SPARK ENERGY, INC.

FORM S-1/A
(Securities Registration Statement)

Filed 06/30/14

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CIK	0001606268
Symbol	SPKE
SIC Code	4931 - Electric and Other Services Combined
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

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As filed with the Securities and Exchange Commission on June 27, 2014

Registration No. 333-196375

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

Amendment No. 1
to
Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Spark Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware	4931	46-5453215
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

2105 CityWest Blvd., Suite 100
Houston, Texas 77042
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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713-600-2600
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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 27, 2014

PRELIMINARY PROSPECTUS

Shares

SPARK ENERGY, INC.

CLASS A COMMON STOCK

This is the initial public offering of our Class A common stock, par value $0.01 per share. We are selling shares of Class A common stock in this offering.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price of the Class A common stock is expected to be between $ and $ per share. We have applied to list our Class A common stock on the NASDAQ Global Market under the symbol "SPKE."

We have granted the underwriters an option to purchase from us up to additional shares of Class A common stock.

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012, and as such, we have elected to take advantage of certain reduced public company reporting requirements for this prospectus and future filings. See "Risk Factors" and "Prospectus Summary—Emerging Growth Company Status."

The initial public offering price of our Class A common stock may not be indicative of the market price of our Class A common stock after this offering. In addition, an active, liquid and orderly trading market for our Class A common stock may not develop or be maintained, and our stock price may be volatile. See "Risk Factors."

Investing in our Class A common stock involves risks. See " Risk Factors " on page 25.

	Per Class A Share	Total
Price to Public	$	$
Underwriting Discounts and Commissions (1)	$	$
Proceeds to Spark Energy, Inc. (2)	$	$

(1) Includes a structuring fee equal to 0.50% of the gross proceeds of this offering payable to Robert W. Baird & Co. Incorporated and Stifel, Nicolaus & Company, Incorporated. Please read "Underwriting."

(2) None of the net proceeds from this offering will be retained by Spark Energy, Inc. Please see "Use of Proceeds."

Delivery of the shares of Class A common stock will be made on or about , 2014.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Baird | Stifel

Janney Montgomery Scott | Wunderlich Securities

BB&T Capital Markets | J.J.B. Hilliard, W.L. Lyons, LLC | U.S. Capital Advisors

SOCIETE GENERALE | Natixis | RB International Markets

, 2014.


ESTABLISHED AND GROWING INDEPENDENT RETAIL
ENERGY SERVICES COMPANY WITH NATIONAL SCALE
ACTIVE IN
16 STATES AND
46 SERVICE TERRITORIES
ELECTRICITY & GAS
ELECTRICITY
GAS

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on our behalf or to the information which we have referred you. Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus and any free writing prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters

are not, making an offer to sell shares of Class A common stock in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of any sale of the Class A common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

Through and including (the 25th day after the date of this prospectus), all dealers effecting transactions in our shares, whether or not participating in this offering, may be required to deliver a prospectus. This requirement is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Industry and Market Data

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications and other published independent sources. Some data is also based on our good faith estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications.

Trademarks and Trade Names

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully before making an investment decision, including the information under the headings "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical and pro forma combined financial statements and the related notes thereto appearing elsewhere in this prospectus. The information presented in this prospectus assumes (i) an initial public offering price of $ per share of Class A common stock (the midpoint of the price range set forth on the cover of this prospectus) and (ii) unless otherwise indicated, that the underwriters do not exercise their option to purchase additional shares of Class A common stock.

In this prospectus, unless the context otherwise requires, the terms "Spark Energy," "the Company," "we," "us" and "our" refer collectively to (i) the combined business and assets of the retail natural gas business and asset optimization activities of Spark Energy Gas, LLC ("SEG") and the retail electricity business of Spark Energy, LLC ("SE") before the completion of our corporate reorganization in connection with this offering and (ii) Spark Energy, Inc. and its subsidiaries as of the completion of our corporate reorganization and thereafter. See "Corporate Reorganization." References to "Spark Energy Ventures" refer to Spark Energy Ventures, LLC, which owned SEG and SE prior to the transactions we implemented as part of our corporate reorganization. References to NuDevco refer collectively to NuDevco Retail Holdings, LLC ("NuDevco Retail Holdings") and its wholly owned subsidiary, NuDevco Retail, LLC ("NuDevco Retail"), the interim owners of SE and SEG during the corporate reorganization and the owners of the Class B common stock and the related Spark HoldCo units following this offering. References to "Spark HoldCo" refer to Spark HoldCo, LLC, our subsidiary and the direct parent of SEG and SE at the completion of the corporate reorganization. Spark Energy Ventures, NuDevco, SEG and SE have historically been under common control. We have provided a glossary of certain retail energy industry terms used in this prospectus as Appendix A.

Business Overview

We are a 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. We purchase our natural gas and electricity supply from a variety of wholesale providers and bill our customers monthly for the delivery of natural gas and electricity based on their consumption at either a fixed or variable price. Natural gas and electricity are then distributed to our customers by local regulated utility companies through their existing infrastructure.

As of May 31, 2014, we operated in 46 utility service territories across 16 states and had approximately 237,600 residential customers and 17,800 commercial customers, which translates to over 392,500 residential customer equivalents ("RCEs"). An RCE is an industry standard measure of natural gas or electricity usage with each RCE representing annual consumption of 100 MMbtu of natural gas or 10 MWh of electricity. We added over 44,800 customers, net of attrition, during the first five months of 2014. For the year ended December 31, 2013, approximately 60% of our retail revenues were derived from the sale of electricity, and the remainder were derived from the sale of natural gas.

We believe our business model is scalable, and our objective is to maximize profitability while proactively managing the risks inherent in our business. To achieve this objective, we actively manage our customer base to allocate retail energy sales between natural gas and electricity based on existing or developing market dynamics. In addition, the diversity in our customer base across geography, commodity and product offerings allows us to mitigate risk and react to changes in the retail energy environment so that we can quickly shift our focus and

redirect our customer acquisition plan towards more profitable opportunities, resulting in enhanced cash-flow stability.

We believe that our management team has developed an effective proprietary customer acquisition and retention model. We identify and acquire customers on a cost-effective basis through a variety of sales channels, including door-to-door vendors, outbound telephone marketing vendors, our inbound customer care call center and online marketing. We also use email, direct mail, affinity programs, direct sales, brokers and consultants. Our marketing team continuously evaluates the effectiveness of each customer acquisition channel and makes adjustments in order to achieve our targeted growth and returns. We strive to attract new customers with competitive product offerings that are tailored to particular customer demographics. Once a customer is acquired, we apply a proprietary evaluation and segmentation process to optimize value both to us and the customer. We analyze historical usage, attrition rates and consumer behaviors to specifically tailor competitive products that aim to maximize the total expected return from energy sales to a specific customer, which we refer to as customer lifetime value.

We actively manage the commodity price risk inherent in our business. Our commodity risk management strategy is designed to hedge substantially all of our forecasted natural gas and electricity volumes on our fixed-price customer contracts as well as a portion of the near-term volumes on our variable-price customer contracts. Our in-house energy supply team, which is comprised of 18 experienced energy supply chain professionals, manages our commodity risk by monitoring market activity and engaging in commodities transactions that are designed to hedge, to the extent practicable, our commodity price exposure at any given time. The efficacy of our risk management program may be adversely impacted by unanticipated events and costs that we are not able to effectively hedge, including abnormal customer attrition and consumption, certain variable costs associated with electricity grid reliability, pricing differences in the local markets for local delivery of commodities, unanticipated events that impact supply and demand, such as extreme weather, and abrupt changes in the markets for, or availability or cost of, financial instruments that help to hedge commodity price. To mitigate these limitations, our in-house energy supply team uses historical attrition models to estimate customer attrition and proprietary weather services to estimate forecasted volumes. We seek to further mitigate the risk of extreme seasonal volume fluctuation by purchasing in advance additional supply for those periods with the highest potential for volatility.

Our in-house energy supply team also identifies wholesale natural gas arbitrage opportunities in conjunction with our retail procurement and hedging activities, which we refer to as asset optimization. These opportunities can include (i) optimizing the unused portion of storage and transportation assets allocated to us by the local regulated utility to support our retail load; (ii) capturing physical arbitrage opportunities using short or long-term transportation capacity; and (iii) maximizing our credit capacity by purchasing gas from affiliates and third parties and selling it at the same location to counterparties for whom we normally purchase retail supply. For additional detail regarding our asset optimization activities, please see “Business—Our Operations—Asset Optimization.”

We actively manage our customer credit risk through a variety of strategies. In many of the utility services territories where we conduct business, the local regulated utility offers services for billing the customer, collecting payment from the customer and remitting payment to us. This service results in substantially all of our credit risk being linked to the applicable utility and not to our end-use customer in these territories. For the year ended December 31, 2013, approximately 47% of our retail revenues were derived from territories in which substantially all of our credit risk was directly linked to local regulated utility companies, all of which had investment grade ratings as of such date. During the same period, we paid these local regulated utilities a weighted average discount of less than 1.0% of total revenues for customer credit risk. In markets where the local regulated utilities are not responsible for customer credit risk, we attempt to manage this risk through formal credit review, in the case of commercial customers, and credit screening, deposits and, in some markets, disconnection for non-payment, in the case of residential customers.

We generated net income of $31.4 million and $26.1 million and Adjusted EBITDA of $33.5 million and $40.7 million for the years ended December 31, 2013 and 2012, respectively. For a definition of Adjusted EBITDA and a reconciliation to its most directly comparable financial measures calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures." Please also see "Selected Historical and Unaudited Pro Forma Combined Financial and Operating Data."

We intend to pay a cash dividend each quarter to holders of our Class A common stock to the extent we have cash available for distribution to do so. Our targeted quarterly dividend will be $ per share of Class A common stock, or $ per share on an annualized basis, which amount may be raised or lowered in the future without advance notice. Please see "Cash Dividend Policy."

Business Strategies

Our principal business objectives are to maintain stable cash flows and to grow our business by adding customers and optimizing our existing customer base. We expect to achieve these objectives by executing the following strategies:

- *Continued focus on operational diversification, gross margin optimization and customer lifetime value* . We plan to continue to focus our efforts on diversification of our customer base and optimization of gross margin and customer lifetime value in order to maintain stable cash flows. Maintaining diversity in our customer base across geography, commodity and product offerings allows us to mitigate risk, quickly react to changes in the retail energy environment and redirect our customer portfolio towards more profitable and customer value-enhancing opportunities.
- *Pursue growth opportunities in our existing retail energy markets* . We added over 44,800 customers, net of attrition, during the first five months of 2014. We plan to continue to grow our retail energy customer base within our existing markets using the full range of marketing resources available to us. We will continue to adjust our marketing model based on our estimations of cost, customer quality and market opportunities.
- *Expansion into additional competitive markets that present attractive opportunities.* Over the past three years, we have entered five new utility service territories and, as of May 31, 2014, we are active in 46 utility service territories across 16 states. To complement our growth in our existing markets, we will selectively expand into new competitive states and utility service territories that we believe present an attractive mix of supply, supportive regulatory environments, potential customers and attractive customer value propositions.
- *Focus on creating innovative products.* We will continue creating innovative and competitive product offerings that are responsive to changing market dynamics and customer demand. Our flexible business model enables us to respond quickly to changing market dynamics and customer needs, enhancing the profitability of our business. For example, we recently launched a successful, green, flat-rate natural gas product in certain of our markets that provides the customer with price security while preserving the environment as we retire carbon offsets on the customer's behalf.
- *Expanding our green energy business.* We are actively developing and offering green products that allow our customers to choose environmentally conscious options rather than the traditional energy supply offered by their local utility. Green energy products are a growing market opportunity and typically provide increased unit margins as a result of less competition. We currently offer renewable electricity in all of our electricity markets and carbon neutral natural gas in several of our gas markets.

- *Pursue prudent risk management policies.* We have implemented stringent corporate risk policies and procedures relating to the purchase and sale of natural gas and electricity, credit and collection functions and general risk management. Our management believes that our risk management policies enable us to operate with a low risk profile and achieve stable operating results.
- *Pursue opportunistic strategic acquisitions.* We intend to pursue growth through strategic acquisitions of other retail energy providers, their customer bases or other complementary businesses. Given the current fragmented landscape in the retail energy industry, we believe that significant opportunities for consolidation will arise, and we intend to review and opportunistically pursue acquisitions that present opportunities for long-term accretion to our business.

Competitive Strengths

We believe we can successfully execute our business strategies because of the following competitive strengths:

- *Diversification across customer base, commodity and product offerings.* Our diversified business model allows us to mitigate risk, quickly react to changes in the retail energy environment and redirect our customer portfolio towards more profitable opportunities in order to enhance cash flow stability and grow our business. Specifically, we believe that the diversity in our business provides the following benefits as they relate to geography and commodity and product offerings:
  - *Diverse geographic operations* . Our geographic diversity in 46 utility service territories across 16 states as of May 31, 2014 reduces our dependence on any one particular market for growth or profitability. Also, we believe that the combination of this broad footprint and flexible business model enables us to quickly react to market opportunities in a particular area by accelerating customer acquisition efforts and leveraging existing market knowledge to quickly enter into new markets as opportunities arise. We believe that our geographic diversity also provides the following additional benefits:
    - reduced risk of material impact from a regulatory change in a single jurisdiction;
    - reduced risk of material impact from extreme regional weather patterns;
    - reduced concentration of delivery risk associated with daily balancing gas markets;
    - reduced concentration of supply price risk in any particular electricity market; and
    - the ability to leverage natural gas storage and transportation assets in one market against supply requirements in another market.
  - *Diverse product and commodity offerings.* By offering a range of products, we are able to attract customers across a breadth of segments. Our portfolio of product offerings includes a variety of commodities (natural gas and electricity), contract types (variable-price month-to-month or up to 36-month fixed-price) and product features (green energy, price certainty and cost savings). Our ability to provide customers with multiple options differentiates us from other independent retail energy services companies.
- *Our effective customer acquisition and retention model enables us to optimize customer lifetime value.* We believe that our management team has developed an effective proprietary customer acquisition and retention model that allows us to cost-effectively identify and acquire customers through a variety of marketing and sales channels and quickly make necessary adjustments in order to optimize the value of those customers. We attract new customers with competitive product offerings that are tailored to particular customer demographics. Once we acquire a customer, we analyze historical usage, attrition rates and consumer behaviors to specifically tailor competitive products intended to maximize overall customer lifetime value.

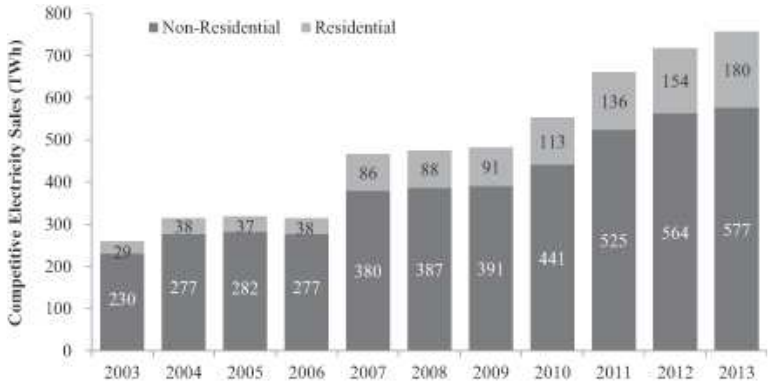
- *Our in-house energy supply team enables us to optimize margin by lowering our energy supply costs.* Our in-house energy supply team attempts to achieve lower energy supply costs through effective hedging strategies that leverage long-term relationships with numerous creditworthy suppliers. In addition, having an in-house team allows us to optimize our retail allocated storage and transportation assets in order to further reduce our cost of supply. Our in-house energy supply team also seeks to increase margin by identifying wholesale natural gas arbitrage opportunities in conjunction with our retail procurement and hedging activities.
- *Adaptable and scalable business model.* Our flexible business model enables us to adapt quickly to market changes and capitalize on opportunities. For instance, if a particular market imposes costly regulatory burdens that would affect our profitability, we can immediately begin shifting resources into other markets so that our customer acquisition expenditures are spent on higher margin opportunities. Our business model is also designed to integrate both organic growth and strategic acquisitions efficiently. We are currently implementing an outsourced, hosted billing and transaction platform that aims to address all of our back office functions consistently across all markets. We expect the implementation to be completed by the end of 2014. We believe these enhancements will improve the scalability of our back office processes and should also allow us to add new customers organically or through strategic acquisitions. It will also allow us to quickly integrate a wider variety of product offerings within our existing portfolio. Given our flexibility, we believe that we can move quickly and bring customers and products into our system more cost-effectively than our competitors.
- *Conservative balance sheet.* Following the consummation of this offering, we expect to have approximately $10.0 million of indebtedness outstanding under our new $70.0 million revolving credit facility, as well as approximately $15.0 million outstanding in letters of credit. We believe our liquidity will provide us with the financial flexibility to quickly and opportunistically take advantage of market entry and strategic acquisition opportunities.
- *Experienced management team.* Each member of our executive management team has over a decade of senior management experience in core aspects of the retail energy business, including energy risk management, retail energy marketing, public company management and mergers and acquisitions. Our Chief Executive Officer, Nathan Kroeker, has over 10 years of senior management experience in the retail energy industry, including four years with Spark Energy, and our Chief Operating Officer, Allison Wall, has 15 years of experience in operations, IT, customer care and marketing for several retail energy businesses. Our Chief Financial Officer, Georganne Hodges, has 11 years of experience in senior finance roles in the retail energy industry.

Retail Energy Market Overview

Until the 1980s, generation, distribution, sales, marketing and supply of natural gas and electricity in the United States was largely conducted by local, publicly-funded companies that had no competition in their respective markets. In the 1980s and 1990s, state legislatures began passing laws designed to create competitive retail sales and supply in the natural gas markets, and the competitive restructuring of electricity markets in the United States followed approximately a decade later. According to the Retail Energy Advisory Outlook Report produced by KEMA, Inc. (a subsidiary within the DNV GL Group, hereinafter "DNV GL"), excerpts from which are included below, electricity sales in competitive markets have increased from 259 TWh in 2003 to 757 TWh in 2013, representing an 11.3% compounded annual growth rate ("CAGR") over the last decade.

The graph below from DNV GL highlights the increase in electricity sales in competitive markets in the United States from 2003 through 2013.

U.S. Competitive Electricity Sales Market Size (2003-2013)



Source: DNV GL Q4 2013 Retail Energy Outlook

As of December 31, 2013, 20 states and the District of Columbia allow some form of customer choice for electricity supply (according to DNV GL) and 21 states and the District of Columbia have passed legislation or adopted programs that allow customers to purchase natural gas from retail energy companies other than the local regulated utility (according to the U.S. Energy Information Administration, or EIA). In states and service territories where retail competition is allowed, customers may choose from licensed providers of the energy commodity. The competition among retail energy suppliers provides a variety of service plans that give residential and commercial consumers flexibility in their energy purchases. The availability and characteristics of product offerings by retail energy companies vary widely. For a map detailing the states in which Spark provides either or both of retail natural gas and electricity, please see the inside front cover page of this prospectus.

Energy retailers typically provide customers with a variety of fixed-price and variable-price service options for varying periods of time. In general, large commercial and industrial customers are serviced by more complex, structured energy supply contracts with terms of up to five years. By contrast, residential and small commercial customers are typically serviced by short-term, month-to-month variable-price contracts or fixed-term, fixed-price contracts with terms of up to three years. Some energy retailers focus on only one customer segment (*e.g.* , residential), while others focus on the full spectrum of customers. Energy retailers can sell both natural gas and electricity to the same customers in states that allow retail competition in both markets and where they are licensed to sell both products.

Unlike local regulated utility companies whose rates are regulated and approved by the state public utility commissions, or PUCs, energy retailers' rates for retail natural gas and electricity supply in restructured markets are determined by a variety of factors, including, but not limited to, wholesale commodity costs, transportation and storage costs, charges by the independent system operator ("ISO"), individual customer consumption profiles, competitive forces, applicable rules and regulations and the business objectives of market participants.

Retail Energy Market Opportunities

Low Focus of Competitors on Natural Gas

We believe that the retail energy industry has historically concentrated its efforts on the electricity side of the business with relatively less capital investment and market research being devoted to the development of retail natural gas businesses. As of December 31, 2013, only 11.2% of the eligible residential natural gas customers (according to the EIA) in the states where we operate were served by an energy retailer other than the local regulated utility. We believe this presents market entry opportunities that we intend to capitalize on by focusing our marketing and sales channels efforts on increasing our natural gas customer base in markets where we believe such efforts will increase the profitability of our business.

Low Penetration

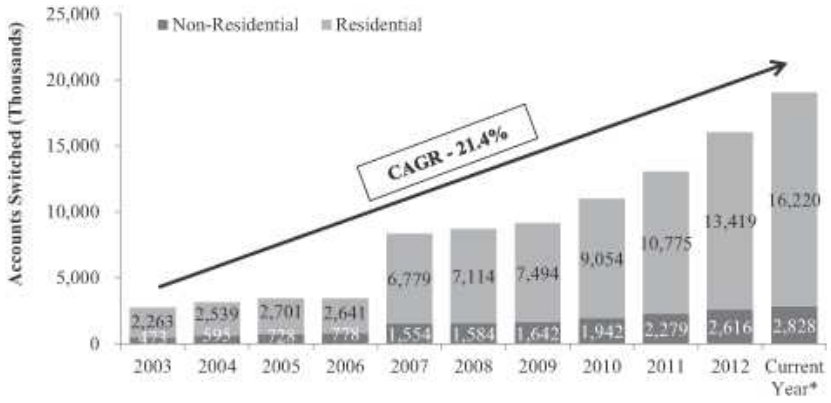
In most competitive energy markets, the majority of residential and commercial customers have not switched to a retail energy company and continue to be served by the local regulated utility. As of December 31, 2013, only 11.2% of the eligible residential natural gas customers (according to the EIA) and only 32.9% of the eligible residential electricity customers (according to DNV GL) in the states where we operate were served by an energy retailer other than the local regulated utility or its retail affiliate. Management believes these underserved residential markets provide an opportunity for further penetration over the foreseeable future as more customers become aware of their option to choose an energy retailer other than the local regulated utility.

Customer Growth

Notwithstanding the low current penetration rates of energy retailers compared to local regulated utilities, according to the EIA, over the last decade, residential natural gas accounts served by competitive energy retailers have grown from approximately 3.8 million to approximately 6.6 million (5.6% CAGR) and non-residential natural gas accounts have grown from approximately 433,944 to approximately 837,365 (4.8% CAGR). According to DNV GL, over the last decade, residential electricity accounts served by competitive electricity suppliers have grown from approximately 2.3 million to approximately 16.2 million (21.8% CAGR) and non-residential electricity accounts have grown from approximately 473,000 to approximately 2.8 million (19.6% CAGR).

According to DNV GL, licensing activity for mass market retail electric suppliers over the last year across all competitive energy markets continues to maintain a substantial pace. Customer growth and licensing activity is projected to continue experiencing growth, fueled by increased consumer awareness, changing utility prices and product innovation, as well as a favorable regulatory policy environment. As a result, management believes there is a significant opportunity for competitive retailers to gain market share by offering consumers innovative product options, excellent customer service and serving as a competitive choice for their energy supply.

Electricity Accounts Switched by a Competitive Supplier



* Current year is as of November 30, 2013, which is the most recent publicly available data.

Source: DNV GL Q4 2013 Retail Energy Outlook

Fragmentation and Consolidation

We believe that favorable market conditions, including lower natural gas and electricity prices and low residential customer penetration, have led to an increase in the number of energy retailers in the United States. The vast majority of these new entrants are small regional energy retailers, which often experience rapid customer growth but have not historically had reliable access to capital or economies of scale to support this growth over the longer term or react to changing commodity price environments. According to DNV GL, 65 residential electricity retailers were active as of June 2013, approximately 77% (50) of which had fewer than 300,000 electricity customers, and approximately 55% (36) of which had fewer than 100,000 electricity customers.

According to DNV GL, market consolidation among the large number of competitive electricity retailers continues at a growing pace. Twenty-two acquisitions of electricity retailers, some of which also provide natural gas, and similar types of ownership transfers were completed from January 1, 2013 to September 30, 2013. Management believes that the current environment of small, private energy retailers presents significant acquisition opportunities to consolidate smaller retailers into our larger and more scalable platform and increase market share.

Corporate Reorganization

Spark Energy, Inc. was incorporated by Spark Energy Ventures as a Delaware corporation in April 2014. Spark HoldCo, LLC was formed by Spark Energy Ventures as a Delaware limited liability company in April 2014. Spark Energy Ventures formed NuDevco in May 2014 to hold its investment in Spark Energy, Inc. and Spark HoldCo. In connection with the completion of this offering and following the transactions related thereto that are described below, (i) Spark Energy, Inc. will be a holding company whose sole material asset will consist of a managing membership interest in Spark HoldCo and (ii) Spark HoldCo will own all of the outstanding membership interests in each of SEG and SE, the operating subsidiaries through which we operate. After the consummation of this offering and the transactions described in this prospectus, Spark Energy, Inc. will be the sole managing member of Spark HoldCo, will be responsible for all operational, management and administrative decisions relating to Spark HoldCo's businesses and will consolidate the financial results of Spark HoldCo and its subsidiaries.

Prior to the completion of this offering, the following have occurred or will occur:

- SEG and SE were converted from limited partnerships into limited liability companies;
- SEG, SE and an affiliate will enter into an interborrower agreement, pursuant to which such affiliate will agree to be solely responsible for $31.0 million of outstanding indebtedness under our current credit facility, under which SEG, SE and the affiliate are co-borrowers, and SEG and SE will agree to be solely responsible for the remaining $10.0 million of indebtedness outstanding under our current credit facility;
- NuDevco Retail Holdings will contribute all of its interests in SEG and SE to Spark HoldCo in exchange for all of the outstanding units of Spark HoldCo and will transfer 1% of those Spark HoldCo units to NuDevco Retail;
- NuDevco Retail Holdings will transfer Spark HoldCo units having a value of $50,000 to Spark Energy, Inc. in exchange for a promissory note from Spark Energy, Inc. in the principal amount of $50,000 (the "NuDevco Note"), and the limited liability company agreement of Spark HoldCo will be amended and restated to admit Spark Energy, Inc. as its sole managing member; and
- Spark Energy, Inc. will issue shares of Class B common stock to Spark HoldCo, of which Spark HoldCo will distribute to NuDevco Retail Holdings, and of which Spark HoldCo will distribute to NuDevco Retail.

