to prevail on its challenge to the New York Public Service Commission's orders enacting new regulations that seek to impose significant new restrictions on retail energy providers operating in New York, (v) other business risks affecting our liquidity and results of operations. Additional important risk factors that could cause actual results to differ materially from expectations are disclosed in Item 1A of Spark's Form 10-K for the year ended December 31, 2016 and subsequent Form 10-Qs and other reports filed with the SEC. While Spark makes these statements and projections in good faith, neither Spark nor its management or affiliates can guarantee that anticipated future results will be achieved. Spark assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by Spark, whether as a result of new

information, future events, or otherwise.

Contact: Spark Energy, Inc.

Investors:

Christian Hettick, 832-200-3727

Media:

Eric Melchor, 281-833-4151