Immediately prior to the consummation of the offering and following the transactions described above, (i) NuDevco will own Spark HoldCo units and all of the outstanding shares of Class B common stock of Spark Energy, Inc., (ii) Spark Energy, Inc. will own the managing member interest in Spark HoldCo and Spark HoldCo units, and (iii) Spark HoldCo will wholly own SEG and SE. Spark Energy, Inc. will offer newly-issued shares of Class A common stock hereby to the public (or shares if the underwriters exercise their option to purchase additional shares in full) and will use the net proceeds from this offering to purchase Spark HoldCo units (or Spark HoldCo units if the underwriters exercise their option to purchase additional shares in full) from NuDevco Retail Holdings and to repay the NuDevco Note. In connection with any exercise of the underwriters' option to purchase additional shares of Class A common stock and our use of the proceeds from the exercise of that option to purchase additional Spark HoldCo units from NuDevco Retail Holdings, a corresponding number of shares of Class B common stock owned by NuDevco Retail Holdings will be cancelled. After giving effect to these transactions and this offering, Spark Energy, Inc. will own an approximate % interest in Spark HoldCo (or % if the underwriters' option to purchase additional shares is exercised in full), NuDevco Retail Holdings will own an approximate % interest in Spark HoldCo and shares of Class B common stock (or a % interest in Spark HoldCo and shares of Class B common stock if the underwriters' option to purchase additional shares is exercised in full) and NuDevco Retail will own a 1% interest in Spark HoldCo and shares of Class B common stock. See "Use of Proceeds" and "Principal Stockholders." Following the offering, Spark Energy Ventures will distribute its 100% interest in NuDevco Retail Holdings to NuDevco Partners Holdings, LLC. The distribution will result in NuDevco Retail Holdings being a direct wholly owned subsidiary of NuDevco Partners Holdings, LLC. Spark Energy Ventures will remain a wholly owned subsidiary of NuDevco Partners Holdings and, following the distribution, will not beneficially own any Class B common stock.

In connection with the closing of the offering, we expect to enter into a new $70.0 million senior secured revolving credit facility, which we refer to as our new revolving credit facility. We will borrow approximately $10.0 million under our new revolving credit facility at the closing of this offering to repay in full the portion of outstanding indebtedness under our current credit facility that SEG and SE have agreed to be responsible for pursuant to an interborrower agreement between SEG, SE and an affiliate. The remainder of indebtedness outstanding under our current credit

facility will be paid down by our affiliate with its own funds in connection with the closing of this offering pursuant to the terms of the interborrower agreement. Following this repayment, our current credit facility will be terminated. For more information regarding our new revolving credit facility, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Historical Cash Flows—Credit Facility."

Each share of Class B common stock, all of which will initially be held by NuDevco, has no economic rights but entitles its holder to one vote on all matters to be voted on by shareholders generally. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters presented to our shareholders for their vote or approval, except as otherwise required by applicable law or by our certificate of incorporation. Please see "Description of Capital Stock." We do not intend to list Class B common stock on any stock exchange.

NuDevco will have the right to exchange (the "Exchange Right") all or a portion of its Spark HoldCo units (together with a corresponding number of shares of Class B common stock) for Class A common stock (or cash at Spark Energy, Inc.'s or Spark HoldCo's election (the "Cash Option")) at an exchange ratio of one share of Class A common stock for each Spark HoldCo unit (and corresponding share of Class B common stock) exchanged, as described under "Certain Relationships and Related Party Transactions—Spark HoldCo LLC Agreement." In addition, NuDevco will have the right, under certain circumstances, to cause us to register the offer and resale of its shares of Class A common stock as described under "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

We will enter into a Tax Receivable Agreement with Spark HoldCo, NuDevco Retail Holdings and NuDevco Retail. This agreement will generally provide for the payment by Spark Energy, Inc. to NuDevco of 85% of the net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that Spark Energy, Inc. actually realizes (or is deemed to realize in certain circumstances) in periods after this offering as a result of (i) any tax basis increases resulting from the purchase by Spark Energy, Inc. of Spark HoldCo units from NuDevco Retail Holdings prior to or in connection with this offering, (ii) any tax basis increases resulting from the exchange of Spark HoldCo units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of Spark HoldCo units for cash pursuant to the Cash Option) and (iii) any imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under the Tax Receivable Agreement. Spark Energy, Inc. will retain the benefit of the remaining 15% of these tax savings. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

In certain circumstances, Spark Energy, Inc. will defer or partially defer any payment due (a "TRA Payment") to the holders of rights under the Tax Receivable Agreement, which will initially be NuDevco Retail Holdings and NuDevco Retail. As described elsewhere in this prospectus, no TRA Payment will be made during 2014, and any future TRA Payments due with respect to a given taxable year are expected to be paid in December of the subsequent calendar year.

During the five-year period commencing October 1, 2014, Spark Energy, Inc. will defer all or a portion of any TRA Payment owed pursuant to the Tax Receivable Agreement to the extent that Spark HoldCo does not generate sufficient Cash Available for Distribution (as defined below) during the four-quarter period ending September 30th of the applicable year in which the TRA Payment is to be made in an amount that equals or exceeds 130% (the "TRA Coverage Ratio") of the Total Distributions (as defined below) paid in such four-quarter period by Spark HoldCo. For purposes of computing the TRA Coverage Ratio:

- "Cash Available for Distribution" is generally defined as the Adjusted EBITDA of Spark HoldCo for the applicable period, less (i) cash interest paid by Spark HoldCo, (ii) capital expenditures of Spark HoldCo (exclusive of customer acquisition costs) and (iii) any taxes payable by Spark HoldCo; and

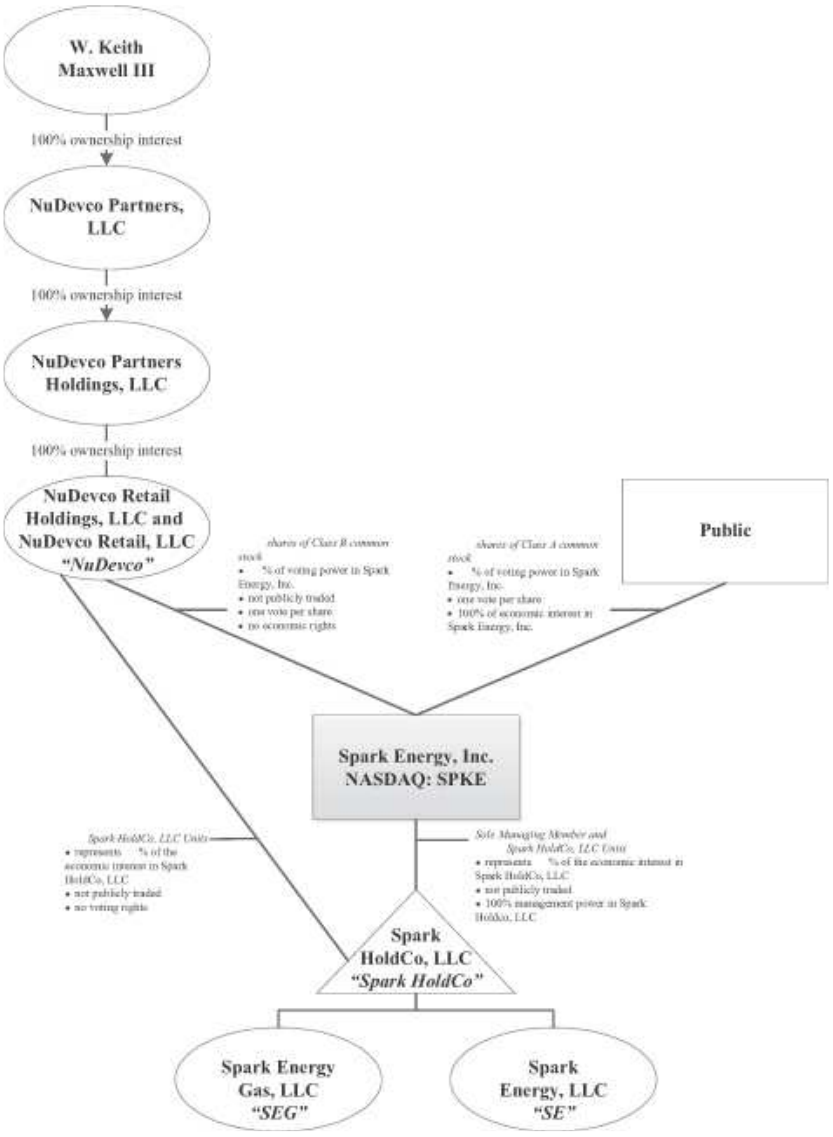
- "Total Distributions" are defined as the aggregate distributions necessary to cause Spark Energy, Inc. to receive distributions of cash equal to (i) the targeted quarterly distribution we intend to pay to holders of our Class A common stock payable during the applicable four-quarter period, plus (ii) the estimated taxes payable by us during such four-quarter period, plus (iii) the expected TRA Payment payable during the calendar year for which the TRA Coverage Ratio is being tested.

In the event that the TRA Coverage Ratio is not satisfied in any calendar year, Spark Energy, Inc. will defer all or a portion of the TRA Payment to NuDevco under the Tax Receivable Agreement to the extent necessary to permit Spark HoldCo to satisfy the TRA Coverage Ratio. If the TRA Coverage Ratio is satisfied in any calendar year, Spark Energy, Inc. will pay NuDevco the full amount of the TRA Payment.

Subject to certain limitations described below, following the five-year deferral period, Spark Energy, Inc. will be obligated to pay any outstanding deferred TRA Payments to NuDevco. Notwithstanding the foregoing, in no event will Spark Energy, Inc. be required to pay total outstanding deferred TRA Payments following the deferral period in excess of Spark Energy, Inc.'s pro rata share of the excess of (i) Cash Available for Distribution generated during the five-year deferral period, over (ii) the actual distributions made by Spark HoldCo during the five-year deferral period.

Organizational Structure

The following diagram indicates our simplified ownership structure immediately following this offering and the transactions related thereto (assuming that the underwriters' option to purchase additional shares is not exercised):



Our Principal Shareholder

Upon completion of this offering, NuDevco will initially own Spark HoldCo units and shares of Class B common stock, representing approximately % of the voting power of Spark Energy, Inc. NuDevco will be wholly owned by NuDevco Partners Holdings, LLC, which is in turn wholly owned by NuDevco Partners, LLC, which is in turned wholly owned by W. Keith Maxwell III, the founder of our Company. For more information on our reorganization and the ownership of our common stock by our principal shareholders, see "Corporate Reorganization."

Risk Factors

Investing in our Class A common stock involves risks. You should read carefully the section of this prospectus entitled "Risk Factors" for an explanation of these risks, along with the other information in this prospectus, before investing in our Class A common stock. For example, the following considerations may cause a material adverse effect to the price of the Class A common stock, our financial condition, liquidity, cash flows, prospects and our ability to pay dividends to the holders of our Class A common stock:

Risks Related to Our Business

- We are subject to commodity price risk.
- Our financial results may be adversely impacted by weather conditions.
- Our risk management policies and hedging procedures may not mitigate risk as planned, and we may fail to fully or effectively hedge our commodity supply and price risk exposure against changes in consumption volumes or market rates.
- We depend on consistent state and federal regulation to permit us to operate in restructured, competitive segments of the natural gas and electricity industries. If competitive restructuring of the natural gas and electricity utility industries is altered, reversed, discontinued or delayed, our business prospects and financial results could be materially adversely affected.
- The retail energy business is subject to a high level of federal, state and local regulation.
- Our business is dependent on retaining licenses in the markets in which we operate.
- Our financial results will fluctuate on a seasonal and quarterly basis.
- Pursuant to our cash dividend policy, we intend to distribute all or substantially all of our cash available for distribution through regular quarterly dividends, and our ability to grow and make acquisitions with cash on hand could be limited.
- We may have difficulty retaining our existing customers or obtaining a sufficient number of new customers.
- We may experience strong competition from local regulated utilities and other competitors.

Risks Related to the Offering and our Class A Common Stock

- We expect to have shortfalls of cash available for distribution from operating cash flows in certain quarters during the four quarters following the closing of this offering, and we may not be able to continue paying our targeted quarterly dividend to the holders of our Class A common stock in the future.
- The assumptions underlying the forecast presented elsewhere in this prospectus are inherently uncertain and subject to significant business, economic, financial, regulatory and competitive risks that could cause our actual cash available for dividends to differ materially from our forecast.

- We are a holding company. Our sole material asset after completion of this offering will be our equity interest in Spark HoldCo and we are accordingly dependent upon distributions from Spark HoldCo to pay dividends, pay taxes, make payments under the Tax Receivable Agreement and cover our corporate and other overhead expenses.
- We will be a "controlled company" under NASDAQ Global Market rules, and as such we are entitled to an exemption from certain corporate governance standards of the NASDAQ Global Market, and you may not have the same protections afforded to shareholders of companies that are subject to all of the NASDAQ Global Market corporate governance requirements.
- We will be required to make payments under the Tax Receivable Agreement for certain tax benefits we may claim, and the amounts of such payments could be significant.
- In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

For a discussion of other considerations that could negatively affect us, see "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

Emerging Growth Company Status

We are an "emerging growth company" within the meaning of the federal securities laws. For as long as we are an emerging growth company, we will not be required to comply with certain requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (ii) the reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (iii) the exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the "Securities Act," for complying with new or revised accounting standards, but we have irrevocably opted out of the extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We intend to take advantage of these exemptions until we are no longer an emerging growth company. We will cease to be an "emerging growth company" upon the earliest of: (i) the last day of the fiscal year in which we have $1.0 billion or more in annual revenues; (ii) the date on which we become a "large accelerated filer" (the fiscal year-end on which the total market value of our common equity securities held by non-affiliates is $700 million or more as of June 30); (iii) the date on which we issue more than $1.0 billion of non-convertible debt over a three-year period; or (iv) the last day of the fiscal year following the fifth anniversary of our initial public offering.

For a description of the qualifications and other requirements applicable to emerging growth companies and certain elections that we have made due to our status as an emerging growth company, see "Risk Factors—Risks Related to the Offering and our Class A Common Stock—For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies."

Our Offices

Our principal executive offices are located at 2105 CityWest Blvd., Suite 100, Houston, Texas, 77042 and our telephone number at that address is (713) 600-2600. Our website address is www.sparkenergy.com. Information contained on our website does not constitute part of this prospectus.

THE OFFERING

Shares of Class A common stock offered by us	shares of our Class A common stock.
Shares of Class A common stock outstanding after this offering	shares of our Class A common stock (or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock), without giving effect to the grant of restricted stock units that we expect to issue in connection with this offering. See "Executive Compensation—Compensation Following this Offering."
Shares of Class B common stock outstanding after this offering	shares of our Class B common stock (or shares of Class B common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock), which represents one share of Class B common stock for each Spark HoldCo unit held by NuDevco immediately after this offering. Shares of Class B common stock have voting rights, but no right to receive distributions. Each share of Class B common stock, when combined with a Spark HoldCo unit held by NuDevco, may be exchanged for a share of Class A common stock, in which case the share of Class B common stock would be cancelled. NuDevco will beneficially own all of our outstanding Class B common stock upon completion of this offering.
Option to purchase additional shares of our Class A common stock	We have granted the underwriters an option to purchase up to an additional shares of our Class A common stock from us, at the initial public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus. We will use the proceeds from any exercise of such option to acquire from NuDevco Retail Holdings an additional number Spark HoldCo units equal to the number of additional shares of our Class A common stock purchased by the underwriters, and a corresponding number of shares Class B common stock owned by NuDevco Retail Holdings will be cancelled. Accordingly, we will not retain the proceeds from any exercise by the underwriters of their option to purchase additional shares.
Use of proceeds	Assuming no exercise of the underwriters' option to purchase additional shares of Class A common stock, our net proceeds from this offering will be approximately $ million after deducting underwriting discounts and commissions, structuring fees and estimated offering expenses. If the underwriters exercise in full their

	option to purchase additional shares of Class A common stock, we estimate that the net proceeds will be approximately $ million, after deducting underwriting discounts and commissions, structuring fees and estimated offering expenses. We intend to use the net proceeds of this offering of approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock) to acquire Spark HoldCo units representing approximately % (or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) of the outstanding Spark HoldCo units after this offering, from NuDevco Retail Holdings and to repay the NuDevco Note. We intend to use the net proceeds resulting from any exercise of the underwriters' option to purchase additional shares of Class A common stock to acquire an additional number of Spark HoldCo units from NuDevco Retail Holdings equal to the number of additional shares of our Class A common stock purchased by the underwriters. In connection with such acquisition, a corresponding number of shares of Class B common stock owned by NuDevco Retail Holdings will be cancelled. We will not retain any of the net proceeds from this offering or any exercise of the underwriters' option to purchase additional shares of Class A common stock. Please see "Use of Proceeds."
Cash dividends	Upon completion of this offering, we intend to pay a regular quarterly dividend to holders of our Class A common stock to the extent we have cash available for distributions to do so. Our targeted quarterly dividend will be $ per share of Class A common stock ($ per share on an annualized basis), which amount may be raised or lowered in the future without advance notice. Our ability to pay any regular quarterly dividend is subject to various restrictions and other factors described in more detail under the caption "Cash Dividend Policy." We expect to pay a quarterly dividend on or about the 75th day following the expiration of each fiscal quarter to holders of our Class A common stock of record on or about the 60th day following the last day of such fiscal quarter. With respect to our first dividend payable on or about December 15, 2014, we intend to pay a pro-rated dividend (calculated from the closing date of this offering through and including September 30, 2014) of $ per share of Class A common stock, which represents the pro-rata portion of the targeted quarterly dividend over that period. We believe, based on our financial forecast and related assumptions included in "Cash Dividend Policy—Estimated Cash Available for Distribution for the Twelve Months Ending June 30, 2015," that we will generate sufficient annual cash available for distribution to support our

	targeted quarterly dividend of $ per share of Class A common stock ($ per share on an annualized basis). However, we do not have a legal obligation to declare or pay dividends at such targeted quarterly dividend level or at all. See "Cash Dividend Policy."
Voting rights	Each share of our Class A common stock will entitle its holder to one vote on all matters to be voted on by stockholders generally. Each share of our Class B common stock will entitle its holder to one vote on all matters to be voted on by stockholders generally. Through its ownership of our Class B common stock, NuDevco will hold shares of our common stock having % (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) of the combined voting power of all of our common stock outstanding. As a result, for the foreseeable future following this offering, NuDevco will be able to exercise control over matters requiring the approval of our stockholders, including the election of our directors and the approval of significant corporate transactions. Please see "Certain Relationships and Related Party Transactions." Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters presented to stockholders for their vote or approval, except for matters affecting one class disproportionately or as otherwise required by law. See "Description of Capital Stock."
Economic interest	Immediately following this offering, the purchasers in this offering will own in the aggregate a % economic interest in our business through our ownership of Spark HoldCo units and NuDevco will own in aggregate a % economic interest in our business through its ownership of Spark HoldCo units (or a % economic interest and a % economic interest, respectively, if the underwriters exercise in full their option to purchase additional shares of our Class A common stock).
Exchange and registration rights	Under the Spark HoldCo limited liability company agreement, NuDevco may exchange its Spark HoldCo units (together with a corresponding number of shares of our Class B common stock) for shares of our Class A common stock (on a one-for-one basis, subject to conversion ratio adjustments for stock splits, stock dividends and reclassifications and other similar transactions) or, at Spark Energy or Spark HoldCo's election, an equivalent amount of cash. When NuDevco exchanges a Spark HoldCo unit for a share of our Class A common stock, we will automatically redeem and cancel a corresponding share of our Class B common stock. See "Certain Relationships and Related Party Transactions—Spark HoldCo LLC Agreement."

	Pursuant to a registration rights agreement that we will enter into with NuDevco Retail Holdings and NuDevco Retail, we will agree to file a registration statement for the sale of the shares of our Class A common stock that are issuable pursuant to its Exchange Right upon request and cause that registration statement to be declared effective by the U.S. Securities and Exchange Commission ("SEC") as soon as practicable thereafter. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement" for a description of the timing and manner limitations on resales of these shares of our Class A common stock.
Material federal income tax consequences to non-U.S. holders.	For a discussion of the material federal income tax consequences that may be relevant to prospective investors who are non-U.S. holders, please see "Material U.S. Federal Income and Estate Tax Consequences to Non-U.S. Holders."
Exchange listing	We have applied to list our Class A common stock on the NASDAQ Global Market under the symbol "SPKE".

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL AND OPERATING DATA

Spark Energy, Inc. was formed in April 2014 and does not have any historical financial operating results. Accordingly, the accompanying combined financial statements have been prepared from the combined business and assets of the retail natural gas business and asset optimization activities of SEG and the retail electricity business of SE.

The following table shows the summary historical combined financial data as of and for the years ended December 31, 2012 and 2013 and the three months ended March 31, 2013 and 2014. The summary historical combined financial data as of December 31, 2012 and 2013 and for the years ended December 31, 2012 and 2013 has been derived from the audited combined financial statements and the related notes thereto included elsewhere in this prospectus. The summary historical combined financial data as of March 31, 2014 and for the three months ended March 31, 2013 and 2014 has been derived from the unaudited condensed combined financial statements and the related notes included elsewhere in this prospectus.

The summary unaudited pro forma combined financial data presented below has been derived by the application of pro forma adjustments to the historical combined financial statements included elsewhere in this prospectus. The summary unaudited pro forma combined financial data presented below give effect to (i) our reorganization in connection with this offering as described in “Corporate Reorganization,” (ii) this offering and the use of the estimated net proceeds from this offering as described in “Use of Proceeds” and (iii) other related transactions to be effected at the closing of this offering, as if such transactions had taken place on January 1, 2013, in the case of the unaudited pro forma combined statement of operations for each of the year ended December 31, 2013 and the three months ended March 31, 2014, and as of December 31, 2013 and March 31, 2014, in the case of the unaudited pro forma combined balance sheet as of December 31, 2013 and March 31, 2014, respectively.

You should read these tables in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which includes a discussion of factors materially affecting the comparability of the information presented, “Corporate Reorganization,” “Selected Historical and Unaudited Pro Forma Combined Financial and Operating Data” and the historical and pro forma combined financial statements and notes thereto included elsewhere in this prospectus. The summary unaudited pro forma combined financial data is presented for informational purposes only. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable.

The summary unaudited pro forma combined financial data does not purport to represent what our results of operations or financial position would have been if we had operated as a public company during the period presented and may not be indicative of our future performance.

	Historical				Pro Forma	
	Year Ended December 31,		Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,
	2012	2013	2013	2014	2013	2014
			(unaudited)	(restated)	(unaudited)	
Statement of Income Data (in thousands):						
Revenues:						
Retail revenues (including retail revenues—affiliates of $1,382 and $4,022 for the years ended December 31, 2012 and 2013, respectively, and $199 and $1,489 for the three months ended March 31, 2013 and 2014, respectively)	$ 380,198	$ 316,776	$ 100,453	$ 104,352	$ 316,776	$ 104,352
Net asset optimization revenues (including asset optimization revenues-affiliates of $8,334 and $14,940 for the years ended December 31, 2012 and 2013, and $1,500 and $2,500 for the three months ended March 31, 2013 and 2014, respectively, and asset optimization revenues affiliate cost of revenues of $568 and $15,928 for the years ended December 31, 2012 and 2013, respectively, and less than $0.1 million and $7,900 for the three months ended March 31, 2013 and 2014, respectively)	(1,136)	314	(1,157)	1,624	314	1,624
Total revenues	379,062	317,090	99,296	105,976	317,090	105,976
Operating expenses:						
Retail cost of revenues (including retail cost of revenues-affiliates of $254 and $55 for the years ended December 31, 2012 and 2013, respectively, and less than $0.1 million for the three months ended March 31, 2013 and 2014, respectively)	279,506	233,026	69,993	88,121	233,026	88,121
General and administrative	47,321	35,020	9,275	8,113	35,020	8,113
Depreciation and amortization	22,795	16,215	5,030	2,959	16,215	2,959
Total operating expenses	349,622	284,261	84,298	99,193	284,261	99,193
Operating income	29,440	32,829	14,998	6,783	32,829	6,783
Other (expense)/income:						
Interest expense	(3,363)	(1,714)	(384)	(313)	(1,183)	(296)
Interest income and other income	62	353	11	70	353	70
Total other (expenses)/income	(3,301)	(1,361)	(373)	(243)	(830)	(226)
Income before income tax expense	26,139	31,468	14,625	6,540	31,999	6,557
Income tax expense	46	56	14	32		
Net income	$ 26,093	$ 31,412	$ 14,611	$ 6,508	$	$
Net income attributable to non-controlling interest						
Net income attributable to stockholders					$	$
Pro forma net income per common share						
Basic						
Diluted						
Weighted average proforma common shares outstanding						
Basic						
Diluted						
Balance Sheet Data (in thousands, at period end):						
Current assets	$ 104,246	$ 101,291		$ 119,720		$
Total liabilities	67,976	73,160		99,768		
Total liabilities and members' equity	129,278	109,073		127,833		
Cash Flow Data (in thousands):						
Cash flows from operating activities	$ 44,076	$ 44,480	$ 17,868	$ 6,209		
Cash flows used in investing activities	(1,643)	(1,481)	(93)	(787)		
Cash flows used in financing activities	(39,904)	(42,369)	(22,239)	(7,856)		
Other Financial Data (in thousands) [(1)] :						
Adjusted EBITDA [(1)]	$ 40,659	$ 33,533	$ 19,048	$ 9,322	$	$
Retail gross margin [(1)]	93,219	81,668	31,740	17,684	81,668	17,684
Other Operating Data:						
Customers	237,436	210,556	215,715	240,993	210,556	240,993
Natural gas volumes (MMBtu)	17,527,252	16,598,751	6,994,627	6,593,580	16,598,751	6,593,580
Electricity volumes (MWh)	2,698,084	1,829,657	478,426	384,275	1,829,657	384,275

(1) Adjusted EBITDA and retail gross margin are non-GAAP financial measures. For a definition and a reconciliation of each of Adjusted EBITDA and retail gross margin to their most directly comparable financial measures calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Non-GAAP Financial Measures

Adjusted EBITDA . We define "Adjusted EBITDA" as EBITDA less (i) customer acquisition costs incurred in the current period, (ii) net gain (loss) on derivative instruments, (iii) net current period cash settlements on derivative instruments, (iv) non-cash compensation expense and (v) other non-cash operating items. EBITDA is defined as net income before provision for income taxes, interest expense and depreciation and amortization. We deduct all current period customer acquisition costs in the Adjusted EBITDA calculation because such costs reflect a cash outlay in the year in which they are incurred, even though we capitalize such costs and amortize them over 24 months in accordance with our accounting policies. The deduction of current period customer acquisition costs is consistent with how we manage our business, but the comparability of Adjusted EBITDA between periods may be affected by varying levels of customer acquisition costs. We deduct our net gains (losses) on derivative instruments, excluding current period cash settlements, from the Adjusted EBITDA calculation in order to remove the non-cash impact of net gains and losses on derivative instruments. Although we have not historically incurred non-cash compensation expense, we expect that we will incur non-cash compensation expense following the completion of this offering as a result of equity awards that may be issued under our long-term incentive plan.

We believe that the presentation of Adjusted EBITDA provides information useful to investors in assessing our liquidity and financial condition and results of operations and that Adjusted EBITDA is also useful to investors as a financial indicator of a company's ability to incur and service debt, pay dividends and fund capital expenditures. Adjusted EBITDA is a supplemental financial measure that management and external users of our combined financial statements, such as industry analysts, investors, commercial banks and rating agencies, use to assess the following, among other measures:

- our operating performance as compared to other publicly traded companies in the retail energy industry, without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate earnings sufficient to support our proposed cash dividends; and
- our ability to fund capital expenditures (including customer acquisition costs) and incur and service debt.

The GAAP measures most directly comparable to Adjusted EBITDA are net income and net cash provided by operating activities. Our non-GAAP financial measure of Adjusted EBITDA should not be considered as an alternative to net income or net cash provided by operating activities. Adjusted EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and net cash provided by operating activities, and is defined differently by different companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these data points into management's decision-making process.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss) and net cash provided by operating activities for each of the periods indicated:

	Historical				Pro Forma	
	Year Ended December 31,		Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,
	2012	2013	2013	2014	2013	2014
				(restated) (unaudited)		(unaudited)
Reconciliation of Adjusted EBITDA to Net Income:						
Net income	$ 26,093	$ 31,412	$ 14,611	$ 6,508	$	$
Depreciation and amortization	22,795	16,215	5,030	2,959	16,215	2,959
Interest expense	3,363	1,714	384	313	1,183	296
Income tax expense	46	56	14	32		
EBITDA	52,297	49,397	20,039	9,812		
Less:						
Net gains (losses) on derivative instruments	(21,485)	6,567	2,242	5,460	6,567	5,460
Net cash settlements on derivative instruments	26,801	1,040	(1,471)	(10,197)	1,040	(10,197)
Customer acquisition costs	6,322	8,257	220	5,227	8,257	5,227
Adjusted EBITDA	$ 40,659	$ 33,533	$ 19,048	$ 9,322	$	$
Reconciliation of Adjusted EBITDA to Net Cash Provided by Operating Activities:						
Net cash provided by operating activities	$ 44,076	$ 44,480	$ 17,868	$ 6,209		
Amortization and write off of deferred financing costs	(919)	(678)	(120)	(113)		
Allowance for doubtful accounts and bad debt expense	(1,835)	(3,101)	(513)	(565)		
Interest expense	3,363	1,714	384	313		
Income tax expense	46	56	14	32		
Changes in operating working capital:						
Accounts receivable, prepaids, current assets	(12,737)	(17,792)	(6,491)	27,108		
Inventory	(3,442)	599	(3,411)	(4,322)		
Accounts payable and accrued liabilities	12,689	7,880	11,011	(18,335)		
Other	(582)	375	306	(1,005)		
Adjusted EBITDA	$ 40,659	$ 33,533	$ 19,048	$ 9,322		
Cash Flow Data:						
Cash flows from operating activities	$ 44,076	$ 44,480	$ 17,868	$ 6,209		
Cash flows used in investing activities	(1,643)	(1,481)	(93)	(787)		
Cash flows used in financing activities	(39,904)	(42,369)	(22,239)	(7,856)		

Retail Gross Margin . We define retail gross margin as operating income plus (i) depreciation and amortization expenses and (ii) general and administrative expenses, less (i) net asset optimization revenues, (ii) net gains (losses) on derivative instruments, and (iii) net current period cash settlements on derivative instruments. Retail gross margin is included as a supplemental disclosure because it is a primary performance measure used by our management to determine the performance of our retail natural gas and electricity business by removing the impacts of our asset optimization activities and net non-cash income (loss) impact of our economic hedging activities. As an indicator of our retail energy business' operating performance, retail gross margin should not be considered an alternative to, or more meaningful than, operating income, as determined in accordance with GAAP.

The following table presents a reconciliation of retail gross margin to operating income, its most directly comparable financial measure calculated and presented in accordance with GAAP, for each of the periods indicated:

	Historical				Pro Forma	
	Year Ended December 31,		Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,
	2012	2013	2013	2014	2013	2014
			(unaudited)	(restated) (unaudited)	(unaudited)	
Reconciliation of Retail Gross Margin to Operating Income:						
Operating income	$ 29,440	$32,829	$14,998	$ 6,783	$ 32,829	$ 6,783
Depreciation and amortization	22,795	16,215	5,030	2,959	16,215	2,959
General and administrative	47,321	35,020	9,275	8,113	35,020	8,113
Less:						
Net asset optimization revenues	(1,136)	314	(1,157)	1,624	314	1,624
Net gains (losses) on retail derivative instruments	(19,016)	1,429	660	11,448	1,429	11,448
Net cash settlements on retail derivative instruments	26,489	653	(1,940)	(12,901)	653	(12,901)
Retail Gross Margin	$ 93,219	$81,668	$31,740	$ 17,684	$ 81,668	$ 17,684

RISK FACTORS

Investing in our Class A common stock involves risks. You should carefully consider the information in this prospectus, including the matters addressed under "Cautionary Note Regarding Forward-Looking Statements," and the following risks before making an investment decision. The trading price of our Class A common stock could decline and our ability to pay dividends on our Class A common stock could be adversely impacted due to any of these risks, and you may lose all or part of your investment.

Risks Related to Our Business

We are subject to commodity price risk.

Our financial results are largely dependent on the prices at which we can acquire the commodities we resell. The prevailing market prices for natural gas and electricity have historically, and may continue to, fluctuate substantially over relatively short periods of time, potentially adversely impacting our results of operations, financial condition, cash flows and our ability to pay dividends to the holders of our Class A common stock. Changes in market prices for natural gas and electricity may result from many factors that are outside of our control, including the following:

- weather conditions;
- seasonality;
- demand for energy commodities and general economic conditions;
- disruption of natural gas or electricity transmission or transportation infrastructure or other constraints or inefficiencies;
- reduction or unavailability of generating capacity, including temporary outages, mothballing, or retirements;
- the level of prices and availability of natural gas and competing energy sources, including the impact of changes in environmental regulations impacting suppliers;
- the creditworthiness or bankruptcy or other financial distress of market participants;
- changes in market liquidity;
- natural disasters, wars, embargoes, acts of terrorism and other catastrophic events;
- federal, state, foreign and other governmental regulation and legislation; and
- demand side management, conservation, alternative or renewable energy sources.

Additionally, significant changes in the pricing methods in the wholesale markets in which we operate could affect our commodity prices. Regulatory policies concerning how markets are structured, how compensation is provided for service, and the kinds of different services that can or must be offered, may change and could have significant impacts on our costs of doing business. For example, the Electric Reliability Council of Texas ("ERCOT") has recently considered supplementing the existing energy and ancillary service markets with a mandate to purchase installed capacity, which could have the effect of increasing our supply costs. Similarly, ERCOT recently adopted a new reserve imbalance market that will increase prices in certain circumstances. Changes to the prices we pay to acquire commodities and that we are not able to pass along to our customers could materially adversely affect our operations, which could negatively impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our financial results may be adversely impacted by weather conditions.

Weather conditions directly influence the demand for and availability of natural gas and electricity and affect the prices of energy commodities. Generally, on most utility systems, demand for natural gas peaks in the winter and demand for electricity peaks in the summer. Typically, when winters are warmer or summers are cooler, demand

for energy is lower than expected, resulting in less natural gas and electricity consumption than forecasted. When demand is below anticipated levels due to weather patterns, we may be forced to sell excess supply at prices below our acquisition cost, which could result in reduced margins or even losses.

Conversely, when winters are colder or summers are warmer, consumption may outpace the volumes of natural gas and electricity against which we have hedged, and we may be unable to meet increased demand with storage or swing supply. In these circumstances, we may experience reduced margins or even losses if we are required to purchase additional supply at higher prices. Our failure to accurately anticipate demand due to fluctuations in weather or to effectively manage our supply in response to a fluctuating commodity price environment could negatively impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our risk management policies and hedging procedures may not mitigate risk as planned, and we may fail to fully or effectively hedge our commodity supply and price risk exposure against changes in consumption volumes or market rates.

To provide energy to our customers, we purchase the relevant commodity in the wholesale energy markets, which are often highly volatile. Our commodity risk management strategy is designed to hedge substantially all of our forecasted volumes on our fixed-price customer contracts, as well as a portion of the near-term volumes on our variable-price customer contracts. We use both physical and financial products to hedge our fixed-price exposure. The efficacy of our risk management program may be adversely impacted by unanticipated events and costs that we are not able to effectively hedge, including abnormal customer attrition and consumption, certain variable costs associated with electricity grid reliability, pricing differences in the local markets for local delivery of commodities, unanticipated events that impact supply and demand, such as extreme weather, and abrupt changes in the markets for, or availability or cost of, financial instruments that help to hedge commodity price.

We are exposed to basis risk in our operations when the commodities we hedge are sold at different delivery points from the exposure we are seeking to hedge. For example, if we hedge our natural gas commodity price with Chicago basis but physical supply must be delivered to the individual delivery points of specific utility systems around the Chicago metropolitan area, we are exposed to basis risk between the Chicago basis and the individual utility system delivery points. These differences can be significant from time to time, particularly during extreme, unforecasted cold weather conditions. Similarly, in certain of our electricity markets, customers pay the load zone price for electricity, so if we purchase supply to be delivered at a hub, we may have basis risk between the hub and the load zone electricity prices due to local congestion that is not reflected in the hub price. We attempt to hedge basis risk where possible, but hedging instruments are sometimes not economically feasible or available in the smaller quantities that we require.

In addition, we incur costs monthly for ancillary charges such as reserves and capacity in the electricity sector by the ISOs. For instance, the ISOs will charge all retail electricity providers for monthly reserves that the ISO determines are necessary to protect the integrity of the grid. We attempt to estimate such amounts but they are difficult to estimate because they are charged in arrears by the ISOs and are subject to fluctuations based on weather and other market conditions. We may be unable to fully pass the higher cost of ancillary reserves and reliability services through to our customers, and increases in the cost of these ancillary reserves and reliability services could negatively impact our results of operations.

Additionally, assumptions that we use in establishing our hedges may reduce the effectiveness of our hedging instruments. Considerations that may affect our hedging policies include, but are not limited to, human error, assumptions about customer attrition, the relationship of prices at different trading or delivery points, assumptions about future weather, and our load forecasting models.

Many of the natural gas utilities we serve allocate a share of transportation and storage capacity to us as a part of their competitive market operations. We are required to fill our allocated storage capacity with natural gas, which creates commodity supply and price risk. Sometimes we cannot hedge the volumes associated with these assets because they are too small compared to the much larger bulk transaction volumes required for trades in the wholesale market or it is not economically feasible to do so. In some regulatory programs or under some contracts, this capacity may be subject to recall by the utilities, which could have the effect of us being required to access the spot market to cover such recall.

In general, if we are unable to effectively manage our risk management policies and hedging procedures, our financial results and our ability to pay dividends to the holders of our Class A common stock could be adversely affected.

We depend on consistent regulation within a particular utility territory (or state), as well as at the federal level, to permit us to operate in restructured, competitive segments of the natural gas and electricity industries. If competitive restructuring of the natural gas and electricity utility industries is altered, reversed, discontinued or delayed, our business prospects and financial results could be materially adversely affected.

We operate in the highly regulated natural gas and electricity retail sales industry. Regulations may be revised or reinterpreted or new laws and regulations may be adopted or become applicable to us or our operations. Such changes may have a detrimental impact on our business.

In certain restructured energy markets, state legislatures, governmental agencies and/or other interested parties have made proposals to fully or partially re-regulate these markets, which would interfere with our ability to do business. If competitive restructuring of natural gas or electricity markets is altered, reversed, discontinued or delayed, our financial results and our ability to pay dividends to the holders of our Class A common stock could be adversely affected.

The retail energy business is subject to a high level of federal, state and local regulation.

State, federal and local rules and regulations affecting the retail energy business are subject to change, which may adversely impact our business model. Our costs of doing business may fluctuate based on these regulatory changes. For example, many electricity markets have rate caps, and changes to these rate caps by regulators can impact future price exposure. Similarly, regulatory changes can result in new fees or charges that may not have been anticipated when existing retail contracts were drafted, which can create financial exposure. For example, mandates to purchase a certain quantity or type of electricity capacity can create unanticipated costs. Our ability to manage cost increases that result from regulatory changes will depend, in part, on how the “change in law provisions” of our contracts are interpreted and enforced, among other factors.

Operators of systems providing for the delivery of natural gas and electricity maintain detailed tariffs that are kept on file with regulators. These tariffs and market rules applicable to operators are often very long and complex, and often are subject to service provider proposals to change them. We may not be able to prevent adoption of adverse tariff changes. Users of energy delivery systems also have rules and obligations applicable to them that are established by regulators. For instance, transactions involving a shipper’s release of interstate pipeline capacity are subject to regulation at the federal level. Our failure to abide by tariffs, market rules or other delivery system rules may result in fines, penalties and damages.

We are also subject to regulatory scrutiny in all of our markets that can give rise to compliance fees, licensing fees, or enforcement penalties. Regulations vary widely in the markets in which we operate, and these regulations change from time to time. Failure to follow prescribed regulatory guidelines could result in customer complaints and regulatory sanctions.

In addition, regulators are continuously examining certain aspects of our industry. For example, a number of public utility commissions in the northeast are investigating the impact of the harsh weather conditions during the 2013-2014 winter season on consumers in their territories due to the number of consumer complaints attributable to high bills for the winter season and are urging FERC to investigate circumstances during that period in wholesale energy markets. To the extent any of these commissions takes regulatory action to address these complaints, such as imposing limits on products, services, rates or other business limitations, our business prospects in the region could be materially adversely affected.

In addition, door-to-door marketing and outbound telemarketing are a significant part of our marketing efforts. Each of these channels is continually under scrutiny by state and federal regulators and legislators. Additional regulation or restriction of these marketing practices could negatively impact our customer acquisition plan, and therefore our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our business is dependent on retaining licenses in the markets in which we operate.

We generally must apply to the relevant state utility commission to become a retail marketer of natural gas and/or electricity in the markets that we serve. Approval by the state regulatory body is subject to our understanding of and compliance with various federal, state and local regulations that govern the activities of retail marketers. If we fail to comply with any of these regulations, we could suffer certain consequences, which may include:

- higher customer complaints and increased unanticipated attrition;
- damage to our reputation with customers and regulators; and
- increased regulatory scrutiny and sanctions, including fines and termination of our license.

In addition, FERC regulates the sale of wholesale electricity by requiring us and other companies who sell into the wholesale market to obtain market-based rate authority. If that authority were revoked, our financial results and our ability to pay dividends to the holders of our Class A common stock could be materially adversely affected.

Our business model is dependent on continuing to be licensed in existing markets. If we have a license revoked or are not granted renewal of a license, or if our license is adversely conditioned or modified (e.g., by increased bond posting obligations), our financial results could be materially negatively impacted, which could materially negatively impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our financial results will fluctuate on a seasonal and quarterly basis.

Our overall operating results fluctuate substantially on a seasonal basis depending on: (1) the geographic mix of our customer base; (2) the concentration of our product mix; (3) the impact of weather conditions on commodity pricing and demand, (4) variability in market prices for natural gas and electricity, and (5) changes in the cost of delivery of such commodities through energy delivery networks. These factors can have material short-term impacts on monthly and quarterly operating results, which may be misleading when considered outside of the context of our annual operating cycle. In addition, our accounts payable and accounts receivable are impacted by seasonality due to the timing differences between when we pay our suppliers for accounts payable versus when we collect from our customers on accounts receivable. We typically pay our suppliers for purchases on a monthly basis. However, it takes approximately two months from the time we deliver the electricity or natural gas to our customers before we collect from our customers on accounts receivable attributable to those supplies. This timing difference could affect our cash flows, especially during peak cycles in the winter and summer months. Furthermore, as a result of the seasonality of our business, we may reserve a portion of our excess cash available for distribution in the first and fourth quarters in order to fund our second and third quarter distributions. Because of

the seasonal nature of our business and operating results, it may be difficult for investors to accurately and adequately value our business based on our interim result, which could materially negatively impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

Pursuant to our cash dividend policy, we intend to distribute substantially all of our cash available for distribution through regular quarterly dividends, and our ability to grow and make acquisitions with cash on hand could be limited.

Pursuant to our cash dividend policy, we intend to distribute substantially all of our cash available for distribution through regular quarterly dividends to holders of our Class A common stock, as discussed in more detail in "Cash Dividend Policy." As such, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional equity securities in connection with any acquisitions or growth capital expenditures, the payment of dividends on these additional equity securities may increase the risk that we will be unable to maintain our per share dividend rate. We may also rely upon external financing sources, including the issuance of debt and equity securities and borrowings under our new revolving credit facility to fund our acquisitions and growth capital expenditures. The incurrence of bank borrowings or other debt to finance our growth strategy will result in increased interest expense and the imposition of additional or more restrictive covenants, which, in turn, may impact our ability to pay dividends to holders of our Class A common stock. We may decide not to pursue otherwise attractive acquisitions if the projected short-term cash flow from the acquisition or investment is not adequate to service the capital raised to fund the acquisition or investment, after giving effect to our available cash reserves. See "Cash Dividend Policy—General—Our Ability to Fund Our Quarterly Dividend and Reinvest Excess Cash Available for Distribution in Our Growth."

We may have difficulty retaining our existing customers or obtaining a sufficient number of new customers.

As of May 31, 2014, approximately 59% of our natural gas customers had fixed-price contracts, and the remaining 41% of our natural gas customers had variable-price contracts. As of May 31, 2014, approximately 46% of our electricity customers had fixed-price contracts, and the remaining 54% of our electricity customers had variable-price contracts. A significant decrease in the retail price of natural gas or electricity may cause our customers to switch retail energy service providers during their contract terms to obtain more favorable prices. Although we generally have a right to collect a termination fee from each customer on a fixed-price contract who terminates their contract following such an event, we may not be able to collect the termination fees in full or at all. Our variable-price contracts typically may be terminated by our customers at any time without penalty.

Furthermore, significant ongoing competition exists for customers in the markets where we operate, and we cannot guarantee that we will be able to retain our existing customers or obtain a sufficient number of new customers. We anticipate that we will incur significant costs as we enter new markets and pursue customers by utilizing a variety of marketing methods. In order for us to recover these expenses, we must attract and retain these customers on economic terms and for extended periods. We cannot be certain that our future efforts to retain our customers or secure additional customers will generate sufficient gross margins for us to expand into additional markets or that we will be able to prevent customer attrition and attract new customers in existing markets. If our marketing strategy is not successful, our financial results and our ability to pay dividends to the holders of our Class A common stock could be adversely affected.

We may experience strong competition from local regulated utilities and other competitors.

The markets in which we compete are highly competitive, and we may not be able to compete effectively, especially against established industry competitors and new entrants with greater financial resources. We expect

significant competition from local regulated utilities or their retail affiliates and traditional and new retail energy providers with greater financial resources, well established brand names and/or large, existing installed customer bases. In most markets, our principal competitor may be the local regulated utility company or its affiliated retail arm. The local regulated utilities have the advantage of longstanding relationships with their customers, and they may have longer operating histories, better access to data, greater financial and other resources and greater name recognition in their markets than we do. Convincing customers to switch to a new company for the supply of a critical commodity such as natural gas or electricity is a challenge.

In certain markets, local regulated utilities may seek to decrease their tariffed retail rates to limit or to preclude opportunities for retail energy providers to acquire market share, and otherwise seek to establish rates, terms and conditions to the disadvantage of retail energy providers such that these retail energy providers cannot remain competitive in that market. Also, in states where the utility service rate is set through the procurement of energy over a period of months or years, the utility service rate will lag behind market conditions. If energy prices rise significantly above the utility service rate over a prolonged period of time, we may be forced to reduce our operating margins in order to price more competitively with the utility service rate and may experience increased customer attrition, as some customers may switch to the service offer from the utility.

In addition to competition from the local regulated utilities, we face competition from a number of other retail energy providers. We also may face competition from large corporations with similar billing and customer service capabilities, such as telecommunication service providers and nationally branded providers of consumer products and services that have a significant base of existing customers. Many of these competitors or potential competitors are larger than us and have access to more significant capital resources. For example, a larger competitor may be able to incur more costs to acquire customers if its cost of capital is lower than ours. Similarly, marketers with a larger presence in the relevant market or that have interruptible load as part of their customer base may benefit from synergies or scale economies that smaller marketers, or marketers serving only firm customers, cannot obtain. In addition, product offerings that provide a consumer with an alternative source of energy, such as a solar panel, may become more common and indirectly compete with us. If our marketing strategy is not successful, it may affect our financial results and our ability to pay dividends to the holders of our Class A common stock.

The accounting method we use for our hedging activities results in volatility in our quarterly and annual financial results.

We enter into a variety of financial derivative and physical contracts to manage commodity price risk, and we use mark-to-market accounting to account for this hedging activity. Under the mark-to-market accounting method, changes in the fair value of our hedging instruments that are not qualifying or not designated as hedges under accounting rules are recognized immediately in earnings. As a result of this accounting treatment, changes in the forward prices of natural gas and electricity cause volatility in our quarterly and annual earnings, which we are unable to fully anticipate.

In addition to the volatility described above, we could incur volatility from quarter to quarter associated with gains and losses on settled hedges relating to natural gas held in inventory if we choose to hedge the summer-winter spread on our retail allocated storage capacity. We typically purchase natural gas inventory and store it from April to October for withdrawal from November through March. Since a portion of the inventory is used to satisfy delivery obligations to our fixed-price customers over the winter months, we hedge the associated price risk using derivative contracts. Any gains or losses associated with settled derivative contracts are reflected in the statement of operations as a component of cost of goods sold.

Increased collateral requirements in connection with our supply activities may restrict our liquidity which could limit our ability to grow our business or pay dividends.

Our contractual agreements with certain local regulated utilities and our supplier counterparties require us to maintain restricted cash balances or letters of credit as collateral for credit risk or the performance risk associated with the future delivery of natural gas or electricity. These collateral requirements may increase as we grow our customer base. Collateral requirements will increase based on the volume or cost of the commodity we purchase in any given month and the amount of capacity or service contracted for with the local regulated utility. Significant changes in market prices also can result in fluctuations in the collateral that local regulated utilities or suppliers require. The effectiveness of our operations and future growth, and our ability to pay dividends to the holders of our Class A common stock depend in part on the amount of cash and letters of credit available to enter into or maintain these contracts. The cost of these arrangements may be affected by changes in credit markets, such as interest rate spreads in the cost of financing between different levels of credit ratings. These liquidity requirements may be greater than we anticipate or are able to meet and therefore could limit our ability to grow our business or pay dividends to the holders of shares of our Class A common stock.

Our supply contracts expose us to counterparty credit risk.

We do not independently produce natural gas and electricity and depend upon third parties for our supply. If the counterparties to our supply contracts are unable to perform their obligations, we may suffer losses, including as a result of being unable to secure replacement supplies of natural gas or electricity on a timely and cost-effective basis or at all. If we cannot identify alternative supplies of natural gas or electricity, or secure natural gas or electricity in a timely fashion, our financial results and our ability to pay dividends to the holders of our Class A common stock could be adversely affected.

We are subject to direct credit risk for certain customers who may fail to pay their bills as they become due.

We bear direct credit risk related to our customers located in markets that have not implemented POR programs as well as indirect credit risk in those POR markets that pass collection efforts along to us after a specified non-payment period. For the year ended December 31, 2013, customers in non-POR markets represented approximately 53% of our retail revenues. We generally have the ability to terminate contracts with customers in the event of non-payment, but in most states in which we operate we cannot disconnect their natural gas or electricity gas service. In POR markets where the local regulated utility has the ability to return non-paying customers to us after specified periods, we may realize a loss for one to two billing periods until we can terminate these customers' contracts. We may also realize a loss on fixed-price customers in this scenario due to the fact that we will have already fully hedged the customer's expected commodity usage for the life of the contract. Even if we terminate service to customers who fail to pay their bill, we remain liable to our suppliers of natural gas and electricity for the cost of those commodities. Furthermore, in the Texas market, we are responsible for billing the distribution charges for the local regulated utility and are at risk for these charges, in addition to the cost of the commodity, in the event customers fail to pay their bills. Changing economic factors, such as rising unemployment rates and energy prices also result in a higher risk of customers being unable to pay their bills when due.

The failure of our customers to pay their bills or our failure to maintain adequate billing and collection procedures could adversely affect our financial results and our ability to pay dividends to the holders of our Class A common stock.

We are subject to credit, operational and financial risks related to certain local regulated utilities that provide billing services and guarantee the customer receivables for their markets.

In POR markets, we rely on the local regulated utility to purchase our customer accounts receivable and to perform timely and accurate billing. POR markets represented approximately 47% of our retail revenues for the

year ended December 31, 2013. As our business grows, the portion of customers we serve in POR markets could increase. The bankruptcy of a local regulated utility could result in a default in such local regulated utility's payment obligations to us, or efforts to reject contracts for service that they have with us if they believe there is a high value alternative opportunity.

In POR markets where local regulated utilities purchase our receivables and in certain other markets, local regulated utilities are responsible for billing services. Local regulated utilities that provide billing services rely on us for accurate and timely communication of contract rates and other information necessary for accurate billing to customers. The number of territories within which we provide natural gas and electricity supply poses a constant challenge that demands considerable management, personnel and information system resources. Each territory requires unique and often varied electronic data interface systems. Rules that govern the exchange of data may be changed by the local regulated utilities. In certain instances, we must rely on manual processes and procedures to communicate data to local regulated utilities for inclusion in customer bills. In addition, some utilities may experience difficulty in providing accurate, timely data when changing metering equipment (*e.g* ., from manually-read to telemetry). Failure to provide accurate data to local regulated utilities on a timely basis could result in underpayment or nonpayment by our customers, and therefore adversely affect our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our indebtedness could adversely affect our ability to raise additional capital to fund our operations or pay dividends. It could also expose us to the risk of increased interest rates and limit our ability to react to changes in the economy or our industry as well as impact our cash available for distribution.

In connection with the closing of the offering, we expect to enter into a new $70.0 million senior secured revolving credit facility, which we refer to as our new revolving credit facility. We expect to have approximately $10.0 million of indebtedness outstanding under our new revolving credit facility and approximately $15.0 million in issued letters of credit following this offering. Any debt we incur under our new revolving credit facility or otherwise could have important negative consequences on our financial condition, including:

- increasing our vulnerability to general economic and industry conditions;
- requiring cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to pay dividends to holders of our Class A common stock or to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- limiting our ability to fund operations or future acquisitions;
- restricting our ability to make certain distributions with respect to our capital stock and the ability of our subsidiaries to make certain distributions to us, in light of restricted payment and other financial covenants, including requirements to maintain certain financial ratios, in our credit facilities and other financing agreements;
- exposing us to the risk of increased interest rates because borrowings under our new revolving credit facility will be at variable rates of interest; and
- limiting our ability to obtain additional financing for working capital including collateral postings, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes.

Our new revolving credit facility will contain financial and other restrictive covenants that may limit our ability to return capital to stockholders or otherwise engage in activities that may be in our long-term best interests. Our inability to satisfy certain financial covenants could prevent us from paying cash dividends, and our failure to comply with those and other covenants could result in an event of default which, if not cured or waived, may entitle the lenders to demand repayment or enforce their security interests, which could negatively impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

We depend on the accuracy of data in our billing systems. Inaccurate data could have a negative impact on our results of operations, financial condition, cash flows and reputation with customers and/or regulators.

We depend on the accuracy and timeliness of customer billing, collections and consumption information in our information systems. We rely on many internal and external sources for this information, including:

- our internal marketing, pricing and customer operations functions; and
- various local regulated utilities and independent system operators ("ISOs") for volume or meter read information, certain billing rates and billing types (e.g., budget billing) and other fees and expenses.

Inaccurate or untimely information, which may be outside of our direct control, could result in:

- inaccurate and/or untimely bills sent to customers;
- inaccurate accounting and reporting of customer revenues, gross margin and accounts receivable activity;
- inaccurate measurement of usage rates, throughput and imbalances;
- customer complaints; and
- increased regulatory scrutiny.

We may become liable for incorrectly calculating taxes, and certain of our charges may become uncollectable due to billing errors. Although customers are responsible for the payment of taxes related to the sales of natural gas and electricity, we estimate the amount of taxes they owe and invoice our customers through our billing process. We subsequently remit those taxes to the relevant taxing authorities. If we were to later determine that the amount we billed them for taxes was insufficient, we would not be able to recover the difference from them and would ultimately be responsible for those costs. Additionally, some of the markets in which we operate require us to bill customers within a specific period of time. If we do not bill our customer within that period of time, the customer may not be obligated to pay us.

Regulations in the restructured markets in which we operate require that meter reading be performed by the local regulated utility; and we are required to rely on the local regulated utility to provide us with our customers' information regarding energy usage. Our inability to obtain this usage information or confirm information received from the utilities could negatively impact our billing systems and reputation with customers and, therefore, our financial results and our ability to pay dividends to the holders of our Class A common stock.

Information management systems could prove unreliable.

We operate in a high volume business with an extensive array of data interchanges and market requirements. We are highly dependent on our information management systems to track, monitor and correct or otherwise verify a high volume of data to ensure the reported financial results and our forecasting efforts are accurate. Our information management systems are designed to help us forecast new customer enrollments and their energy requirements, which helps ensure that we are able to supply new customers estimated average energy requirements without exposing us to excessive commodity price risk.

We may be subject to disruptions in our information flow arising out of events beyond our control, such as natural disasters, epidemics, failures in hardware or software, power fluctuations, telecommunications and other similar disruptions. In addition, our information management systems may be vulnerable to computer viruses, incursions by intruders or hackers and cyber terrorists and other similar disruptions. The failure of our information management systems to perform as anticipated for any reason or any significant breach of security could disrupt our business and result in numerous adverse consequences, including reduced effectiveness and efficiency of our

operations, inappropriate disclosure of confidential information and increased overhead costs, all of which could impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

We depend on local transportation and transmission facilities of third parties to supply our customers. Our financial results may be adversely impacted if transportation and transmission availability is limited or unreliable.

We depend on transportation and transmission facilities owned and operated by local regulated utilities and other energy companies to deliver the natural gas and electricity we sell to customers. Under the regulatory structures adopted in most jurisdictions, we are required to enter into agreements with regulated local regulated utilities for use of the local distribution systems and to establish functional data interfaces necessary to serve our customers. Any delay in the negotiation of such agreements or inability to enter into reasonable agreements could delay or negatively impact our ability to serve customers in those jurisdictions. Additionally, failure to coordinate upstream and downstream receipts and deliveries on an energy transportation network can result in significant penalties. Any of these factors could have an adverse impact on our financial results and our ability to pay dividends to the holders of our Class A common stock.

We also depend on local regulated utilities for maintenance of the infrastructure through which we deliver natural gas and electricity to our customers. We are unable to control the level of service the utilities provide to our customers, including the timeliness and effectiveness of upkeep and repairs to infrastructure. Any infrastructure failure that interrupts or impairs delivery of electricity or natural gas to our customers could cause customer dissatisfaction, which could adversely affect our business. If transportation or transmission/distribution is disrupted, or if transportation or transmission/distribution capacity is inadequate, our ability to sell and deliver products may be hindered. Such disruptions could also hinder our providing electricity or natural gas to our customers and adversely impact our risk management policies, hedge contracts, our financial results and our ability to pay dividends to the holders of our Class A common stock.

In addition, the power generation and transmission/distribution infrastructure in the United States is very complex. Maintaining reliability of the infrastructure requires appropriate oversight by regulatory agencies, careful planning and design, trained and skilled operators, sophisticated information technology and communication systems, ongoing monitoring and, where necessary, improvements to various components of the infrastructure, including with regard to security. Major electric power blackouts are possible, which could disrupt electrical service for extended periods of time to large geographic regions of the United States. If such a major blackout were to occur, we may be unable to deliver electricity to our customers in the affected region, which would have an adverse impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

The adoption of derivatives legislation by Congress will continue to have an adverse impact on our ability to hedge risks associated with our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”), enacted on July 21, 2010, established federal oversight and regulation of the over-the-counter derivatives market and entities, such as us, that participate in that market. Although we qualify for the end-user exception to the mandatory clearing requirements for swaps to hedge our commercial risks, the application of the mandatory clearing and trade execution requirements to other market participants, such as swap dealers, has changed the cost and availability of the swaps that we use for hedging. In addition, the Act requires that regulators establish margin rules for uncleared swaps. CFTC Rules that require end users to post initial or variation margin impact liquidity and reduce cash available to us.

The full impact of the Act and related regulatory requirements upon our business will not be known until the regulations are implemented and the market for derivatives contracts has adjusted. The Act and any new

regulations could significantly increase the cost of derivative transactions, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks that we encounter, reduce our ability to monetize or restructure our existing derivative contracts or increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the Act and related regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Any of these consequences could have a material adverse effect our financial results and our ability to pay dividends to the holders of our Class A common stock.

We may not be able to manage our growth successfully, which could strain our liquidity and other resources and lead to poor customer satisfaction with our services.

The growth of our operations will depend upon our ability to expand our customer base in our existing markets and to enter new markets in a timely manner at reasonable costs. As we expand our operations, we may encounter difficulties implementing new product offerings or integrating new customers and employees as well as any legacy systems of acquired entities.

We may experience difficulty managing the growth of a portfolio of customers that is diverse with respect to the types of service offerings, applicable market rules and the infrastructure for product delivery. We also may experience difficulty integrating an acquired company's personnel and operations, or key personnel of the acquired company may decide not to work for us. Furthermore, if we acquire the residential or commercial businesses of an incumbent local regulated utility or other energy provider in a particular market, the customers of that business may not be under any obligation to use our services. These difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses and adversely affect our cash flows.

Expanding our operations could result in increased liquidity needs to support working capital for the purchase of natural gas and electricity supply to meet our customers' needs, for the credit requirements of forward physical supply and for generally higher operating expenses. Expanding our operations also may require continued development of our operating and financial controls and may place additional stress on our management and operational resources. If we are unable to manage our growth and development successfully, this could affect our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our success depends on key members of our management, the loss of whom could disrupt our business operations.

We depend on the continued employment and performance of key management personnel. A number of our senior executives have substantial experience in consumer and energy markets that have undergone regulatory restructuring and have extensive risk management and hedging expertise. We believe their experience is important to our continued success. We do not maintain key life insurance policies for our executive officers. If our key executives do not continue in their present roles and are not adequately replaced, our financial results and our ability to pay dividends to the holders of our Class A common stock could be adversely affected.

We rely on a capable, well-trained workforce to operate effectively. Retention of employees with strong industry or operational knowledge is essential to our ongoing success.

Many of the employee positions within our customer operations, energy supply, information systems, pricing, marketing, risk management and finance functions require extensive industry, operational, regulatory or financial experience or skills that may not be easily replaced if an employee were to leave employment with us. While some normal employee turnover is expected, high turnover could strain our ability to manage our ongoing operations as well as inhibit organic and acquisition growth.

We rely on a third party vendor for our customer billing and transactions platform which exposes us to third party performance risk.

We have outsourced our back office customer billing and transactions functions to a third party, and we rely heavily on the continued performance of that vendor under the outsourcing agreement. Failure of our vendor to operate in accordance with the terms of the outsourcing agreement or the vendor's bankruptcy or other event that prevents it from performing under our outsourcing agreement could have a material adverse effect on our financial results and our ability to pay dividends to the holders of our Class A common stock.

The failures or questionable activities of various local regulated utilities and other retail marketers within the markets that we serve adversely impact us.

A general positive perception on the part of customers and regulators of utilities and retail energy providers in general, and of us in particular, is essential for our continued growth and success. Questionable pricing, billing, collections, marketing or customer service practices on the part of any utility or retail marketer, or unsuccessful implementation of competitive energy programs can damage the reputation of all market participants, which could result in lower customer renewals and impact our ability to sign-on new customers. Any utility or retail marketer that defaults on its obligations to its customers, suppliers, lenders, hedge counterparties, or employees can have similar impacts on the retail energy industry as a whole and on our operations in particular. Any of these factors could affect our financial results and our ability to pay dividends to the holders of our Class A common stock.

A large portion of our current customers are concentrated in a limited number of states, making us vulnerable to customer concentration risks.

As of May 31, 2014, approximately 86% of our customers were located in five states. Specifically, 29%, 28%, 13%, 11% and 5% of our customers were located in Illinois, California, Texas, New York and Pennsylvania, respectively. If we are unable to increase our market share across other competitive markets or enter into new competitive markets effectively, we may be subject to continued or greater customer concentration risk. In addition, if any of the states that contain a large percentage of our customers were to reverse regulatory restructuring or change the regulatory environment in a manner that causes us to be unable to economically operate in that state, our financial results and our ability to pay dividends to the holders of our Class A common stock could be adversely affected.

Increases in state renewable portfolio standards or an increase in the cost of renewable energy credit and carbon offsets may adversely impact the price, availability and marketability of our products.

Pursuant to state renewable portfolio standards, we must purchase a specified amount of renewable energy credits, or RECs, based on the amount of electricity we sell in a state in a year. In addition, we have contracts with certain customers which require us to purchase RECs or carbon offsets. If a state increases its renewable portfolio standards, the demand for RECs within that state will increase and therefore the market price for RECs could increase. We attempt to forecast the price for the required RECs and carbon offsets at the end of each month and incorporate this forecast into our customer pricing models, but the price paid for RECs and carbon offsets may be higher than forecasted. We may be unable to fully pass the higher cost of RECs through to our customers, and increases in the price of RECs may decrease our results of operations and affect our ability to compete with other energy retailers that have not contracted with customers to purchase RECs or carbon offsets. Further, a price increase for RECs or carbon offsets may require us to decrease the renewable portion of our energy products, which may result in a loss of customers. A further reduction in benefits received by local regulated utilities from production tax credits in respect of renewable energy may adversely impact the availability to us, and marketability

by us, of renewable energy under our brands. Accordingly, such decrease may result in reduced revenue and may negatively impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

The suppliers from which we purchase our natural gas and electricity are subject to environmental laws and regulations that impose extensive and increasingly stringent requirements on their operations.

The assets of the suppliers from which we purchase natural gas and electricity are subject to numerous and significant federal, state and local laws, including statutes, regulations, guidelines, policies, directives and other requirements governing or relating to, among other things: protection of wildlife, including threatened and endangered species; air emissions; discharges into water; water use; the storage, handling, use, transportation and distribution of dangerous goods and hazardous, residual and other regulated materials, such as chemicals; the prevention of releases of hazardous materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on and offsite; land use and zoning matters; and workers' health and safety matters. Environmental laws and regulations have generally become more stringent over time. Significant costs may be incurred for capital expenditures under environmental programs to keep the assets compliant with such environmental laws and regulations, which could have a material adverse impact on the businesses of our producers, which may increase the prices they charge us for natural gas and electricity and have a material adverse effect on our financial results and our ability to pay dividends to the holders of our Class A common stock.

Technological improvements and changing consumer preferences could reduce demand and alter consumption patterns.

Technological improvements in energy efficiency could potentially reduce the overall demand for natural gas and electricity. Additionally, increased competitiveness of alternative energy sources or consumer preferences that alter fuel choices could potentially reduce the demand for natural gas and electricity. A prolonged decrease in demand for natural gas and electricity in the retail energy markets would adversely affect our financial results and our ability to pay dividends to the holders of our Class A common stock.

We employ independent contractors to broker sales for which they receive residual commissions. The residual commissions paid to independent contractors could adversely affect our operating margins and financial performance, particularly if our costs rise and we do not adjust our pricing strategy.

Some of our independent contractors earn ongoing residual commissions. Residual commissions are calculated based on a fixed percentage of revenues attributable to a customer's energy consumption, without regard to our wholesale supply costs. Should our supply costs rise, our operating margins, financial results and our ability to pay dividends to the holders of our Class A common stock could be adversely affected.

Our access to marketing channels may be contingent upon the viability of our telemarketing and door-to-door agreements with our vendors.

Our vendors are essential to our telemarketing and door-to-door sales activities. Our ability to increase revenues in the future will depend significantly on our access to high quality vendors. If we are unable to attract new vendors and retain existing vendors to achieve our marketing targets, our growth may be materially reduced. There can be no assurance that competitive conditions will allow these vendors and their independent contractors to continue to successfully sign up new customers. Further, if our products are not attractive to, or do not generate sufficient revenue for, our vendors, we may lose our existing relationships, which would have a material adverse effect on our business, revenues, results of operations and financial condition, as well as our ability to pay dividends to the holders of our Class A common stock. In addition, the decline in landlines reduces the number of potential customers that may be reached by our telemarketing efforts and as a result our telemarketing sales channel may

become less viable, which may materially impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our vendors may expose us to risks.

We are subject to reputational risks that may arise from the actions of our vendors and their independent contractors that are wholly or partially beyond our control, such as violations of our marketing policies and procedures as well as any failure to comply with applicable laws and regulations. If our vendors engage in marketing practices that are not in compliance with local laws and regulations, we may be in breach of applicable laws and regulations which may result in regulatory proceeding, disadvantageous conditioning of our energy retailer license, or the revocation of our energy retailer license, which would materially impact our financial results and our ability to pay dividends to the holders of our Class A common stock. In addition, the independent contractors of our vendors may consider us to be their employer and seek compensation.

Risks Related to the Offering and our Class A Common Stock

We expect to have shortfalls of cash available for distribution from operating cash flows in certain quarters during the four quarters following the closing of the offering, and we may not be able to continue paying our targeted quarterly dividend to the holders of our Class A common stock in the future.

The amount of our cash available for distribution principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- changes in commodity prices, which may be driven by a variety of factors, including, but not limited to, weather conditions, seasonality and demand for energy commodities and general economic conditions;
- the level and timing of customer acquisition costs we incur;
- the level of our operating and general and administrative expenses;
- seasonal variations in revenues generated by our business;
- our debt service requirements and other liabilities;
- fluctuations in our working capital needs;
- our ability to borrow funds and access capital markets;
- restrictions contained in our debt agreements (including our new revolving credit facility);
- abrupt changes in regulatory policies; and
- other business risks affecting our cash flows.

As a result of these and other factors, we cannot guarantee that we will have sufficient cash generated from operations to pay a specific level of cash dividends to holders of our Class A common stock.

Consistent with our forecast, due to the seasonality of our retail natural gas business, we expect to generate the substantial majority of our cash available for distribution in the first and fourth quarters of each year. In addition, we anticipate continuing to incur increased customer acquisition costs over the first nine months of 2014, which is consistent with our growth strategy. As a result of seasonality and our increased customer acquisition costs, we may not have sufficient cash available for distribution from the third quarter of 2014 to cover the pro-rated quarterly dividend for that period (calculated from the closing date of this offering through and including September 30, 2014). For a summary of historical unaudited pro forma cash available for distribution and estimated cash available for distribution, including pro forma historical and anticipated shortfalls, please read “Cash Dividend Policy” under “—Unaudited Pro Forma Cash Available for Distribution for the Year Ended December 31, 2013,” “—Estimated Cash Available for Distribution for the Twelve Months Ending June 30, 2015” and “—General Considerations and Risks—Cash Available for Distribution for the Third Quarter of 2014.”

Furthermore, holders of our Class A common stock should be aware that the amount of cash available for distribution depends primarily on our cash flow, and is not solely a function of profitability, which is affected by non-cash items. We may incur other expenses or liabilities during a period that could significantly reduce or eliminate our cash available for distribution and, in turn, impair our ability to pay dividends to holders of our Class A common stock during the period. Because we are a holding company, our ability to pay dividends on our Class A common stock is limited by restrictions on the ability of our subsidiaries to pay dividends or make other distributions to us. We will be entitled to pay cash dividends to the holders of the Class A common stock and Spark HoldCo will be entitled to make cash distributions to NuDevco and us so long as: (a) no default exists or would result from such a payment; (b) Spark HoldCo, SE and SEG are in pro forma compliance with all financial covenants before and after giving effect to such payment and (c) the outstanding amount of all loans and letters of credit does not exceed borrowing base limits. Finally, dividends to holders of our Class A common stock will be paid at the discretion of our board of directors. Our board of directors may decrease the level of or entirely discontinue payment of dividends. For a description of additional restrictions and factors that may affect our ability to pay cash dividends, please see "Cash Dividend Policy."

The assumptions underlying the forecast presented elsewhere in this prospectus are inherently uncertain and subject to significant business, economic, financial, regulatory and competitive risks that could cause our actual cash available for dividends to differ materially from our forecast.

The forecast presented elsewhere in this prospectus is based on our current business operations and was prepared using assumptions that our management believes are reasonable. See "Cash Dividend Policy—Significant Forecast Assumptions." These include assumptions regarding our customer acquisition strategy, the seasonality of our business, the effectiveness of our hedging program, our natural gas and electricity revenues, our operating costs and expenses, interest expense, our asset optimization activities, income tax expense and regulatory, industry and economic factors. The forecast assumes that no unexpected risks will materialize during the forecast period. Any one or more of these assumptions may prove to be incorrect, in which case our actual results of operations will be different from, and possibly materially worse than, those contemplated by the forecast. There can be no assurance that the assumptions underlying the forecast presented elsewhere in this prospectus will prove to be accurate. Actual results for the forecast period will likely vary from the forecasted results and those variations may be material. We make no representation that actual results achieved in the forecast period will be the same, in whole or in part, as those forecasted herein or that we will be able to pay dividends on our targeted levels or at all.

We are a holding company. Our sole material asset after completion of this offering will be our equity interest in Spark HoldCo and we are accordingly dependent upon distributions from Spark HoldCo to pay dividends, pay taxes, make payments under the Tax Receivable Agreement and cover our corporate and other overhead expenses under the Spark HoldCo LLC Agreement.

We are a holding company and will have no material assets other than our equity interest in Spark HoldCo. Please see "Corporate Reorganization." We have no independent means of generating revenue. The Spark HoldCo LLC Agreement provides, to the extent Spark HoldCo has available cash and is not prevented by restrictions in any of its credit agreements, for distributions pro rata to its unitholders, including us, such that we receive an amount of cash sufficient to pay the estimated taxes payable by us, the targeted quarterly dividend we intend to pay holders of our Class A common stock, and payments under the Tax Receivable Agreement we will enter into with Spark HoldCo, NuDevco Retail Holdings and NuDevco Retail. In addition, Spark HoldCo will pay for our corporate and other overhead expenses pursuant to the Spark HoldCo LLC Agreement. To the extent that we need funds and Spark HoldCo or its subsidiaries are restricted from making such distributions under applicable law or regulation or under the terms of their financing arrangements, or are otherwise unable to provide such funds, it could materially adversely affect our financial results and our ability to pay dividends to the holders of our Class A common stock.

Market interest rates may have an effect on the value of our Class A common stock.

One of the factors that will influence the price of shares of our Class A common stock will be the effective dividend yield of such shares (i.e., the yield as a percentage of the then market price of our shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of shares of our Class A common stock to expect a higher dividend yield, and our inability to increase our dividend as a result of an increase in borrowing costs, insufficient cash available for distribution or otherwise, could result in selling pressure on, and a decrease in the market price of, our Class A common stock as investors seek alternative investments with higher yield.

The initial public offering price of our Class A common stock may not be indicative of the market price of our Class A common stock after this offering. In addition, an active, liquid and orderly trading market for our Class A common stock may not develop or be maintained, and our stock price may be volatile.

Prior to this offering, our Class A common stock was not traded in any market. An active, liquid and orderly trading market for our Class A common stock may not develop or be maintained after this offering. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our Class A common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A common stock, you could lose a substantial part or all of your investment in our Class A common stock. The initial public offering price will be negotiated between us and the representatives of the underwriters, based on numerous factors which we discuss in "Underwriting," and may not be indicative of the market price of our Class A common stock after this offering. Consequently, you may not be able to sell shares of our Class A common stock at prices equal to or greater than the price paid by you in this offering.

The following factors could affect our stock price:

- our operating and financial performance and changes in our per share distribution levels;
- our retail gross margin and our asset optimization activities;
- quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and revenues;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- the failure of research analysts to cover our Class A common stock;
- sales of our Class A common stock by us, our stockholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general market conditions, including fluctuations in commodity prices;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks described in this prospectus, including under this "Risk Factors" section.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A common stock. Securities class action litigation has often been instituted against companies following

periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and negatively impact our financial results and our ability to pay dividends to the holders of our Class A common stock.

Our principal shareholder will collectively hold a substantial majority of the voting power of our common stock.

Holders of Class A common stock and Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or our certificate of incorporation and bylaws. Upon completion of this offering (assuming no exercise of the underwriters' option to purchase additional shares), NuDevco will own all of our Class B common stock (representing % of our combined voting power).

NuDevco is entitled to act separately in its own interest with respect to its investment in us. NuDevco will have the ability to elect all of the members of our board of directors, and thereby to control our management and affairs. In addition, NuDevco will be able to determine the outcome of all matters requiring shareholder approval, including mergers and other material transactions, and will be able to cause or prevent a change in the composition of our board of directors or a change in control of our company that could deprive our stockholders of an opportunity to receive a premium for their Class A common stock as part of a sale of our company. The existence of a significant shareholder may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of our company.

So long as NuDevco continues to control a significant amount of our common stock, it will continue to be able to strongly influence all matters requiring shareholder approval, regardless of whether other stockholders believe that a potential transaction is in their own best interests. In any of these matters, the interests of NuDevco may differ or conflict with the interests of our other stockholders. Moreover, this concentration of stock ownership may also adversely affect the trading price of our Class A common stock to the extent investors perceive a disadvantage in owning stock of a company with a controlling shareholder.

We will be a "controlled company" under NASDAQ Global Market rules, and as such we are entitled to an exemption from certain corporate governance standards of the NASDAQ Global Market, and you may not have the same protections afforded to shareholders of companies that are subject to all of the NASDAQ Global Market corporate governance requirements.

We will qualify as a "controlled company" within the meaning of Nasdaq Global Market corporate governance standards because NuDevco will control more than 50% of our voting power following this offering. Under NASDAQ Global Market rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement to have a nominating/corporate governance committee composed entirely of independent directors and a written charter addressing the committee's purpose and responsibilities, (iii) the requirement to have a compensation committee composed entirely of independent directors and a written charter addressing the committee's purpose and responsibilities and (iv) the requirement of an annual performance evaluation of the nominating/corporate governance and compensation committees.

In light of our status as a controlled company, our board of directors has determined to take partial advantage of the controlled company exemption. Our board of directors has determined not to have a nominating and corporate governance committee and that our compensation committee will not consist entirely of independent directors. As

a result, non-independent directors may among other things, appoint future members of our board of directors, resolve corporate governance issues, establish salaries, incentives and other forms of compensation for officers and other employees and administer our incentive compensation and benefit plans.

Accordingly, in the future, you may not have the same protections afforded to shareholders of companies that are subject to all of NASDAQ Global Market corporate governance requirements. For a description of our expected corporate governance practices, please see "Management—Controlled Company."

We have engaged in transactions with our affiliates and expect to do so in the future. The terms of such transactions and the resolution of any conflicts that may arise may not always be in our or our stockholders' best interests.

We have engaged in transactions and expect to continue to engage in transactions with affiliated companies, as described under the caption "Certain Relationships and Related Party Transactions." We will continue to enter into back-to-back transactions for the sale of natural gas from an affiliate. We will also continue to pay certain expenses on behalf of several of our affiliates for which we will seek reimbursement. We will also continue to share our corporate headquarters with certain affiliates. We cannot assure that our affiliates will reimburse us for the costs we have incurred on their behalf or perform their obligations under any of these contracts.

Our amended and restated certificate of incorporation and amended and restated bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our Class A common stock.

Our amended and restated certificate of incorporation authorizes our board of directors to issue preferred stock without shareholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us.

In addition, some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders. Among other things, our amended and restated certificate of incorporation and amended and restated bylaws will:

- provide for our board of directors to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three year terms. Our staggered board may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for shareholders to replace a majority of the directors;
- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies in our board, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- provide our board of directors the ability to authorize undesignated preferred stock. This ability makes it possible for our board of directors to issue, without shareholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company;

- provide that at any time after the first date upon which W. Keith Maxwell II no longer beneficially owns more than fifty percent of the outstanding Class A common stock and Class B common stock, any action required or permitted to be taken by the shareholders must be effected at a duly called annual or special meeting of shareholders and may not be effected by any consent in writing in lieu of a meeting of such shareholders, subject to the rights of the holders of any series of preferred stock with respect to such series (prior to such time, such actions may be taken without a meeting by written consent of holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting);
- provide that at any time after the first date upon which W. Keith Maxwell II no longer beneficially owns more than fifty percent of the outstanding Class A common stock and Class B common stock, special meetings of our shareholders may only be called by the board of directors, the chief executive officer or the chairman of the board (prior to such time, special meetings may also be called by our Secretary at the request of holders of record of fifty percent of the outstanding Class A common stock and Class B common stock);
- provide that our amended and restated certificate of incorporation and amended and restated bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our outstanding stock entitled to vote thereon;
- provide that our amended and restated bylaws can be amended by the board of directors; and
- establish advance notice procedures with regard to shareholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our shareholders. These procedures provide that notice of shareholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. These requirements may preclude shareholders from bringing matters before the shareholders at an annual or special meeting.

In addition, in our amended and restated certificate of incorporation, we have elected not to be subject to the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL") regulating corporate takeovers until the date on which W. Keith Maxwell III no longer beneficially owns in the aggregate more than fifteen percent of the outstanding Class A common stock and Class B common stock. On and after such date, we will be subject to the provisions of Section 203 of the DGCL.

In addition, certain change of control events have the effect of accelerating the payment due under our Tax Receivable Agreement, which could be substantial and accordingly serve as a disincentive to a potential acquirer of our company. Please see "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or

entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our amended and restated certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Future sales of our Class A common stock in the public market could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

Subject to certain limitations and exceptions, NuDevco may exchange its Spark HoldCo units (together with a corresponding number of shares of Class B common stock) for shares of Class A common stock (on a one-for-one basis, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions) and then sell those shares of Class A common stock. Additionally, we may issue additional shares of Class A common stock or convertible securities in subsequent public offerings. After the completion of this offering, we will have outstanding shares of Class A common stock, and outstanding shares of Class B common stock. Following the completion of this offering, NuDevco will own shares of Class B common stock, representing approximately % (or shares of Class B common stock, representing approximately % if the underwriters' option to purchase additional shares is of our total outstanding common stock exercised in full). All such shares are restricted from immediate resale under the federal securities laws and are subject to the lock-up agreements between such parties and the underwriters described in "Underwriting," but may be sold into the market in the future. We expect that NuDevco Retail Holdings and NuDevco Retail will each be party to a registration rights agreement with us that will require us to effect the registration of their shares in certain circumstances no earlier than the expiration of the lock-up period contained in the underwriting agreement entered into in connection with this offering. Employees will be subject to certain restrictions on the sale of their shares for 180 days after the date of this prospectus; however, after such period, and subject to compliance with the Securities Act or exemptions therefrom, these employees may sell such shares into the public market. See "Shares Eligible for Future Sale" and "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

In connection with this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our Class A common stock issued or reserved for issuance under our equity incentive plan. Subject to the satisfaction of vesting conditions and the expiration of lock-up agreements, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction.

We cannot predict the size of future issuances of our Class A common stock or securities convertible into Class A common stock or the effect, if any, that future issuances or sales of shares of our Class A common stock will have on the market price of our Class A common stock. Sales of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A common stock. Our amended and restated certificate of incorporation allows us to issue up to an additional shares of equity securities, including securities ranking senior to our Class A common stock.

The underwriters of this offering may waive or release parties to the lock-up agreements entered into in connection with this offering, which could adversely affect the price of our Class A common stock.

Our directors and executive officers have entered into lock-up agreements with respect to their Class A common stock, pursuant to which they are subject to certain resale restrictions for a period of 180 days following the effective date of the registration statement of which this prospectus forms a part. Please see "Underwriting." Robert W. Baird & Co. Incorporated at any time and without notice, may release all or any portion of the Class A common stock subject to the foregoing lock-up agreements. If the restrictions under the lock-up agreements are waived, then Class A common stock will be available for sale into the public markets, which could cause the market price of our Class A common stock to decline and impair our ability to raise capital.

We will be required to make payments under the Tax Receivable Agreement for certain tax benefits we may claim, and the amounts of such payments could be significant.

We will enter into a Tax Receivable Agreement with Spark HoldCo, NuDevco Retail Holdings and NuDevco Retail. This agreement will generally provide for the payment by us to NuDevco of 85% of the net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize (or are deemed to realize in certain circumstances) in periods after this offering as a result of (i) any tax basis increase resulting from the purchase by Spark Energy, Inc. of Spark HoldCo units from NuDevco Retail Holdings prior to or in connection with this offering, (ii) any tax basis increases resulting from the exchange of Spark HoldCo units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of Spark HoldCo units for cash pursuant to the Cash Option) and (iii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under the Tax Receivable Agreement. In addition, payments we make under the Tax Receivable Agreement will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return.

Spark Energy, Inc. may be required to defer or partially defer any payment due to holders of rights under the Tax Receivable Agreement in certain circumstances during the five-year period commencing on October 1, 2014. Following the expiration of the five-year deferral period, Spark Energy, Inc. will be obligated to pay any outstanding deferred TRA Payments. While this payment obligation is subject to certain limitations described elsewhere in this prospectus, the obligation may nevertheless be significant and could adversely affect our liquidity and ability to pay dividends to the holders of our Class A common stock. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

The payment obligations under the Tax Receivable Agreement are our obligations and not obligations of Spark HoldCo. For purposes of the Tax Receivable Agreement, cash savings in tax generally are calculated by comparing our actual tax liability to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. The term of the Tax Receivable Agreement will commence upon the completion of this offering and will continue until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the Tax Receivable Agreement by making the termination payment specified in the agreement.

The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of the exchanges of Spark HoldCo units, the price of Class A common stock at the time of each exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income we generate in the future and the tax rate then applicable, and the portion of our payments under the Tax Receivable Agreement constituting imputed interest or depletable, depreciable or amortizable basis. We expect that the payments that we will be required to make under the Tax Receivable Agreement could be substantial.

The payments under the Tax Receivable Agreement will not be conditioned upon a holder of rights under the Tax Receivable Agreement having a continued ownership interest in either Spark HoldCo or us. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

If we elect to terminate the Tax Receivable Agreement early or it is terminated early due to certain mergers or other changes of control, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits subject to the Tax Receivable Agreement, which calculation of anticipated future tax benefits will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including the assumption that we have sufficient taxable income to fully utilize such benefits and that any Spark HoldCo units that NuDevco or its permitted transferees own on the termination date are deemed to be exchanged on the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of such future benefits.

In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control due to the additional transaction cost a potential acquirer may attribute to satisfying such obligations. For example, if the Tax Receivable Agreement were terminated immediately after this offering, the estimated termination payment would be approximately $73.8 million (calculated using a discount rate equal to the LIBOR, plus 200 basis points). The foregoing number is merely an estimate and the actual payment could differ materially. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we will determine. The holders of rights under the Tax Receivable Agreement will not reimburse us for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against payments otherwise to be made, if any, to such holder after our determination of such excess. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

We may issue preferred stock whose terms could adversely affect the voting power or value of our Class A common stock.

Our certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A common stock.

We will incur increased costs as a result of being a public company.

As a publicly traded company with listed equity securities, we will need to comply with new laws, regulations and requirements, including corporate governance provisions of the Sarbanes-Oxley Act of 2002, and rules and regulations of the SEC and the NASDAQ. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources, which could adversely affect our business, financial condition and ability to pay dividends to the holders of our Class A common stock.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies.

In April 2012, President Obama signed into law the JOBS Act. We are classified as an "emerging growth company" under the JOBS Act. For as long as we are an emerging growth company, which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things, (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, (ii) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (iii) provide certain disclosure regarding executive compensation required of larger public companies or (iv) hold nonbinding advisory votes on executive compensation. We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than $1.0 billion of revenues in a fiscal year, have more than $700 million in market value of our Class A common stock held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our common stock to be less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

As a result of becoming a public company, we will be obligated to design and operate proper and effective internal control over financial reporting and to report our financial results in a timely fashion. If our internal control over financial reporting is determined to be ineffective or we fail to meet financial reporting deadlines, investor confidence in our company, and our Class A common stock price, may be adversely affected.

We are not currently required to comply with the SEC's rules that implement Section 404 of the Sarbanes-Oxley Act, and are therefore not yet required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will however be required to comply with certain of these rules, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report. This assessment will need to include the disclosure of any material weakness in internal control over financial reporting identified by our management and our independent registered public accounting firm. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Also, as a private company, we have not previously been required to prepare quarterly financial statements, nor

have we been required to generate financial statements in the time frames mandated for public companies by the Commission's reporting requirements. We are currently evaluating our internal control over financial reporting for purposes of complying with our obligations as a public company.

Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until the end of the fiscal year after we are no longer an "emerging growth company" under the JOBS Act, which may be for up to five fiscal years after the completion of this offering.

Upon our further review and analysis of information related to our unaudited condensed interim combined financial statements as of and for the three months ended March 31, 2014, included in our previous Form S-1 as filed with the Securities and Exchange Commission, we identified errors in our retail revenues and retail cost of revenues due to inaccurate data and assumptions used in estimating the recorded amounts of retail sales, retail costs of revenues and related imbalances for the three months ended March 31, 2014. Our unaudited condensed interim combined financial statements as of and for the three-months ended March 31, 2014, included herein have been restated to correct the related errors. We also determined there is a material weakness in our internal control over financial reporting as of March 31, 2014 due to the lack of internal controls designed to ensure that estimated retail revenues, cost of revenues and related imbalances are based on complete and accurate data and assumptions on a timely basis. See Note 1 to our unaudited condensed interim combined financial statements beginning on page F-41.

We are implementing further controls to more precisely estimate and validate our recorded estimated retail revenues, retail cost of revenues and related imbalances in accordance with U.S. GAAP and on a timeline that ensures we can prepare our financial statements on a timely basis in compliance with reporting timelines under the Exchange Act, however, there is no guarantee that these controls will be effective. We also believe that we will need to expand our accounting resources, including the size and expertise of our internal accounting team, to effectively execute a quarterly close process on an appropriate time frame for a public company. In the event that our internal control over financial reporting is perceived as inadequate, or that we are unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and the trading price of our Class A common stock could decline.

Our amended and restated certificate of incorporation limits the fiduciary duties of one of our directors and certain of our affiliates and restricts the remedies available to our stockholders for actions taken by Mr. Maxwell or certain of our affiliates that might otherwise constitute breaches of fiduciary duty.

Our amended and restated certificate of incorporation contains provisions that we renounce any interest in existing and future investments in other entities by, or the business opportunities of, NuDevco Partners, LLC, NuDevco Partners Holdings, LLC and W. Keith Maxwell III, or any of their officers, directors, agents, shareholders, members, affiliates and subsidiaries (other than a director or officer of the Company who is presented an opportunity solely in his capacity as a director or officer). Because of this provision, these persons and entities have no obligation to offer us those investments or opportunities that are offered to them in any capacity other than solely as an officer or director of the Company. If one of these persons or entities pursues a business opportunity instead of presenting the opportunity to the Company, we will not have any recourse against such person or entity for a breach of fiduciary duty.

USE OF PROCEEDS

We expect the net proceeds from this offering to be approximately $ million, assuming an initial public offering price of $ per share of Class A common stock (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and commissions, structuring fees and estimated offering expenses of approximately $ million, in the aggregate.

We intend to use net proceeds of this offering to acquire Spark HoldCo units representing approximately % of the outstanding Spark HoldCo units after this offering from NuDevco Retail Holdings and to repay the NuDevco Note. Accordingly, we will not retain any of the net proceeds from this offering. The NuDevco Note has an initial principal amount of $50,000, bears interest at a rate of 3.0% per annum, and was issued by us as consideration for NuDevco Retail Holdings' transfer to us of Spark HoldCo units as described in "Prospectus Summary—Corporate Reorganization."

We have granted the underwriters a 30-day option to purchase up to an aggregate of additional shares of our Class A common stock. If the underwriters exercise in full their option to purchase additional shares of Class A common stock from us, we estimate that the net proceeds will be approximately $ million, after deducting underwriting discounts and commissions, structuring fees and estimated offering expenses.

If the underwriters exercise their option to purchase additional shares of Class A common stock, we intend to use the net proceeds from any exercise of such option to acquire an additional number Spark HoldCo units from NuDevco Retail Holdings equal to the number of additional shares of our Class A common stock purchased by the underwriters. In connection with such acquisition, a corresponding number of shares of Class B common stock owned by NuDevco Retail Holdings will be cancelled. We will not retain any of the net proceeds from the exercise by the underwriters of their option.

CASH DIVIDEND POLICY

General

We intend to pay a regular quarterly dividend to holders of our Class A common stock to the extent we have cash available for distribution to do so. Our targeted quarterly dividend will be $ per share of Class A common stock ($ per share on an annualized basis), which amount may be increased or decreased in the future without advance notice. Our ability to pay the regular quarterly dividend is subject to various restrictions and other factors as described below.

We expect to pay a quarterly dividend on or about the 75th day following the expiration of each fiscal quarter to holders of our Class A common stock of record on or about the 60th day following the last day of such fiscal quarter. With respect to our first dividend payable on or about December 15, 2014, we intend to pay a pro-rated dividend (calculated from the closing date of this offering through and including September 30, 2014) of $ per share of Class A common stock.

Rationale for Our Dividend

We have established our targeted quarterly dividend level after considering the amount of cash we expect to receive from Spark HoldCo as a result of our membership interest in Spark HoldCo after this offering. Our only cash-generating asset is our membership interest in Spark HoldCo. In accordance with its operating agreement and in our capacity as the sole managing member, we intend to cause Spark HoldCo to make regular quarterly cash distributions to its members, including us, in an amount sufficient to enable us to pay our taxes, make payments under the Tax Receivable Agreement and to pay a regular quarterly dividend, to the extent Spark HoldCo has sufficient cash available for distribution (described below) less reserves for the prudent conduct of its business. We intend to use the amount distributed to us, after allotments by our board of directors for the payment of taxes and for payments under the Tax Receivable Agreement, to pay a regular quarterly dividend to holders of our Class A common stock. We may choose to cause Spark HoldCo to retain cash available for distribution in excess of the amount distributed to the members of Spark HoldCo to fund additional growth in our business. Our cash dividend policy reflects a basic judgment that holders of our Class A common stock will be better served by us distributing all of the cash distributions we receive from Spark HoldCo each quarter in the form of a quarterly dividend rather than retaining it.

The amount of cash that Spark HoldCo generates from its operations is likely to fluctuate from quarter to quarter, in some cases significantly, as a result of the seasonality of consumption patterns, the impact of supply cost volatility on our unit margins, the effectiveness of our hedging program and our ability to enroll new customers and manage customer attrition along with our asset optimization activities. Accordingly, during quarters in which Spark HoldCo generates cash available for distribution to us in excess of the amount necessary for us to pay our taxes and targeted quarterly dividend, we may cause it to reserve a portion of the excess to fund its cash distributions in future quarters. In quarters in which Spark HoldCo does not generate cash available for distribution to us in an amount sufficient to fund our taxes, make payments under the Tax Receivable Agreement and to pay a quarterly cash dividend, if our board of directors so determines, we may use sources of cash not included in our calculation of cash available for distribution, such as net cash provided by financing activities, all or any portion of cash on hand or, if applicable, borrowings under Spark HoldCo’s new revolving credit facility, to cause it to make distributions to us in an amount sufficient to pay our taxes, make payments under the Tax Receivable Agreement and to pay dividends to holders of our Class A common stock. Although these other sources of cash may be substantial and available to fund a dividend payment in a particular period, we exclude these items from our calculation of cash available for distribution because we consider them non-recurring or otherwise not representative of the operating cash flows we typically expect to generate on an annualized basis.

Estimate of Future Cash Available for Distribution

We primarily considered forecasted cash available for distribution in assessing the amount of cash that we expect to be available for the purposes of our regular quarterly dividend. Accordingly, we believe that an understanding of cash available for distribution is useful to investors in evaluating our ability to pay dividends pursuant to our stated cash dividend policy. In general, we expect that our "cash available for distribution" each quarter will equal Spark HoldCo's Adjusted EBITDA for the period, *less* :

- cash interest paid;
- non-customer acquisition capital expenditures;
- taxes paid at Spark HoldCo;
- NuDevco's pro rata portion of cash available for distribution as a non-controlling interest owner;
- payments under the Tax Receivable Agreement; and
- income tax payments at Spark Energy, Inc.

Limitations on Cash Dividends and Our Ability to Change Our Cash Dividend Policy

There is no guarantee that we will pay quarterly cash dividends to holders of our Class A common stock. We do not have a legal obligation to pay a quarterly dividend of $ per share of Class A common stock, at any other amount or at all. Our cash dividend policy may be changed at any time and is subject to certain restrictions and uncertainties, including the following:

- We may lack sufficient cash to pay dividends to holders of our Class A common stock due to cash flow shortfalls at Spark HoldCo attributable to a number of operational, commercial or other factors, as well as increases in operating and/or general and administrative expenses, principal and interest payments on outstanding debt, income tax expenses, working capital requirements or anticipated cash needs.
- As the sole managing member of Spark HoldCo, we and, accordingly, our board of directors will have the authority to establish, or cause Spark HoldCo to establish, cash reserves for the prudent conduct of our business and for future cash dividends to holders of our Class A common stock, and the establishment of or increase in those reserves could result in a reduction in cash dividends from levels we currently anticipate pursuant to our targeted cash dividend policy. These reserves may account for the fact that our cash flows may vary quarterly or from year to year based on, among other things, the seasonality of consumption patterns, the impact of supply cost volatility on unit margin, the effectiveness of our hedging program, our ability to sign-up new customers and manage customer attrition along with our asset optimization activities.
- The amount of our quarterly cash available for distribution could be impacted by restrictions on cash distributions contained in Spark HoldCo's new revolving credit facility. We will be entitled to pay cash dividends to the holders of the Class A common stock and Spark HoldCo will be entitled to make cash distributions to NuDevco and us so long as: (a) no default exists or would result from such a payment under our credit facility; (b) Spark HoldCo, SE and SEG are in pro forma compliance with all financial covenants before and after giving effect to such payment and (c) the outstanding amount of all loans and letters of credit does not exceed borrowing base limits. Should Spark HoldCo be unable to satisfy these covenants or is otherwise in default under such facility, we may be unable to receive sufficient cash distributions from Spark HoldCo to pay our targeted quarterly cash dividends notwithstanding our targeted cash dividend policy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Historical Cash Flows—Credit Facility."
- The amount of expenses that Spark HoldCo pays on our behalf under the Spark HoldCo LLC Agreement could impact cash available for distribution.

- The amount of tax savings that we recognize under the Tax Receivable Agreement that must be paid to NuDevco could impact cash available for distribution.
- Section 170 of the DGCL allows our board of directors to declare and pay dividends on the shares of our Class A common stock either:
  - out of our surplus, as defined in and computed in accordance with the DGCL; or
  - in case there shall be no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

Our Ability to Fund Our Quarterly Dividend and Reinvest Excess Cash Available for Distribution in Our Growth

We intend to grow our business primarily by pursuing organic growth opportunities in our existing retail energy markets and through expansion into additional competitive markets that show opportunities, which, we believe, will facilitate the growth of Spark HoldCo's business. We do not currently intend to increase our dividend per share over time, but to reinvest any cash available for distribution in excess of amounts required to pay our regular quarterly dividend in the growth of our business.

We currently expect our annual cash flow from operations to be sufficient to pay our quarterly dividend at the targeted rate, as well as fund additional growth in our businesses over time. However, the determination of the amount of cash dividends to be paid to holders of our Class A common stock will be made by our board of directors and will depend upon our financial condition, results of operations, cash flow, long-term prospects and any other matters that our board of directors deem relevant.

We may also rely on external financing sources, including commercial bank borrowings and issuances of debt and equity securities, to fund future growth capital expenditures to the extent we do not have sufficient excess cash flow from operations after paying our quarterly dividend. If external financing is not available to us on acceptable terms, our board of directors may decide to finance acquisitions with cash from operations, which would reduce or even eliminate our cash available for distribution and, in turn, impair our ability to pay dividends to holders of our Class A common stock. To the extent we issue additional shares of capital stock to fund growth capital expenditures, the payment of dividends on those additional shares may increase the risk that we will be unable to maintain our per share dividend level. There are no limitations in our bylaws, and there will not be any limitations under Spark HoldCo's new revolving credit facility, on our ability to issue additional shares of authorized capital stock, including preferred stock that would have priority over our Class A common stock with respect to the payment of dividends. Additionally, the incurrence of additional commercial bank borrowings or other debt to finance our growth would result in increased interest expense, which may impact our cash available for distribution and, in turn, our ability to pay dividends to holders of our Class A common stock.

Unaudited Pro Forma Cash Available for Distribution for the Year Ended December 31, 2013

If we had completed the transactions contemplated in this prospectus on January 1, 2013, our unaudited pro forma cash available for distribution for the year ended December 31, 2013 would have been approximately $3.5 million. These amounts would not have been sufficient to pay the full quarterly cash dividend on all of our Class A common stock to be outstanding immediately after consummation of this offering based on our targeted quarterly dividend rate of $ per share of our Class A common stock per quarter ($ on an annualized basis).

Our calculation of unaudited pro forma cash available for distribution includes incremental external general and administrative expenses that we expect to incur as a result of being a publicly traded company, including costs associated with SEC reporting requirements, tax return preparation, independent auditor fees, investor relations

activities, Sarbanes-Oxley compliance, registrar and transfer agent fees, director and officer liability insurance expense and additional director compensation. We estimate that these incremental general and administrative expenses initially will be approximately $3.0 million per year and will be allocated to Spark HoldCo pursuant to the Spark HoldCo LLC Agreement. Such expenses are not reflected in our unaudited combined pro forma financial statements.

Our unaudited pro forma combined financial statements, from which our unaudited pro forma cash available for distribution was derived, do not purport to present our results of operations had the transactions contemplated in this prospectus actually been completed as of the dates indicated. Furthermore, cash available for distribution is a cash accounting concept, while our historical combined financial statements and our pro forma combined financial statements were prepared on an accrual basis. We derived the amounts of unaudited pro forma cash available for distribution stated above in the manner shown in the table below. As a result, the amount of unaudited pro forma cash available for distribution should only be viewed as a general indication of the amount of cash available for distribution that we might have generated had we been formed and completed the transactions contemplated in this prospectus in earlier periods.

Our unaudited pro forma combined financial statements were derived from our audited and unaudited combined historical financial statements included elsewhere in this prospectus and our accounting records, which are also unaudited. Our unaudited pro forma combined financial statements and the table below should be read together with “Prospectus Summary—Summary Historical and Unaudited Pro Forma Combined Financial and Operating Data,” “Selected Historical and Unaudited Pro Forma Combined Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited and unaudited historical combined financial statements of SE and SEG included elsewhere in this prospectus.

The following table illustrates our unaudited pro forma cash available for distribution for the year ended December 31, 2013. The footnotes to the table below provide additional information about the pro forma adjustments and should be read along with the table.

Spark Energy, Inc.
Unaudited Pro Forma Cash Available for Distribution

	Year Ended December 31, 2013
	(in thousands except per share data)
Revenues	
Retail electricity revenues	$ 191,872
Retail natural gas revenues	124,904
Net asset optimization revenues (including asset optimization revenues-affiliates of $0 and asset optimization revenues-affiliate cost of revenues of $0)	314
Total revenues	317,090
Operating Expenses	
Retail cost of electricity revenues	149,885
Retail cost of natural gas revenues	83,141
Total retail cost of revenues	233,026
Depreciation and amortization	16,215
General and administrative (1)	35,020
Total operating costs and expenses	284,261
Operating income	32,829
Interest expense (2)	1,183
Interest and other income	353
Income tax expense	56
Net Income of Spark HoldCo, LLC	31,943

	Year Ended December 31, 2013
	(in thousands except per share data)
Add:	
Depreciation and amortization	$ 16,215
Interest expense [2]	1,183
Income tax expense	56
EBITDA of Spark HoldCo, LLC	49,397
Less:	
Net gains (losses) on derivative instruments	6,567
Net cash settlements on derivative instruments	1,040
Customer acquisition costs paid in the period	8,257
Non-cash compensation expense [3]	—
Adjusted EBITDA of Spark HoldCo, LLC	33,533
Less:	
Cash interest paid [4]	933
Capital expenditures	1,481
Income taxes paid	56
Incremental general and administrative expense [5]	3,000
Pro forma Cash Available for Distribution to Spark HoldCo, LLC Unitholders	28,063
Less:	
Distributions to NuDevco Retail Holdings, LLC	
Distributions to NuDevco Retail, LLC	
Pro Forma Cash Available for Distribution to Spark Energy, Inc.	
Less:	
Tax receivable agreement payment	
Income tax payable by Spark Energy, Inc.	
Pro Forma Cash Available for Distribution to Holders of Class A Common Stock	$
Aggregate annual dividends to holders of our Class A common stock (based on targeted quarterly dividend rate of $ per share of our Class A common stock)	$
Excess (Shortfall)	

(1) General and administrative expense does not include non-cash compensation that we expect to incur going forward pursuant to issuances of equity awards under our long-term incentive plan.

(2) Our interest expense is based on the following assumptions: (i) average borrowings under our new working capital facility of $10 million with an interest rate of approximately 4.1%; (ii) average issued letters of credit of $15 million at a rate of approximately 2.0%; (iii) commitment fees payable to the lenders under our new credit facility of approximately 0.5% on $45 million and (iv) two-year amortization of debt issuance costs of $500,000. Our estimates of the interest rates used in these assumptions are based upon the term sheet for our new credit facility.

(3) Although we have not historically incurred non-cash compensation expense, we expect that we will incur non-cash compensation expense following the completion of this offering as a result of equity awards that may be issued under our long-term incentive plan. Therefore, we have included non-cash compensation expense as a deduction in our calculation of Adjusted EBITDA.

(4) Cash interest paid equals interest expense as noted in note (2) less non cash amortization of debt issuance costs of $250,000.

(5) Reflects the incurrence of estimated incremental cash expenses associated with being a publicly traded company of approximately $3.0 million, including costs associated with SEC reporting requirements, tax return preparation, independent auditor fees, investor relations activities, Sarbanes-Oxley compliance, registrar and transfer agent fees, director and officer liability insurance expense and additional director compensation. These costs will be allocated to Spark HoldCo pursuant to the Spark HoldCo LLC Agreement. Our pro forma general and administrative expense does not reflect this incremental expense.

Estimated Cash Available for Distribution for the Twelve Months Ending June 30, 2015

We forecast that our cash available for distribution during the twelve months ending June 30, 2015, which we refer to as the "forecast period," will be approximately $ million. This amount would be sufficient to pay our targeted regular quarterly dividend of $ per share ($ on an annualized basis) on all of our Class A common stock for the twelve months ending June 30, 2015.

We are providing this financial forecast to supplement our historical combined financial statements in support of our belief that Spark HoldCo will have sufficient cash available for distribution to make distributions to us in amounts sufficient to allow us to pay a regular quarterly dividend on all of our outstanding shares of Class A common stock immediately after consummation of this offering for each quarter during the twelve months ending June 30, 2015, at our targeted quarterly dividend rate of $ per share (or $ per share on an annualized basis). Please see "—Significant Forecast Assumptions" for further information as to the assumptions we have made for the financial forecast. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" for information regarding the accounting policies we have followed for the forecast.

Our forecast is a forward-looking statement and reflects our judgment as of the date of this prospectus of the conditions we expect to exist and the course of action we expect to take during the twelve months ending June 30, 2015. It should be read together with our historical combined financial statements and the accompanying notes thereto included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations." We believe that we have a reasonable basis for these assumptions and that our actual results of operations will approximate those reflected in our forecast, but we can give no assurance that our forecasted results will be achieved. The assumptions and estimates underlying the forecast, as described below under "—Significant Forecast Assumptions," are inherently uncertain and, although we consider them reasonable as of the date of this prospectus, they are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from forecasted results, including, among others, the risks and uncertainties described in "Risk Factors." Any of the risks discussed in this prospectus, to the extent they occur, could cause actual results of operations to vary significantly from those that would enable Spark HoldCo to generate sufficient cash available for distribution to make distributions to us in amounts sufficient to allow us to pay the aggregate annualized quarterly dividend on all of our outstanding shares of Class A common stock for the twelve months ending June 30, 2015, calculated at the quarterly dividend rate of $ per share per quarter (or $ per share on an annualized basis). Accordingly, there can be no assurance that the forecast will be indicative of our future performance or that actual results will not differ materially from those presented in the forecast. If our forecasted results are not achieved, we may not be able to pay a quarterly dividend to holders of our Class A common stock at our regular quarterly dividend level or at all. Inclusion of the forecast in this prospectus should not be regarded as a representation by us, the underwriters or any other person that the results contained in the forecast will be achieved.

The statement that we believe that we will have sufficient cash available for distribution to allow us to pay distributions at the level stated above for the twelve months ending June 30, 2015, should not be regarded as a representation by us, the underwriters or any other person that we will pay such dividends. Therefore, you are cautioned not to place undue reliance on this information.

We do not, as a matter of course, make public forecasts as to future sales, earnings, or other results. We have prepared the following forecast to illustrate to investors our estimated cash available for distribution during the forecast period. The accompanying forecast was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in our view, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and our expected future financial performance. However, this information is not necessarily indicative of future results.

Neither our independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecast contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecast.

We do not undertake to release publicly after this offering any revisions or updates to the financial forecast or the assumptions on which our forecasted results of operations are based.

The following table illustrates our estimated cash available for distribution for the twelve months ending June 30, 2015.

Spark Energy, Inc.

Estimated Cash Available for Distribution

(in thousands except per share data)	Quarter Ending September 30, 2014	Quarter Ending December 31, 2014	Quarter Ending March 31, 2015	Quarter Ending June 30, 2015	Twelve Months Ending June 30, 2015
Revenues					
Retail electricity revenues	$ 49,983	$ 39,651	$ 43,665	$ 41,592	$ 174,891
Retail natural gas revenues	13,294	48,067	67,126	23,001	151,488
Net asset optimization revenues	—	—	—	—	—
Total revenues	63,277	87,718	110,791	64,593	326,379
Operating Expenses					
Retail cost of electricity revenues	38,982	30,924	34,054	32,437	136,397
Retail cost of natural gas revenues	8,774	31,724	44,303	15,181	99,982
Total retail cost of revenues	47,756	62,648	78,357	47,618	236,379
Depreciation and amortization	3,175	3,751	4,321	4,675	15,922
General and administrative [1]	9,000	9,000	9,000	9,000	36,000
Total operating costs and expenses	59,931	75,399	91,678	61,293	288,301
Operating income	3,346	12,319	19,113	3,300	38,078
Interest expense [2]	296	296	296	295	1,183
Interest and other income	—	—	—	—	—
Income tax expense	26	43	55	29	153
Net Income of Spark HoldCo, LLC	**3,024**	**11,980**	**18,762**	**2,976**	**36,742**
Add:					
Depreciation and amortization	3,175	3,751	4,321	4,675	15,922
Interest expense [2]	296	296	296	295	1,183
Income tax expense	26	43	55	29	153
EBITDA of Spark HoldCo, LLC	**6,521**	**16,070**	**23,434**	**7,975**	**54,000**
Less:					
Net gains (losses) on derivative instruments	—	—	—	—	—
Net cash settlements on derivative instruments	—	—	—	—	—
Customer acquisition costs paid in the period	4,836	4,836	3,255	3,255	16,182
Non-cash compensation expense	—	—	—	—	—
ADJUSTED EBITDA of Spark HoldCo, LLC	**1,685**	**11,234**	**20,179**	**4,720**	**37,818**
Less:					
Cash interest paid [3]	233	233	233	234	933
Non-customer acquisition capital expenditures	125	125	125	125	500
Income taxes paid	$ 26	$ 43	$ 55	$ 29	$ 153
Estimated Cash Available for Distribution to Spark HoldCo, LLC Unitholders	**$ 1,301**	**$ 10,833**	**$ 19,766**	**$ 4,332**	**$ 36,232**
Less:					
Distributions to NuDevco Retail Holdings, LLC					
Distributions to NuDevco Retail, LLC					
Estimated Cash Available for Distribution to Spark Energy, Inc.					
Less:					
Tax receivable agreement payment					
Income tax payable by Spark Energy, Inc.					
Estimated Cash Available for Distribution to Holders of Class A Common Stock	**$**	**$**	**$**	**$**	**$**
Aggregate annual dividends to holders of our Class A common stock (based on targeted quarterly dividend rate of $ per share of our Class A common stock)	$	$	$	$	$
Excess (Shortfall)					

(1) Includes the incurrence of estimated incremental cash expenses associated with being a publicly traded company of approximately $3.0 million, including costs associated with SEC reporting requirements, tax return preparation, independent auditor fees, investor relations activities, Sarbanes-Oxley compliance, registrar and transfer agent fees, director and officer liability insurance expense and additional director compensation. These costs will be allocated to Spark HoldCo pursuant to the Spark HoldCo LLC Agreement. General and administrative expense does not include non-cash compensation that we expect to incur going forward pursuant to issuances of equity awards under our long-term incentive plan.

(2) Our forecasted interest expense is based on the following assumptions: (i) anticipated average borrowings under our new working capital facility of $10 million with an interest rate of approximately 4.1%; (ii) anticipated average issued letters of credit of $15 million at a rate of approximately 2.0%; (iii) commitment fees payable to the lenders under our new credit facility of approximately 0.5% on $45 million and (iv) two-year amortization of debt issuance costs of $500,000. Our estimates of the interest rates used in these assumptions are based upon the term sheet for our new credit facility.

(3) Cash interest paid equals interest expense as noted in note (2) less non cash amortization of debt issuance costs of $250,000.

Significant Forecast Assumptions

In this section, we present in detail the basis for our belief that we will be able to fully fund our targeted quarterly dividend of $ per share ($ on an annualized basis) on all of our Class A common stock for the forecast period with the significant assumptions upon which this forecast is based.

The forecast has been prepared by and is the responsibility of our management. Our forecast reflects our judgment as of the date of this prospectus of conditions we expect to exist and the course of action we expect to take during the forecast period. While the assumptions disclosed in this prospectus are not all-inclusive, the assumptions listed below are those that we believe are material to our forecasted results of operations and any assumptions not discussed below were deemed to not be material. We believe we have a reasonably objective basis for these assumptions. We believe our actual results of operations will approximate those reflected in our forecast, but we can give no assurance that our forecasted results will be achieved. There likely will be differences between our forecast and actual results, and those differences could be material. If our forecast is not achieved, we may not be able to pay our regular targeted quarterly dividend of $ per share of Class A common stock or any other amount.

General Considerations and Risks

Customer Growth

We have estimated that we will increase our customer count on a gross basis by an average of 15,500 customers per month during the forecast period. This rate is based upon historic customer growth rates during periods of increased customer acquisition spending. For example, through the first five months of 2014, we have added approximately 19,700 customers per month of which approximately 12,800 were natural gas customers and 6,900 were electricity customers. This substantial increase in natural gas customers relative to electricity customers is based on our recent growth in the California gas market in the first five months of 2014. We expect this enhanced focus on natural gas customers to continue through the second quarter of 2014. At the end of the second quarter we expect our natural gas and electricity customers to be reasonably equivalent, and we have assumed approximately half of the growth in the forecast period will be attributable to new natural gas customers and half of such growth will be attributable to new electricity customers.

Customer Acquisition Strategy

Our results of operations are significantly influenced by our customer acquisition spending, although the impact of increasing or reducing our customer counts on our results of operations may not occur until several months after the shift in strategy. While the time required to recoup the costs we expend to acquire new customers varies based upon contract terms and prevailing market conditions, we typically recover our customer acquisition costs within twelve months. In addition, we generally begin to recognize margin improvements from new customer acquisitions six to twelve months after the customer acquisition cost has been incurred. Similarly, the negative impact on our results of operations of a shift in strategy to decrease customer acquisitions will occur over time as natural customer attrition occurs.

In 2011, we invested approximately $24 million in growing and maintaining our customer base. The expansion was successful in expanding our customer base by approximately 63% or 123,000 customers, net of attrition, in 2011. In 2012, our owner made the determination to invest excess cash flows from our operations in other affiliated businesses. As a result, we significantly reduced our customer acquisition costs, including completely discontinuing some marketing channels, and focused our efforts on integrating and optimizing our existing expanded customer base. In addition, we took steps to decrease our general and administrative expenses through implementation of system improvements and reduced head count to create a more efficient and scalable platform. In the year ended December 31, 2012, our increased volumes resulting from the realization of prior efforts to expand our customer base, combined with reduced customer acquisition and general and administrative costs resulted in significantly increased Adjusted EBITDA as compared to prior periods.

In 2013, we continued to evaluate our customer base through segmentation and optimization strategies, which resulted in reduced customer count as certain underperforming segments experienced higher attrition levels. This segmentation and corresponding customer attrition, coupled with a decreased focus on lower margin commercial customers in 2013, resulted in lower overall sales volumes and Adjusted EBITDA in our retail segments in 2013, but enhanced gross margin per unit sold.

Recognizing the growth opportunities in the retail energy space, beginning in the second quarter of 2013, we increased our customer acquisition spending and reactivated certain marketing channels. By the end of 2013, we had grown the customer base by 8.3% from the low point in August of 2013. This growth trajectory has increased through the first five months of 2014, resulting in an increase of approximately 31.4% in our customer base as of May 31, 2014 from August of 2013. Consistent with our historical experience, we anticipate seeing the results of this expansion reflected in gross margins six to twelve months from the acquisition date of each customer.

Additionally, system and process improvements in 2012 and 2013 have resulted in a flexible and efficient platform that we believe will be able to accommodate significant growth with limited additional fixed general and administrative expense.

In addition, in early 2013, as a result of our increased focus on margin optimization, we shifted the concentration of our marketing efforts from commercial customers to residential customers, which we believe should result in higher long-term returns. This strategic shift has also resulted in a number of changes in our operating and financial results, which are continuing to be realized and are reflected in our forecast, including:

- lower volumes and revenues per customer as residential customers generally consume less natural gas and electricity as compared to commercial customers;
- higher overall customer count as a result of enhanced focus and spending on residential customer acquisition; and

- increases in our gross margin reflecting higher unit margins associated with residential customers as compared to commercial customers, which generally purchase larger volumes of natural gas and electricity on a lower margin basis.

Seasonality of our Business

Our overall operating results fluctuate substantially on a seasonal basis depending on: (a) the geographic mix of our customer base; (b) the relative concentration of our commodity mix; (c) weather conditions, which directly influence the demand for natural gas and electricity and affect the prices of energy commodities; and (d) variability in market prices for natural gas and electricity. These factors can have material short-term impacts on monthly and quarterly operating results, which may be misleading when considered outside of the context of our annual operating cycle.

We experience a lag between paying our accounts payable and collecting on our accounts receivable. This timing difference could affect our cash flows, especially during peak cycles in the winter and summer months.

In addition, natural gas accounted for approximately 40% of our retail revenues for the year ended December 31, 2013, which exposes us to a high degree of seasonality in our cash flows and income earned throughout the year as a result of the varying levels of customer demand. We utilize borrowing capacity to fund working capital, which includes inventory purchases from April through October of each year. We sell our natural gas inventory during the months of November through March of each year.

Primarily as a result of these seasonal impacts, we receive the substantial majority of our cash flow from operations during the first and fourth quarter of the year. For example, we generated approximately 39% and 28% of our annual Retail Gross Margin in the first and fourth quarter of the year ended December 31, 2013, respectively. We expect that the significant seasonality impacts to our cash flows and income will continue in future periods. As a result, we may reserve a portion of our excess cash available for distribution in the first and fourth quarters in order to fund our second and third quarter dividends.

Cash Available for Distribution for the Third Quarter of 2014

Consistent with our forecast, due to the seasonality of our retail natural gas business, we expect to generate the substantial majority of our cash available for distribution in the first and fourth quarters of the year. In addition, we anticipate continuing to incur increased customer acquisition costs over the first nine months of 2014, which is consistent with our growth strategy. As a result of seasonality and our increased customer acquisition costs, we may not have sufficient cash available for distribution from the third quarter of 2014 to cover the pro-rated quarterly dividend for that period (calculated from the closing date of this offering through and including September 30, 2014). We believe this risk is mitigated by (i) our ability to borrow under our working capital facility to pay dividends and (ii) the occurrence of the first dividend payment date 75 days after the end of the third quarter as, due to the seasonality of our operations, we anticipate generating substantial cash receipts during the fourth quarter sufficient to cover any shortfall in cash available for distribution as well as our quarterly dividend payment for the fourth quarter.

Effectiveness of our Hedging Program

We have assumed for purposes of our forecast that we have effectively hedged substantially all of our forecasted load, in accordance with our risk policy. While we attempt to hedge substantially all of our forecasted load, the efficacy of our risk management program may be adversely impacted by unanticipated events and costs that we are not able to effectively hedge, including abnormal customer attrition and consumption, certain variable costs

associated with electricity grid reliability, pricing differences in the local markets for local delivery of commodities, unanticipated events that impact supply and demand, such as extreme weather, and abrupt changes in the markets for, or availability or cost of, financial instruments that help to hedge commodity price. Failures in our hedging strategy could adversely affect our cash flow and our ability to pay dividends.

Revenues

We forecast that our total revenues for the twelve months ending June 30, 2015 will be approximately $326.4 million, as compared to $317.1 million for the year ended December 31, 2013 on a pro forma combined basis. We estimate that we will have an average of approximately 308,000 customers during the forecast period, as compared to an average of 206,194 customers during the year ended December 31, 2013 and an average of 239,239 customers for the five months ended May 31, 2014. This increase in our customer base is expected to result from the continued implementation of our strategic shift toward residential customers and increased customer acquisition spending, as described above. Except as described below under "—Asset Optimization Activities," we have assumed no incremental activity or impact on our results of operation for the forecast period from our asset optimization activities.

Retail Electricity Revenues

We forecast that our retail electricity revenues for the forecast period will be approximately $174.9 million, as compared to $191.9 million for the year ended December 31, 2013 on a pro forma combined basis. Our retail electricity revenues forecast assumes:

- that our average number of retail electricity customers during the forecast period will be approximately 154,000, as compared to an average of 124,029 customers during the year ended December 31, 2013 and an average of 128,936 customers for the five months ended May 31, 2014. This anticipated increase in retail electricity customers is expected to result from our increased customer acquisition spending described below.
- that the average usage for a retail electricity customer during the forecast period will be 11.0 MWh, as compared to 14.7 MWh for the year ended December 31, 2013. This anticipated decrease in average usage is based on our strategic shift to residential customers who have a lower expected average consumption than commercial customers.
- that we will deliver approximately 1,673,600 MWh during the forecast period, as compared to the 1,829,657 MWh that we delivered for the year ended December 31, 2013. The anticipated decrease in the delivered MWh is based on our strategic shift described above and lower expected consumption of residential customers as compared to commercial customers.

Retail Natural Gas Revenues

We forecast that our retail natural gas revenues for the forecast period will be approximately $151.5 million, as compared to $125.2 million for the year ended December 31, 2013 on a pro forma combined basis. Our retail natural gas revenues forecast assumes:

- that our average number of retail natural gas customers during the forecast period will be approximately 154,000, as compared to an average of 82,164 customers during the year ended December 31, 2013 and an average of 110,303 customers for the five months ended May 31, 2014. This anticipated increase in retail natural gas customers is expected to result from our increased customer acquisition spending described below.

- that the average usage for a retail natural gas customer during the forecast period will be 130 MMBtu, as compared to 187.5 MMBtu for the year ended December 31, 2013. This anticipated decrease in average usage is based on our strategic shift to residential customers who have a lower expected average consumption than commercial customers.
- that we will deliver approximately 20,198,300 MMBtu during the forecast period, as compared to 16,598,751 MMBtu we delivered for the year ended December 31, 2013. The anticipated increase in the delivered MMBtu is due to our expected increase in customer count which is partially mitigated by our expected decrease in average customer consumption.

Asset Optimization Activities

We have assumed that our asset optimization activities will generate a sufficient amount of revenues to cover the cost of the demand charges associated with our two existing non-retail transportation contracts. We estimate that the cost associated with these demand charges for the forecast period will be approximately $2.6 million. As we are unable to predict when other asset optimization opportunities may occur, we have not assumed any other incremental revenues or costs associated with our asset optimization activities. For additional information, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations.”

We expect to continue to purchase natural gas from one of our affiliates at the same price that SEG receives via the spot and term contracts it enters into with wholesale market participants. We have not forecasted any revenues associated with these activities as they have no impact on our net optimization revenues due to the back-to-back nature of the contractual arrangements.

Operating Costs and Expenses

Our costs and operating expenses primarily include the cost of revenues from natural gas and electricity revenues, general and administrative expenses, and depreciation and amortization expenses. We forecast our costs and operating expenses will be approximately $288.3 million for the forecast period, as compared to $284.3 million for the year ended December 31, 2013 on a pro forma combined basis. Our forecasted estimates are based on historical costs and operating expenses and incorporate the following assumptions:

Retail Cost of Electricity Revenues

We estimate that our retail cost of electricity revenues for the forecast period will be approximately $136.4 million, as compared to $149.9 million for the year ended December 31, 2013 on a pro forma combined basis. Our forecast is based on historical costs and operating expenses per MWh delivered and our estimated delivery of approximately 1,673,600 MWh during the forecast period. The decrease in the retail cost of electricity revenues is expected to result from lower volumes of MWh delivered during the forecast period as compared to the year ended December 31, 2013.

Retail Cost of Natural Gas Revenues

We estimate that our retail cost of natural gas revenues for the forecast period will be approximately $100.0 million, as compared to $83.1 million for the year ended December 31, 2013 on a pro forma combined basis. Our forecast is based on historical costs and operating expenses per MMBtu delivered and our estimated delivery of approximately 20,198,300 MMBtu during the forecast period. The increase in the retail cost of natural gas revenues is expected to result from higher volumes of MMBtu delivered during the forecast period as compared to the year ended December 31, 2013.

General and Administrative

We estimate that our general and administrative expenses will be approximately $36.0 million for the forecast period, as compared to $35.0 million for the year ended December 31, 2013 on a pro forma combined basis. Our forecast reflects approximately $3.0 million of incremental general and administrative expenses that we expect to incur as a result of being a publicly traded company, including costs associated with SEC reporting requirements, tax return preparation, independent auditor fees, investor relations activities, Sarbanes-Oxley compliance, registrar and transfer agent fees, director and officer liability insurance expense and additional director compensation. These costs will be allocated to Spark HoldCo pursuant to the Spark HoldCo LLC Agreement. These increased expenses are offset by reduced fees paid to brokers on commercial accounts, which we expect to decrease during the forecast period, and reduced fees to IT contractors due to the completion of the implementation of an outsourced, hosted billing and transactions platform.

Depreciation and Amortization

We estimate that our depreciation and amortization expense will be approximately $15.9 million for the forecast period, as compared to $16.2 million for the year ended December 31, 2013 on a pro forma combined basis. Forecasted depreciation and amortization expense reflects management's estimates, which are based on consistent average depreciable asset lives and depreciation methodologies. Additionally, our forecasted depreciation and amortization expense includes the amortization of our forecasted customer acquisition costs described below. We amortize our customer acquisition costs over two years.

Customer Acquisition Costs

We estimate that customer acquisition costs paid will be approximately $16.2 million for the forecast period as compared to $8.3 million for the year ended December 31, 2013 on a pro forma combined basis. The increase in customer acquisition costs is expected to result from our increased focus on adding residential customers during the forecast period. A portion of these costs will be incurred in order to offset our customer attrition for the forecast period. We have assumed average customer attrition for the twelve months ended June 30, 2015 of 3.9% per month, which is consistent with the average customer attrition for the year ended December 31, 2013 and historical norms. We have assumed an acquisition cost per customer that is consistent with our costs to acquire customers in 2013.

Interest Expense

We estimate that interest expense will be approximately $1.2 million for the forecast period as compared to $1.2 million for the year ended December 31, 2013 on a pro forma combined basis. Our interest expense is based on the following assumptions: (i) anticipated average borrowings under our new working capital facility of $10 million with an interest rate of approximately 4.1%; (ii) anticipated average issued letters of credit of $15 million at a rate of approximately 2.0%; (iii) commitment fees payable to the lender under our new credit facility of approximately 0.5% on $45 million and (iv) two-year amortization of debt issuance costs of $500,000.

Income Tax Expense Payable by Spark Energy, Inc. and Tax Receivable Agreement Payment

We estimate that income tax expense will be approximately $3.0 million for the forecast period as compared to $2.6 million for the year ended December 31, 2013 on a pro forma basis. Our income tax expense is based on a federal income tax rate of %, a blended state income tax rate of % and taxable income of $ million. Cash paid for taxes will differ from our financial statement provision for income taxes primarily due to the fact that Spark Energy, Inc. is entitled to tax depreciation and amortization deductions attributable to amounts paid for the

interests in Spark HoldCo and due to other temporary and permanent differences between the financial and taxable income of Spark HoldCo. Comparable depreciation and amortization deductions with respect to amounts paid for the interests in Spark HoldCo are not reported in the financial statements because Spark Energy, Inc.'s acquisition of interests in Spark HoldCo is treated as a transaction between parties under common control for financial accounting purposes.

We do not expect any payments to be made under the Tax Receivable Agreement during the forecast period. Although we expect there to be a tax basis increase from the purchase by us of Spark HoldCo units from NuDevco Retail Holdings in connection with this offering, we do not expect any payment to become due as a result of this tax basis increase until December 2015. We estimate that this payment, which is based upon the net cash savings we expect to generate from the closing of this offering through December 31, 2014, will be approximately $.

Regulatory, Industry and Economic Factors

Our forecast for the twelve months ending June 30, 2015 is based on the following significant assumptions related to regulatory, industry, economic and other factors:

- There will not be any new federal, state or local regulatory developments regarding the portions of the natural gas or electricity industries in which we operate, or a new interpretation of existing regulations, that will be materially adverse to our business.
- There will not be any major adverse change in our business, in the portions of the natural gas and electricity industries that we serve, or in general economic conditions in the geographic areas that we serve.
- There will not be any material non-performance or credit issues in relation to our suppliers, customers or other counterparties that are inconsistent with historical norms.
- There will not be any material accidents, weather-related incidents, unscheduled downtime or similar unanticipated events with respect to our facilities or those of third parties on which we depend.
- There will not be any material weather event or adverse market change that would result in significant long-term changes to ancillary service charges, real time prices, basis or other costs of energy supply that could not be passed through to our customers.
- Although we may opportunistically pursue acquisitions in the future, no acquisitions have been assumed for purposes of this forecast.
- That market, insurance and overall economic conditions will not change substantially.
- No material changes in commodity pricing.

Actual results could vary significantly from the foregoing assumptions. Please see "Risk Factors—Risks Related to Our Business." The assumptions underlying the forecast of cash available for distribution that we include in "Cash Dividend Policy" are inherently uncertain and subject to significant business, economic, financial, regulatory, and competitive risks and uncertainties that could cause our actual cash available for distribution to differ materially from our forecast.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2014:

- on a historical basis; and
- on a pro forma, as adjusted basis to give effect to (i) the transactions described under "Corporate Reorganization," (ii) the sale of shares of our Class A common stock in this offering at an assumed initial offering price of $ per share (which is the midpoint of the range set forth on the cover of this prospectus) and (iii) the application of the net proceeds from this offering in the manner as set forth under "Use of Proceeds."

You should read the following table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and related notes appearing elsewhere in this prospectus.

	March 31, 2014	
	Historical	Pro Forma, as adjusted
	(restated) (in thousands, except share and per share data)	
Cash and cash equivalents	$ 4,755	$
Long-term debt (including current portion):		
Spark HoldCo New Revolving Credit Facility (1)	$ —	$10,000
Note Payable	34,000	—
Total long-term debt	34,000	10,000
Member's/Stockholders' Equity:		
Member's equity	$28,065	$ —
Class A common stock, par value $0.01 per share; no shares authorized or issued and outstanding (actual); shares authorized (pro forma, as adjusted); shares issued and outstanding (pro forma, as adjusted)	—	
Class B common stock, par value $0.01 per share; no shares authorized or issued and outstanding (actual); shares authorized (pro forma, as adjusted); shares issued and outstanding (pro forma, as adjusted)	—	
Preferred stock, par value $0.01 per share; no shares authorized or issued and outstanding (actual); shares authorized (pro forma, as adjusted); no shares issued and outstanding (pro forma, as adjusted)	—	—
Additional paid-in capital	—	
Total member's/stockholders' equity	28,065	
Noncontrolling interest	—	
Total member's/stockholders' equity attributable to the Company	28,065	
Total capitalization	$62,065	$

(1) Excludes approximately $15 million in letters of credit that we expect to be outstanding upon completion of this offering.

The information presented above assumes no exercise of the option to purchase additional shares by the underwriters, and is based on the number of shares of our Class A common stock outstanding as of the closing of the offering. The table does not reflect other shares of Class A common stock reserved for issuance under our long-term incentive plan, which we plan to adopt in connection with this offering, or restricted stock units that we expect to issue in connection with this offering. See "Executive Compensation—Compensation Following this Offering."

DILUTION

Purchasers of the Class A common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of the Class A common stock for accounting purposes. Dilution is the amount by which the offering price paid by the purchasers of Class A common stock sold in this offering will exceed the net tangible book value per share of Class A common stock (after giving pro forma effect to the transactions described under "Corporate Reorganization" and assuming all Spark HoldCo units held by NuDevco are exchanged for shares of Class A common stock). On a pro forma basis as of March 31, 2014, our net tangible book value would have been approximately $ million, or $ per share of Class A common stock. Because we will not retain any of the net proceeds from this offering, our pro forma net tangible book value will remain unchanged when adjusted for the sale by us of Class A common stock in this offering at an assumed initial public offering price of $ per share of Class A common stock (the mid-point of the price range set forth on the cover of this prospectus). The following table illustrates the per share dilution to new investors purchasing shares in this offering (assuming that 100% of the Spark HoldCo units held by NuDevco have been exchanged for shares of Class A common stock):

Assumed initial public offering price per share [1]	$
Pro forma net tangible book value per share of Class A common stock before and after the offering	
Dilution in pro forma net tangible book value per share to new investors in this offering [2]	$

(1) The mid-point of the price range set forth on the cover of this prospectus.

(2) Because the net proceeds received by us pursuant to any exercise by the underwriters of their option to purchase additional shares of Class A common stock will be used to purchase Spark HoldCo Units from NuDevco Retail Holdings, there will be no change to the dilution in net tangible book value per share of Class A common stock to purchasers in the offering due to any such exercise of the option.

The following table summarizes, on an adjusted, pro forma basis as of March 31, 2014, the total number of shares of Class A common stock owned by existing shareholders (assuming that 100% of our Class B common stock has been exchanged for Class A common stock on a one-for-one basis) and to be owned by new investors, the total consideration paid, and the average price per share paid by our existing shareholders and to be paid by new investors in this offering at $, the midpoint of the range of the initial public offering prices set forth on the cover page of this prospectus, calculated before deduction of estimated underwriting discounts and commissions.

	Shares of Class A Common Stock		Total Consideration		
	Number	Percent	Amount (in thousands)	Percent	Average Price Per Share
Existing shareholders [1]		%	$	%	$
New investors in this offering					$
Total		%	$	%	$

(1) The net assets contributed by NuDevco will be recorded at historical cost. The net book value of the consideration to be provided by NuDevco as of March 31, 2014 was approximately $ million. Excludes restricted stock units to be issued in connection with the closing of this offering under our long-term incentive plan.

The data in the table excludes additional shares of Class A common stock initially reserved for issuance under our long-term incentive plan, based on an assumed public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), and restricted stock units that we expect to issue in connection with this offering. See "Executive Compensation—Compensation Following this Offering."

If the underwriters' option to purchase additional shares is exercised in full, the number of shares held by new investors will be increased to , or approximately % of the total number of shares of Class A common stock.

SELECTED HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL AND OPERATING DATA

Spark Energy, Inc. was formed in April 2014 and does not have any historical financial operating results. Accordingly, the accompanying combined financial statements have been prepared from the combined business and assets of the retail natural gas business and asset optimization activities of SEG and the retail electricity business of SE.

The following table shows the selected historical combined financial data as of and for the years ended December 31, 2012 and 2013 and the three months ended March 31, 2013 and 2014. The selected historical combined financial as of December 31, 2012 and 2013 and for the years ended December 31, 2012 and 2013 has been derived from the audited combined financial statements and the related notes thereto included elsewhere in this prospectus. The selected historical combined financial data as of March 31, 2014 and for the three months ended March 31, 2013 and 2014 has been derived from the unaudited condensed combined financial statements and the related notes included elsewhere in this prospectus.

The selected unaudited pro forma combined financial data presented below has been derived by the application of pro forma adjustments to the historical combined financial statements included elsewhere in this prospectus. The selected unaudited pro forma combined financial data presented below give effect to (i) our reorganization in connection with this offering as described in “Corporate Reorganization,” (ii) this offering and the use of the estimated net proceeds from this offering as described in “Use of Proceeds” and (iii) other related transactions to be effected at the closing of this offering, as if such transactions had taken place on January 1, 2013, in the case of the unaudited pro forma combined statement of operations for each of the year ended December 31, 2013 and the three months ended March 31, 2014, and as of December 31, 2013 and March 31, 2014, in the case of the unaudited pro forma combined balance sheet as of December 31, 2013 and March 31, 2014, respectively.

You should read these tables in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which includes a discussion of factors materially affecting the comparability of the information presented, “Organizational Structure” and the historical and pro forma combined financial statements and notes thereto included elsewhere in this prospectus. The selected unaudited pro forma combined financial data is presented for informational purposes only. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The selected unaudited pro forma combined financial data does not purport to represent what our results of operations or financial position would have been if we had operated as a public company during the period presented and may not be indicative of our future performance.

	Historical				Pro Forma	
	Year Ended December 31,		Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,
	2012	2013	2013	2014	2013	2014
				(restated)		
			(unaudited)		(unaudited)	
Statement of Income Data (in thousands):						
Revenues:						
Retail revenues (including retail revenues—affiliates of $1,382 and $4,022 for the years ended December 31, 2012 and 2013, respectively, and $199 and $1,489 for the three months ended March 31, 2013 and 2014, respectively)	$ 380,198	$ 316,776	$ 100,453	$ 104,352	$ 316,776	$ 104,352
Net asset optimization revenues (including asset optimization revenues-affiliates of $8,334 and $14,940 for the years ended December 31, 2012 and 2013, and $1,500 and $2,500 for the three months ended March 31, 2013 and 2014, respectively, and asset optimization revenues affiliate cost of revenues of $568 and $15,928 for the years ended December 31, 2012 and 2013, respectively, and less than $0.1 million and $7,900 for the three months ended March 31, 2013 and 2014, respectively)	(1,136)	314	(1,157)	1,624	314	1,624
Total revenues	379,062	317,090	99,296	105,976	317,090	105,976
Operating expenses:						
Retail cost of revenues (including retail cost of revenues-affiliates of $254 and $55 for the years ended December 31, 2012 and 2013, respectively, and less than $0.1 million for the three months ended March 31, 2013 and 2014, respectively)	279,506	233,026	69,993	88,121	233,026	88,121
General and administrative	47,321	35,020	9,275	8,113	35,020	8,113
Depreciation and amortization	22,795	16,215	5,030	2,959	16,215	2,959
Total operating expenses	349,622	284,261	84,298	99,193	284,261	99,193
Operating income	29,440	32,829	14,998	6,783	32,829	6,783
Other (expense)/income:						
Interest expense	(3,363)	(1,714)	(384)	(313)	(1,183)	(296)
Interest income and other income	62	353	11	70	353	70
Total other (expenses)/income	(3,301)	(1,361)	(373)	(243)	(830)	(226)
Income before income tax expense	26,139	31,468	14,625	6,540	31,999	6,557
Income tax expense	46	56	14	32		
Net income	$ 26,093	$ 31,412	$ 14,611	$ 6,508	$	$
Net income attributable to non- controlling interest						
Net income attributable to stockholders					$	$
Pro forma net income per common share						
Basic						
Diluted						
Weighted average proforma common shares outstanding						
Basic						
Diluted						
Balance Sheet Data (in thousands, at period end):						
Current assets	$ 104,246	$ 101,291		$ 119,720		$
Total liabilities	67,976	73,160		99,768		
Total liabilities and members' equity	129,278	109,073		127,833		
Cash Flow Data (in thousands):						
Cash flows from operating activities	$ 44,076	$ 44,480	$ 17,868	$ 6,209		
Cash flows used in investing activities	(1,643)	(1,481)	(93)	(787)		
Cash flows used in financing activities	(39,904)	(42,369)	(22,239)	(7,856)		
Other Financial Data (in thousands) [(1)] :						
Adjusted EBITDA [(1)]	$ 40,659	$ 33,533	$ 19,048	$ 9,322	$	$
Retail gross margin [(1)]	93,219	81,668	31,740	17,684	81,668	17,684
Other Operating Data:						
Customers	237,436	210,556	215,715	240,993	210,556	240,993
Natural gas volumes (MMBtu)	17,527,252	16,598,751	6,994,627	6,593,580	16,598,751	6,593,580
Electricity volumes (MWh)	2,698,084	1,829,657	478,426	384,275	1,829,657	384,275

(1) Adjusted EBITDA and retail gross margin are non-GAAP financial measures. For a definition and a reconciliation of each of Adjusted EBITDA and retail gross margin to their most directly comparable financial measures calculated and presented in accordance with GAAP, please see "Prospectus Summary—Non-GAAP Financial Measures."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the "Selected Historical and Unaudited Pro Forma Combined Financial and Operating Data" and the accompanying combined financial statements and related notes included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, market prices for retail natural gas and electricity, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this prospectus, particularly in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements," all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Overview

We are a 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. We purchase our natural gas and electricity supply from a variety of wholesale providers and bill our customers monthly for the delivery of natural gas and electricity based on their consumption at either a fixed or variable-price. Natural gas and electricity are then distributed to our customers by local regulated utility companies through their existing infrastructure.

As of May 31, 2014, we operated in 46 utility service territories across 16 states and had approximately 237,600 residential customers and 17,800 commercial customers, which translates to over 392,500 residential customer equivalents ("RCEs"). An RCE is an industry standard measure of natural gas or electricity usage with each RCE representing annual consumption of 100 MMbtu of natural gas or 10 MWh of electricity.

We operate these businesses in two operating segments:

- *Retail Natural Gas Segment* . We purchase natural gas supply through physical and financial transactions with market counterparts and supply natural gas to residential and commercial consumers pursuant to fixed-price, variable-price and flat-rate contracts. For the year ended December 31, 2013, approximately 40% of our retail revenues were derived from the sale of natural gas. We also identify wholesale natural gas arbitrage opportunities in conjunction with our retail procurement and hedging activities, which we refer to as asset optimization. These opportunities can include (i) optimizing the unused portion of storage and transportation assets that are allocated to us by the local regulated utility to support our retail load; (ii) capturing physical arbitrage opportunities using short or long-term transportation capacity; and (iii) maximizing our credit capacity by purchasing gas from affiliates and third parties and selling it at the same location to counterparties for whom we normally purchase retail supply.
- *Retail Electricity Segment* . We purchase electricity supply through physical and financial transactions with market counterparts and ISOs and supply electricity to residential and commercial consumers pursuant to fixed-price and variable-price contracts. For the year ended December 31, 2013, approximately 60% of our retail revenues were derived from the sale of electricity.

Spark Energy, Inc.

Spark Energy, Inc. was formed in April 2014 and does not have any historical financial operating results. The following discussion analyzes our historical combined financial condition and results of operations, which is the combined businesses and assets of the retail natural gas business and asset optimization activities of SEG and

the retail electricity business of SE. SE and SEG are the operating subsidiaries through which we have historically operated our retail energy business and are currently commonly controlled by NuDevco Partners, LLC. All of the ownership interests in each of SE and SEG will be contributed to Spark HoldCo prior to the completion of this offering.

Spark Energy, Inc. will be a holding company whose sole material assets will consist of a managing membership interest in Spark HoldCo and approximately of the outstanding Spark HoldCo units with the remaining Spark HoldCo units being held by NuDevco. Spark Energy, Inc. will be the managing member of Spark HoldCo, will be responsible for all operational, management and administrative decisions relating to Spark HoldCo's business and will consolidate the financial results of Spark HoldCo and its subsidiaries.

Factors Affecting Our Results of Operations

Our Ability to Grow Our Business. Customer growth is a key driver of our operations. We attempt to grow our customer base by offering customers competitive pricing, price certainty or green product offerings. In addition, we intend to offer bundled products in the third quarter of 2014. We manage growth on a market-by-market basis by developing price curves in each of the markets we serve and comparing the market prices to the price the local regulated utility is offering. We then determine if there is an opportunity in a particular market based on our ability to create a competitive product on economic terms that satisfies our profitability objectives. We develop marketing campaigns using a combination of sales channels, with an emphasis on door-to-door marketing and outbound telemarketing given their flexibility and historical effectiveness. We identify and acquire customers through a variety of additional sales channels, including our inbound customer care call center, online marketing, email, direct mail, affinity programs, direct sales, brokers and consultants. Our marketing team continuously evaluates the effectiveness of each customer acquisition channel and makes adjustments in order to achieve desired growth and profitability targets.

A key component in our ability to grow our business is management of customer acquisition costs, which we capitalize and amortize over a 24-month period. We attempt to maintain a disciplined approach to recovery of our customer acquisition costs within defined periods. We factor in the recovery of customer acquisition costs in determining which markets we enter and the pricing of our products in those markets. While the time required to achieve payback relative to the costs we expend to acquire new customers varies based upon contract terms and prevailing market conditions, we generally realize the economic benefits of new customer acquisition in less than one year. Accordingly, our results of operations are significantly influenced by our customer acquisition spending. For example, increased customer acquisition spending in 2011 was a factor that led to increased profitability in 2012. However, our 2013 results were negatively impacted by our strategic initiative in 2012 to reduce customer acquisition spending and to optimize our customer base, following a determination by our owner to invest excess cash flows from our retail operations in other affiliated businesses. Similarly, since the third quarter of 2013, we have spent significant amounts on customer acquisition costs and we expect to realize the benefit of this spending beginning in 2014.

Our Ability to Manage Customer Attrition . Average customer attrition for the year ended December 31, 2013 and the five months ended May 31, 2014 was approximately 3.6% and 4.3%, respectively. This attrition was primarily due to: (i) customer initiated switches; (ii) residential moves and (iii) customer payment defaults. We evaluate our customers and offer products and pricing to manage our attrition rates and maximize customer lifetime value.

Market Regulation and Oversight . We operate in the highly regulated natural gas and electricity retail sales industry. Regulations may be revised or reinterpreted or new laws and regulations may be adopted or become applicable to us or our operations. Such changes may have a detrimental impact on our business either by making it more costly to operate in that state or by forcing us to shift our focus to other states.

Weather Conditions . Weather conditions directly influence the demand for natural gas and electricity and affect the prices of energy commodities. Our hedging strategy is based on forecasted customer energy usage, which can vary substantially as a result of weather patterns deviating from historical norms. We are particularly sensitive to this variability because of our current substantial concentration and focus on growth in the residential customer segment in which energy usage is highly sensitive to weather conditions that impact heating and cooling demand. The extreme weather patterns during the 2013 and 2014 winter season caused commodity demand and prices to rise significantly beyond industry forecasts. As a result, the retail energy industry generally charged higher prices to its variable-price customers and was subject to decreased margins on fixed-price contracts due to unanticipated increases in volumetric demand that had to be purchased in the spot market at high prices.

Commodity Price Risk and Effectiveness of our Risk Management Program. We hedge and procure our energy requirements from various wholesale energy markets, including both physical and financial markets, through short-term and long-term contracts. Our financial results are largely dependent on the difference between prices at which we purchase and resell natural gas and electricity. We actively manage our commodity price risk. Our commodity risk management strategy is designed to hedge substantially all of our forecasted natural gas and electricity volumes on our fixed-price customer contracts as well as a portion of the near-term volumes on our variable-price customer contracts. We are required to deliver our wholesale energy at various utility load zones for electricity and various city gates for natural gas. We manage our exposure to short-term and long-term movements in wholesale energy prices by hedging using a variety of derivative instruments. Our hedging strategy is based on a number of variables and estimates, including weather patterns, changes in commodity prices, assumptions regarding attrition and changes in weather-related volumetric demand. If the actual attrition or demand from our customers differs significantly from our projections, we may be exposed to overhedged or unhedged volumes. If the market price of natural gas or electricity increases or decreases from the original hedge price, we may realize a corresponding loss or gain.

We are exposed to basis risk in our operations when the commodities we hedge are sold at different delivery points from the exposure we are seeking to hedge. For example, if we hedge our natural gas commodity price with Chicago basis but physical supply must be delivered to the individual delivery points of specific utility systems around the Chicago metropolitan area, we are exposed to basis risk between the Chicago basis and the individual utility system delivery points. These differences can be significant from time to time, particularly during extreme, unforecasted cold weather conditions. Similarly, in certain of our electricity markets, customers pay the load zone price for electricity, so if we purchase supply to be delivered at a hub, we may have basis risk between the hub and the load zone electricity prices due to local congestion that is not reflected in the hub price. We attempt to hedge basis risk where possible, but hedging instruments are sometimes not economically feasible or available in the smaller quantities that we require.

Because natural gas accounted for approximately 40% of our retail revenues for the year ended December 31, 2013 and is a key component of the wholesale price of electricity, our operating results are heavily impacted by price movements in natural gas. Price volatility in the natural gas market generally exceeds volatility in most energy and other commodity markets. Changes in market prices for natural gas and electricity may result from many factors that are outside of our control. Please see “Risk Factors—Risks Related to Our Business—We are subject to commodity price risk.”

We incur monthly ancillary service charges and capacity costs in the electricity sector. For instance, the ISOs charge all retail electricity providers for monthly reserves that the ISO determines are necessary to protect the integrity of the grid. We attempt to estimate such amounts but they are difficult to estimate because they are charged in arrears by the ISOs and are subject to fluctuations based on weather and other market conditions. Many of the utilities we serve also allocate natural gas transportation and storage assets to us as a part of their

competitive choice program. We are required to fill our allocated storage capacity with natural gas, which creates commodity supply and price risk. Sometimes we cannot hedge the volumes associated with these assets because they are too small compared to the much larger bulk transaction volumes required for trades in the wholesale market or because it is not economically feasible to do so.

In addition to our supply costs, we incur costs such as RECs, ancillary services charges, ISO fees and, in some markets, transmission costs, which we estimate and incorporate into the pricing of our offered contracts. To the extent our estimates are incorrect, we may incur costs that we are unable to pass along to our customers.

Seasonality. Our overall operating results fluctuate substantially on a seasonal basis depending on: (i) the geographic mix of our customer base; (ii) the relative concentration of our commodity mix; (iii) weather conditions, which directly influence the demand for natural gas and electricity and affect the prices of energy commodities; and (iv) variability in market prices for natural gas and electricity. These factors can have material short-term impacts on monthly and quarterly operating results, which may be misleading when considered outside of the context of our annual operating cycle.

Our accounts payable and accounts receivable are impacted by seasonality due to the timing differences between when we pay our suppliers for accounts payable versus when we collect from our customers on accounts receivable. We typically pay our suppliers for purchases on a monthly basis. However, it takes approximately two months from the time we deliver the natural gas or electricity to our customers to the time we collect from our customers on accounts receivable attributable to those supplies. This timing difference could affect our cash flows, especially during peak cycles in the winter and summer months.

Natural gas accounts for approximately 40% of our retail revenues, which exposes us to a high degree of seasonality in our cash flows and income earned throughout the year as a result of the high concentration of heating load in the winter months. We utilize a considerable amount of cash from operations and borrowing capacity to fund working capital, which includes inventory purchases from April through October each year. We sell our natural gas inventory during the months of November through March of each year. We expect that the significant seasonality impacts to our cash flows and income will continue in future periods. For example, we generated approximately 39% and 28% of our annual Retail Gross Margin in the first and fourth quarter of the year ended December 31, 2013. As a result, we intend to reserve a portion of our excess cash available for distribution in the first and fourth quarters in order to fund our second and third quarter dividends.

Electricity consumption is typically highest during the summer months due to cooling demand, however this increase in volumes does not typically impact our overall profitability as the cost of electricity typically also increases in the summer months.

Asset Optimization and Certain Long-term Contracts. We contract for term transportation capacity in connection with our asset optimization activities which obligates us to pay demand charges to the relevant counterparty. For 2014, we are obligated to pay demand charges for certain transportation assets of approximately $2.6 million. Although these demand payments will decrease over time, the related capacity agreements extend through 2028. Prior to 2013, we entered into several hedging transactions associated with this capacity. As a result of weather-related pipeline transportation constraints, our hedging strategy for the winter of 2012 through 2013 on one of those transactions involving interruptible transportation resulted in losses that were recognized in late 2012 and 2013. We have since revised our risk policies such that this business is limited to back-to-back purchase and sale transactions, or open positions subject to our aggregate net open position limits, which are not held for a period longer than two months. Further, all additional capacity procured outside of a utility allocation of retail assets must be approved by our risk committee, hedges on our firm transportation obligations are limited to two years or less and hedging of interruptible capacity is prohibited.

Asset optimization opportunities primarily arise during the winter heating season when demand for natural gas is the highest. As such, we expect the majority of our asset optimization profits to be made in the winter. Given the opportunistic nature of these activities we will experience variability in our earnings from our asset optimization activities from year to year. As these activities are accounted for using mark-to-market accounting, the timing of our revenue recognition may differ from the actual cash settlement.

Retail Contract Types. We offer both fixed-price contracts and variable-price contracts, which we believe enables us to increase overall customer lifetime value. Fixed-price contracts provide consumers with price protection against increases in natural gas and electricity prices with terms of up to three years. Incorporated into the calculation of our fixed prices are also prevailing billing charges, switching fees, volumetric conversion rates and other charges. Though we are advised in advance of future changes in these items through tariff filings and notices by the local regulated utility, changes in these charges, fees, rates and other charges could occur before the termination date of our current fixed-price contracts. We cannot pass through those additional costs to customers on fixed-price contracts, which would negatively impact projected margins on those contracts. With respect to our variable-price contracts, we are generally able to pass through increased costs; however customers may terminate these contracts at any time if they are not satisfied with the current rate being charged. In addition, we may decide not to pass through the entire cost of significant commodity price increases in a given monthly period to avoid excessive customer complaints and attrition.

We had approximately 113,000 customers under fixed-price contracts and 128,000 customers under variable-price contracts as of March 31, 2014. As of March 31, 2014, approximately 111,000 were customers who purchase natural gas and approximately 130,000 were customers who purchase electricity.

Timing of Hedge Settlements. In addition to the volatility described above, we could incur volatility from quarter-to-quarter associated with gains and losses on settled hedges relating to natural gas held in inventory if we choose to hedge the summer-winter spread on our retail allocated storage capacity. Inventory is typically purchased and stored from April to October and withdrawn from storage from November through March. Since a portion of the inventory is used to satisfy delivery obligations to our fixed-price customers over the winter months, we hedge the associated price risk using a combination of NYMEX and basis derivative contracts. Any gains or losses associated with settled derivative contracts are reflected in the statement of operations for the period in which the contract settles as a component of cost of revenues.

Customer Credit Risk. In many of the utility services territories where we conduct business, POR programs have been established, whereby the local regulated utility offers services for billing the customer, collecting payment from the customer and remitting payment to us. This service results in substantially all of our credit risk being linked to the applicable utility and not to our end-use customer in these territories. For the year ended December 31, 2013, approximately 47% of our retail revenues were derived from territories in which substantially all of our credit risk was directly linked to local regulated utility companies, all of which had investment grade ratings as of such date. During the same period, we paid these local regulated utilities a weighted average discount of less than 1.0% of total revenues for customer credit risk. In certain of the POR markets in which we operate, the utilities limit their collections exposure by retaining the ability to transfer a delinquent account back to us for collection when collections are past due for a specified period. If our collection efforts are unsuccessful, we return the account to the local regulated utility for termination of service. Under these service programs, we are exposed to credit risk related to payment for services rendered during the time between when the customer is transferred to us by the local regulated utility and the time we return the customer to the utility for termination of service, which is generally one to two billing periods. We may also realize a loss on fixed-price customers in this scenario due to the fact that we will have already fully hedged the customer's expected commodity usage for the life of the contract. We recorded accounts receivable from POR markets of $22.1 million and $25.1 million in accounts receivable on the combined balance sheets as of December 31, 2013 and 2012, respectively.

In non-POR markets (and in POR markets where we may choose to direct bill our customers), we manage customer credit risk through formal credit review, in the case of commercial customers, and credit screening, deposits and disconnection for non-payment, in the case of residential customers. Our bad debt expense for each of the year ended December 31, 2013, the three months ended March 31, 2014 and the five months ended May 31, 2014 was less than 1.0% of retail revenues. Economic conditions may affect our and our customers' ability to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

How We Evaluate Our Operations

Adjusted EBITDA . We define "Adjusted EBITDA" as EBITDA less (i) customer acquisition costs incurred in the current period, (ii) net gain (loss) on derivative instruments, (iii) net current period cash settlements on derivative instruments, (iv) non-cash compensation expense and (v) other non-cash operating items. EBITDA is defined as net income before provision for income taxes, interest expense and depreciation and amortization. We deduct all current period customer acquisition costs in the Adjusted EBITDA calculation because such costs reflect a cash outlay in the year in which they are incurred, even though we capitalize such costs and amortize them over 24 months in accordance with our accounting policies. The deduction of current period customer acquisition costs is consistent with how we manage our business, but the comparability of Adjusted EBITDA between periods may be affected by varying levels of customer acquisition costs. We deduct our net gains (losses) on derivative instruments, excluding current period cash settlements, from the Adjusted EBITDA calculation in order to remove the non-cash impact of net gains and losses on derivative instruments. Although we have not historically incurred non-cash compensation expense, we expect that we will incur non-cash compensation expense following the completion of this offering as a result of equity awards that may be issued under our long-term incentive plan.

We believe that the presentation of Adjusted EBITDA provides information useful to investors in assessing our liquidity and financial condition and results of operations and that Adjusted EBITDA is also useful to investors as a financial indicator of a company's ability to incur and service debt, pay dividends and fund capital expenditures. Adjusted EBITDA is a supplemental financial measure that management and external users of our combined financial statements, such as industry analysts, investors, commercial banks and rating agencies, use to assess the following, among other measures:

- our operating performance as compared to other publicly traded companies in the retail energy industry, without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate earnings sufficient to support our proposed cash dividends; and
- our ability to fund capital expenditures (including customer acquisition costs) and incur and service debt.

For a more detailed description of Adjusted EBITDA, including a reconciliation to its most direct financial measures calculated in accordance with GAAP, please see "Prospectus Summary—Non-GAAP Financial Measures."

Retail Gross Margin. We define retail gross margin as operating income plus (i) depreciation and amortization expenses and (ii) general and administrative expenses, less (i) net asset optimization revenues, (ii) net gains (losses) on derivative instruments, and (iii) net current period cash settlements on derivative instruments. Retail gross margin is included as a supplemental disclosure because it is a primary performance measure used by our management to determine the performance of our retail natural gas and electricity business by removing the impacts of our asset optimization activities and net non-cash income (loss) impact of our economic hedging activities. As an indicator of our retail energy business' operating performance, retail gross margin should not be considered an alternative to, or more meaningful than, operating income, as determined in accordance with GAAP.

General Trends and Outlook

Product Innovation

We expect to see continued innovation in products and a greater emphasis on bundled offers in the retail energy industry. We intend to begin offering bundled products in the third quarter of 2014. Many retail energy providers have begun offering bundled products and utilizing co-marketing relationships in order to provide customers with a variety of services at lower prices and with the convenience of a single billing system. For example, we recently entered into an agreement to offer customers the option to bundle their energy services with other products such as surge and line protection through our relationship with Cross Country Home Services. We also have a co-marketing relationship with DirecTV in which we co-market their services to our customers. At present, these products and services do not generate material earnings.

The industry is also seeing an increased interest in "distributed generation" alternatives, in which end users are able to rely on their own generation capabilities for all or a part of their electricity needs. Home solar programs are a primary driver of this trend. Energy efficiency products such as smart thermostats and remote thermostat programming that give the consumer the ability to change settings during non-peak usage periods are also being integrated into traditional retail energy offerings.

Environmental Awareness

We believe consumer demand for environmentally friendly alternatives has and will continue to shape the direction of the retail energy industry. For example, we offer renewable and carbon neutral ("green") products in certain markets. Green energy products are a growing market opportunity and typically provide increased unit margins as a result of improved customer satisfaction and less competition. Renewable electricity products allow customers to choose electricity sourced from wind, solar, hydroelectric and biofuel sources, through the purchase of renewable energy credits ("RECs"). Carbon neutral products give customers the option to reduce or eliminate the carbon footprint associated with their energy usage through the purchase of carbon offset credits. These products typically provide for fixed or variable prices and generally follow the terms of our other products with the added benefit of carbon reduction and reduced environmental impact. We currently offer renewable electricity in all of our electricity markets and carbon neutral natural gas in several of our natural gas markets. We have also begun to partner with solar and other green energy providers in order to co-market our respective green energy services. We believe increasing consumer demand for green energy will continue, and we believe our flexible business model positions us well to meet these demands.

Changes in Regulations

We are subject to regulatory scrutiny in all of our markets. A number of public utility commissions in the northeast are investigating the impact of the harsh weather conditions during the 2013-2014 winter season on consumers in their territories due to the number of consumer complaints attributable to high bills for the winter season and are urging FERC to investigate circumstances during that period in wholesale energy markets. Several states are evaluating new disclosure standards for variable-price products. We anticipate that public utility commissions in these regions may in the future adopt new or revised regulations in response to these customers complaints that could have a negative impact on our business prospects in these regions.

Customer Growth

According to the EIA, over the last decade, residential natural gas accounts served by competitive energy retailers have grown from approximately 3.8 million to approximately 6.6 million (5.6% CAGR) and non-residential

electricity accounts have grown from approximately 433,944 to approximately 837,365 (4.8% CAGR). According to DNV GL, over the last decade, residential electricity accounts served by competitive electricity suppliers have grown from approximately 2.3 million to approximately 16.2 million (21.8% CAGR) and non-residential electricity accounts have grown from approximately 473,000 to approximately 2.8 million (19.6% CAGR).

According to DNV GL, licensing activity for mass market retail electric suppliers over the last year across all competitive energy markets continues to maintain a substantial pace. Customer growth and licensing activity is projected to continue experiencing growth, fueled by increased consumer awareness, changing utility prices and product innovation, as well as a favorable regulatory policy environment. As a result, management believes there is a significant opportunity for competitive retailers to gain market share by offering consumers innovative product options, providing excellent customer service and serving as a competitive choice for their energy supply.

Fragmentation and Consolidation of Market

We believe that favorable market conditions, including lower natural gas and electricity prices and low residential customer penetration, have led to an increase in the number of energy retailers in the United States. The vast majority of these new entrants are small regional energy retailers, which often experience rapid customer growth but have not historically had reliable access to capital or economies of scale to support this growth over the longer term or react to changing commodity price environments. According to DNV GL, 65 residential electricity retailers were active as of June 2013, approximately 77% (50) of which had fewer than 300,000 electricity customers, and approximately 55% (36) of which had fewer than 100,000 customers.

According to DNV GL, market consolidation among the large number of competitive electricity retailers continues at a growing pace. Twenty-two acquisitions of electricity retailers, some of which also provide natural gas, and similar types of ownership transfers were completed from January 1, 2013 to September 30, 2013. Management believes that the current environment of small, private energy retailers presents significant acquisition opportunities to consolidate smaller retailers into our larger and more scalable platform and increase market share.

Natural Gas Market

Natural gas prices are driven by a number of variables including demand from the industrial, residential, and electric sectors, productivity across natural gas supply basins, costs of natural gas production, changes in pipeline infrastructure, and the financial and hedging profile of natural gas consumers and producers. In 2013, average natural gas prices at Henry Hub were 31% higher than 2012. Although supply continues to increase, reflecting increased production from mainly the shale basins, winter weather and delivery system constraints in January 2014 caused natural gas within several northeastern markets to trade in excess of $100/MMbtu for short periods of time. Prolonged or unanticipated increased natural gas prices can erode our retail gross margin on both our natural gas and electricity sales.

Factors Affecting Comparability of Historical Financial Results

Tax Receivable Agreement. The Tax Receivable Agreement will provide for the payment by Spark Energy, Inc. to NuDevco of 85% of the net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that Spark Energy, Inc. actually realizes (or is deemed to realize in certain circumstances) in periods after this offering as a result of (i) any tax basis increases resulting from the purchase by Spark Energy, Inc. of Spark HoldCo units from NuDevco Retail Holdings prior to or in connection with this offering, (ii) any tax basis increases resulting from the exchange of Spark HoldCo units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of Spark HoldCo units for cash pursuant to the Cash Option) and (iii) any imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make

under the Tax Receivable Agreement. In addition, payments we make under the Tax Receivable Agreement will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return. We will record 85% of the estimated tax benefit as an increase to amounts payable under the Tax Receivable Agreement as a liability. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

Executive Compensation Programs. As described in "Executive Compensation—Compensation Following this Offering," in connection with this offering, we expect to grant restricted stock units to our non-employee directors, and certain of our officers, employees and employees of certain of our affiliates who perform services for us valued at an aggregate of approximately $ million under our long-term incentive plan. It is expected that the initial restricted stock unit awards will generally vest ratably over three or four years commencing May 4, 2015 and will include tandem dividend equivalents that will vest upon the same schedule. Accordingly, assuming they all vest in accordance with their vesting schedule, this grant of restricted stock units will result in a charge to our income statement of $ million in 2014, $ million in 2015, $ million in 2016, $ million in 2017, and $ million in 2018. Although we have not historically paid equity compensation, we expect that, going forward, equity will comprise a portion of our compensation program. We cannot, however, predict the amount of future equity awards or the effect of any potential equity awards on our overall compensation structure and, as a result, cannot accurately predict the effects of future equity compensation on our financial statements or future results of operations.

Asset Optimization Business. We contract for term transportation capacity in connection with our asset optimization activities which obligates us to pay demand charges to the relevant counterparty. For 2014, we are obligated to pay demand charges for certain transportation assets of approximately $2.6 million. Although these demand payments will decrease over time, the related capacity agreements extend through 2028. Prior to 2013, we entered into several hedging transactions associated with this capacity. As a result of weather-related pipeline transportation constraints, our hedging strategy for the winter of 2012 through 2013 on one of those transactions involving interruptible transportation resulted in losses that were recognized in late 2012 and 2013. We have since revised our risk policies such that this business is limited to back-to-back purchase and sale transactions, or open positions subject to our aggregate net open position limits, which are not held for a period longer than two months. Further, all additional capacity procured outside of a utility allocation of retail assets must be approved by our risk committee, hedges on our firm transportation obligations are limited to two years or less and hedging of interruptible capacity is prohibited.

Asset optimization opportunities primarily arise during the winter heating season when demand for natural gas is the highest. As such, we expect the majority of our asset optimization profits to made in the winter. Given the opportunistic nature of these activities we will experience variability in our earnings from our asset optimization activities from year to year. As these activities are accounted for using mark-to-market accounting, the timing of our revenue recognition may differ from the actual cash settlement.

Public Company Costs. We expect that we will incur incremental general and administrative ("G&A") expenses as a result of this offering. Specifically, we will incur certain expenses related to being a publicly traded company, including costs associated with SEC reporting requirements, tax return preparation, independent auditor fees, investor relations activities, Sarbanes-Oxley compliance, registrar and transfer agent fees, director and officer liability insurance expense and additional director compensation. These costs will be allocated to Spark HoldCo pursuant to the Spark HoldCo LLC Agreement.

Financing. The total amounts outstanding under our prior credit facility as of December 31, 2013 and March 31, 2014, include amounts used to fund equity distributions to our common control owner to fund operations of an

affiliated company. As such, historical borrowings under our prior credit facility may not provide an accurate indication of what we need to operate our natural gas and electricity business.

Historical Financial and Operating Data

The following table shows our summary combined historical financial data, for the fiscal years ended December 31, 2012 and 2013 and the three months ended March 31, 2013 and 2014. The following table should be read in conjunction with "Selected Historical and Unaudited Pro Forma Combined Financial and Operating Data."

	Historical			
	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
			(unaudited)	(restated)
Statement of Operations Data (in thousands):				
Revenues:				
Retail revenues (including retail revenues—affiliates of $1,382 and $4,022 for the years ended December 31, 2012 and 2013, respectively, and $199 and $1,489 for the three months ended March 31, 2013 and 2014, respectively)	$ 380,198	$ 316,776	$ 100,453	$ 104,352
Net asset optimization revenues (including asset optimization revenues-affiliates of $8,334 and $14,940 for the years ended December 31, 2012 and 2013, and $1,500 and $2,500 for the three months ended March 31, 2013 and 2014, respectively, and asset optimization revenues affiliate cost of revenues of $568 and $15,928 for the years ended December 31, 2012 and 2013, respectively, and less than $0.1 million and $7,900 for the three months ended March 31, 2013 and 2014, respectively)	(1,136)	314	(1,157)	1,624
Total revenues	379,062	317,090	99,296	105,976
Operating expenses:				
Retail cost of revenues (including retail cost of revenues-affiliates of $254 and $55 for the years ended December 31, 2012 and 2013, respectively, and less than $0.1 million for the three months ended March 31, 2013 and 2014, respectively)	279,506	233,026	69,993	88,121
General and administrative	47,321	35,020	9,275	8,113
Depreciation and amortization	22,795	16,215	5,030	2,959
Total operating expenses	349,622	284,261	84,298	99,193
Operating income	29,440	32,829	14,998	6,783
Other (expense)/income:				
Interest expense	(3,363)	(1,714)	(384)	(313)
Interest income and other income	62	353	11	70
Total other (expense)/income	(3,301)	(1,361)	(373)	(243)
Income before income tax expense	26,139	31,468	14,625	6,540
Income tax expense	46	56	14	32
Net income	$ 26,093	$ 31,412	$ 14,611	$ 6,508
Other Financial Data:				
Adjusted EBITDA [1]	$ 40,659	$ 33,533	$ 19,048	$ 9,322
Retail gross margin [1]	$ 93,219	$ 81,668	$ 31,740	$ 17,684
Other Operating Data:				
Customer acquisition costs	$ 6,322	$ 8,257	$ 220	$ 5,227
Customers	237,436	210,556	215,715	240,993
Natural gas volumes (MMBtu)	17,527,252	16,598,751	6,994,627	6,593,580
Electricity volumes (MWh)	2,698,084	1,829,657	478,426	384,275

(1) Adjusted EBITDA and retail gross margin are non-GAAP financial measures. For a definition and a reconciliation of each of Adjusted EBITDA and retail gross margin to their most directly comparable financial measures calculated and presented in accordance with GAAP, please see "Prospectus Summary—Non-GAAP Financial Measures."

Combined Results of Operations

Our results of operations are significantly influenced by our customer acquisition spending, although the impact of increasing or reducing our customer counts on our results of operations may not occur until several months after the shift in strategy. While the time required to recoup the costs we expend to acquire new customers varies based upon contract terms and prevailing market conditions, we typically recover our customer acquisition costs within twelve months. In addition, we generally begin to recognize margin improvements from new customer acquisitions six to twelve months after the customer acquisition cost has been incurred. Similarly, the negative impact on our results of operations of a shift in strategy to decrease customer acquisitions will occur over time as natural customer attrition occurs.

In 2011, we invested approximately $24 million in growing and maintaining our customer base. The expansion was successful in expanding our customer base by approximately 63% or 123,000 customers, net of attrition, in 2011. In 2012, our owner made the determination to invest excess cash flows from our operations in other affiliated businesses. As a result, we significantly reduced our customer acquisition costs, including completely discontinuing some marketing channels, and focused our efforts on integrating and optimizing our existing expanded customer base. In addition, we took steps to decrease our general and administrative expenses through implementation of system improvements and reduced head count to create a more efficient scalable platform. In the year ended December 31, 2012, our increased volumes resulting from the realization of prior efforts to expand our customer base, combined with reduced customer acquisition and general and administrative costs resulted in significantly increased Adjusted EBITDA as compared to prior periods.

In 2013, we continued to evaluate our customer base through segmentation and optimization strategies, which resulted in reduced customer count as certain underperforming segments experienced higher attrition levels. This segmentation and corresponding customer attrition, coupled with a decreased focus on lower margin commercial customers in 2013, resulted in lower overall sales volumes and Adjusted EBITDA in our retail segments in 2013, but increased gross margin per unit sold.

Recognizing the growth opportunities in the retail energy space, beginning in the second quarter of 2013, we increased our customer acquisition spending and reactivated certain marketing channels. By the end of 2013, we had grown the customer base by 8% from the low point in August of 2013. This growth trajectory has increased through the first quarter of 2014 resulting in an increase of approximately 24% in our customer base as of March 31, 2014 from August of 2013. Consistent with our historical experience, we anticipate seeing the results of this expansion reflected in gross margins six to twelve months from the acquisition date of each customer.

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Total Revenues. Total revenues for the year ended December 31, 2013 were approximately $317.1 million, a decrease of approximately $62.0 million, or 16%, from approximately $379.1 million for the year ended December 31, 2012. This decrease was primarily due to lower customer sales volumes, which resulted in a decrease in total revenues of $89.2 million. This decrease was offset by an increase of total revenues of $25.7 million due to increased customer pricing and a $1.5 million increase in net asset optimization revenues.

Net Asset Optimization Revenues . Net asset optimization revenues for the year ended December 31, 2013 were approximately $0.3 million, an increase of approximately $1.4 million, or 128%, from $(1.1) million in the same period in the prior year. We recognized losses in late 2012 and early 2013 on a hedge strategy involving interruptible transportation, partially offset by increased arbitrage opportunities in the fourth quarter of 2013 in the northeast United States.

Retail Cost of Revenues . Total retail cost of revenues for the year ended December 31, 2013 was approximately $233.0 million, a decrease of approximately $46.5 million, or 17%, from approximately $279.5 million for the year ended December 31, 2012. This decrease was primarily due to lower customer sales volumes, which resulted in a decrease in total retail cost of revenues of $70.0 million. This decrease was offset by an increase of total retail cost of revenues of $18.1 million due to energy supply prices and a $5.4 million decrease in net gains on retail derivative instruments, net of cash settlements.

General and Administrative Expense . General and administrative expense for the year ended December 31, 2013 was approximately $35.0 million, a decrease of approximately $12.3 million or 26%, as compared to $47.3 million for the year ended December 31, 2012. Approximately $8.0 million of the decrease in our general and administrative expenses was due to a companywide initiative to reduce costs and realize operational efficiencies in conjunction with our shift in focus from increasing our customer base to optimizing our customer base. Additionally, approximately $2.7 million was attributable to a decrease in sales and marketing expenses.

Depreciation and Amortization Expense . Depreciation and amortization expense for the year ended December 31, 2013 was approximately $16.2 million, a decrease of approximately $6.6 million, or 29%, from approximately $22.8 million in the same period in the prior year. This decrease was primarily due to the amortization in 2011 of a portion of higher customer acquisition costs that were incurred in 2011.

Interest Expense . Interest expense for the year ended December 31, 2013 was approximately $1.7 million, a decrease of approximately $1.7 million, or 50%, from approximately $3.4 million in the same period in the prior year. This decrease was primarily due to reduced interest expense due to lower average borrowing amounts during the year as a result of reduced customer acquisition expenses in connection with the strategic initiative to optimize our customer base in 2012 discussed above.

Customer Acquisition Cost. Customer acquisition cost for the year ended December 31, 2013 was approximately $8.3 million, an increase of approximately $2.0 million, or 31%, from approximately $6.3 million in the prior year. This increase was primarily due to increasing our marketing efforts during the second half of 2013 to grow our customer base.

Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

Total Revenues . Total revenues for the three months ended March 31, 2014 were approximately $106.0 million, an increase of approximately $6.7 million, or 7%, from approximately $99.3 million for the three months ended March 31, 2013. This increase was primarily due to increased customer pricing that we effected to capture a portion of increased supply costs from our customers, which resulted in an increase in total revenues of $16.3 million, as well as a $2.8 million increase in net asset optimization revenues. This increase was offset by a decrease of $12.4 million due to customer sales volumes which were lower, primarily due to the strategic shift of the concentration of our marketing efforts from commercial customers to residential customers.

Net Asset Optimization Revenues . Net asset optimization revenues for the three months ended March 31, 2014 were approximately $1.6 million, an increase of approximately $2.8 million, or 240%, from $(1.2) million for the three months ended March 31, 2013. This increase was primarily due to physical gas arbitrage opportunities in the northeast United States that arose due to the extreme winter weather conditions in 2014 and losses we recognized in 2013 from a hedge strategy involving interruptible transportation that did not repeat in 2014.

Retail Cost of Revenues . Total retail cost of revenues for the three months ended March 31, 2014 was approximately $88.1 million, an increase of approximately $18.1 million, or 26%, from approximately $70.0 million for the three months ended March 31, 2013. This increase was primarily due to increased supply costs resulting

from the extreme weather conditions experienced across the United States, which resulted in an increase of total retail cost of revenues of $26.7 million, as well as an increase of $0.2 million due to increased net losses on retail derivative instruments, net of cash settlements. This increase was offset by a decrease of $8.8 million due to customer sales volumes which were lower, primarily due to the strategic shift of the concentration of our marketing efforts from commercial customers to residential customers.

General and Administrative Expense . General and administrative expense for the three months ended March 31, 2014 was approximately $8.1 million, a decrease of approximately $1.2 million, or 13%, as compared to $9.3 million for the three months ended March 31, 2013. This decrease was primarily due to a $0.7 million decrease in payroll expenses and a $0.4 million decrease in sales and marketing expenses.

Depreciation and Amortization Expense . Depreciation and amortization expense for the three months ended March 31, 2014 was approximately $3.0 million, a decrease of approximately $2.0 million, or 41%, from approximately $5.0 million for the three months ended March 31, 2013. This decrease was primarily due to the amortization in 2013 of a portion of the higher customer acquisition costs that were incurred in 2011.

Interest Expense . Interest expense for the three months ended March 31, 2014 was approximately $0.3 million, a decrease of approximately $0.1 million, or 18%, from approximately $0.4 million for the three months ended March 31, 2013.

Customer Acquisition Cost . Customer acquisition cost for the three months ended March 31, 2014 was approximately $5.2 million, an increase of approximately $5.0 million from approximately $0.2 million for the three months ended March 31, 2013. This increase was primarily due to our increased marketing efforts to grow our customer base.

Operating Segment Results

	Historical			
	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
				(restated)
	(in millions, except per unit operating data)			
Retail Natural Gas Segment				
Total Revenues	$ 122.7	$ 125.2	$ 51.9	$ 62.5
Retail Cost of Revenues	77.0	83.1	35.5	50.6
Less: Net Asset Optimization Revenues	(1.1)	0.3	(1.2)	1.6
Less: Net Gains (Losses) on non-trading derivatives, net of cash settlements	6.3	(0.6)	(1.8)	(0.3)
Retail Gross Margin—Gas	40.5	42.4	19.3	10.6
Retail Gross Margin-Gas per MMBtu	*2.31*	*2.55*	*2.76*	*1.61*
Retail Electricity Segment				
Total Revenues	$ 256.4	$ 191.9	$ 47.4	$ 43.4
Retail Cost of Revenues	202.5	149.9	34.5	37.5
Less: Net Gains (Losses) on non-trading derivatives, net of cash settlements	1.2	2.7	0.5	(1.1)
Retail Gross Margin—Electricity	52.7	39.3	12.5	7.0
Retail Gross Margin—Electricity per MWh	*19.55*	*21.48*	*2 6 . 03*	*18.46*

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Retail Natural Gas Segment

Retail revenues for the Retail Natural Gas Segment for the year ended December 31, 2013 were approximately $125.2 million, an increase of approximately $2.5 million, or 2%, from approximately $122.7 million in the prior year. This increase was primarily due to increased customer pricing, which resulted in an increase of $7.6 million, as well as an increase of $1.5 million due to net asset optimization revenue. This increase was offset by a decrease of $6.6 million due to lower customer sales volumes.

Retail cost of revenues for the Retail Natural Gas Segment for the year ended December 31, 2013 was approximately $83.1 million, an increase of approximately $6.1 million, or 8%, from approximately $77.0 million in the prior year. This increase was primarily due to a $6.9 million decrease in net gains on retail derivative instruments, net of cash settlements, as well as increased commodity prices, which resulted in an increase of $3.6 million. This increase was offset by a decrease of retail cost of revenues of $4.4 million due to lower customer sales volumes.

Retail gross margin for the Retail Natural Gas Segment for the year ended December 31, 2013 was approximately $42.4 million, an increase of approximately $1.9 million, or 5%, from approximately $40.5 million for the year ended December 31, 2012, as indicated in the table below (in millions).

Decrease in volumes sold	$(2.1)
Increase in unit margin per MMBtu resulting from segmentation	4.0
Increase in retail natural gas segment retail gross margin	$ 1.9

The volumes of natural gas sold decreased from 17,527,252 MMBtu during the year ended December 31, 2012 to 16,598,751 MMBtu during the year ended December 31, 2013, due to our natural gas customer attrition outpacing natural gas customer acquisition attributable to the shift in our strategic focus, coupled with a decreased focus on higher-volume but lower margin commercial customers.

Retail Electricity Segment

Retail revenues for the Retail Electricity Segment for the year ended December 31, 2013 were approximately $191.9 million, a decrease of approximately $64.5 million, or 25%, from approximately $256.4 million in the prior year. This decrease was primarily due to lower customer sales volumes, which resulted in a decrease of $82.5 million. This decrease was offset by an increase of retail revenues of $18.0 million due to increased customer pricing.

Retail cost of revenues for the Retail Electricity Segment for the year ended December 31, 2013 was approximately $149.9 million, a decrease of approximately $52.6 million, or 26%, from approximately $202.5 million in the prior year. This decrease was primarily due to lower customer sales volumes, which resulted in a decrease in retail cost of revenues of $65.6 million and a $1.5 million increase in net gains on retail derivative instruments, net of cash settlements. This decrease was offset by an increase of retail cost of revenues of $14.5 million due to increased commodity prices.

Retail gross margin for the Retail Electricity Segment for the year ended December 31, 2013 was approximately $39.3 million, a decrease of approximately $13.4 million, or 25%, as compared to $52.7 million for the year ended December 31, 2012, as indicated in the table below (in millions).

Decrease in volumes sold	$(17.0)
Increase in unit margin per MWh resulting from segmentation	3.6
Decrease in retail electricity segment retail gross margin	$(13.4)

The volumes of electricity sold decreased from 2,698,084 MWh during the year ended December 31, 2012 to 1,829,657 MWh during the year ended December 31, 2013, due to our electricity customer attrition outpacing electricity customer acquisition attributable to the shift in our strategic focus, coupled with a decreased focus on higher-volume but lower margin commercial customers.

Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

Retail Natural Gas Segment

Retail revenues for the Retail Natural Gas Segment for the three months ended March 31, 2014 were approximately $62.5 million, an increase of approximately $10.6 million, or 21%, from approximately $51.9 million for the three months ended March 31, 2013. This increase was primarily due to increased customer pricing we effected to capture a portion of increased supply costs from our customers, which resulted in an increase of $10.8 million, as well as an increase of $2.8 million due to net asset optimization revenue. This increase was offset by a decrease of $3.0 million due to decreased customer sales volumes.

Retail cost of revenues for the Retail Natural Gas Segment for the three months ended March 31, 2014 were approximately $50.6 million, an increase of approximately $15.1 million, or 42%, from approximately $35.5 million for the three months ended March 31, 2013. This increase was primarily due to increased supply costs resulting from the extreme weather conditions experienced across the United States, which resulted in an increase of $18.5 million. This increase was offset by a $1.9 million decrease due to decreased customer sales volumes, as well as a $1.5 million decrease due to decreased net losses on retail derivative instruments, net of cash settlements.

Retail gross margin for the Retail Natural Gas Segment for the three months ended March 31, 2014 was approximately $10.6 million, a decrease of approximately $8.7 million, or 45%, from approximately $19.3 million for the three months ended March 31, 2013, as indicated in the table below (in millions).

Decrease in unit margin per MMBtu, primarily due to increased supply costs	$(7.6)
Decrease in volumes sold	(1.1)
Decrease in retail natural gas segment retail gross margin	$(8.7)

The volumes of natural gas sold decreased from 6,994,627 MMBtu during the three months ended March 31, 2013 to 6,593,580 MMBtu during the three months ended March 31, 2014. This decrease was primarily due to the strategic shift of the concentration of our marketing efforts from commercial customers to residential customers, offset by increased customer counts and the extreme weather which resulted in higher volumes per customer.

Retail Electricity Segment

Retail revenues for the Retail Electricity Segment for the three months ended March 31, 2014 were approximately $43.4 million, a decrease of approximately $4.0 million, or 8%, from approximately $47.4 million for the three

months ended March 31, 2013. This decrease was primarily due to lower customer sales volumes, which resulted in a decrease of $9.3 million. This decrease was offset by an increase of retail revenues of $5.3 million due to increased customer pricing that we effected to capture a portion of increased supply costs from our customers.

Retail cost of revenues for the Retail Electricity Segment for the three months ended March 31, 2014 were approximately $37.5 million, an increase of approximately $3.0 million, or 9%, from approximately $34.5 million for the three months ended March 31, 2013. This increase was primarily due to increased supply costs resulting from the extreme weather conditions experienced across the United States, which resulted in an increase in retail cost of revenues of $8.3 million, as well as a $1.7 million increase due to decreased net gains on retail derivative instruments, net of cash settlements. This increase was offset by a decrease of $7.0 million due to lower customers sales volumes.

Retail gross margin for the Retail Electricity Segment for the three months ended March 31, 2014 was approximately $7.0 million, a decrease of approximately $5.5 million, or 43%, as compared to $12.5 million for the three months ended March 31, 2013, as indicated in the table below (in millions).

Decrease in unit margin per MWh, primarily due to increased supply costs	$(3.0)
Decrease in volumes sold	(2.5)
Decrease in retail electricity segment retail gross margin	$(5.5)

The volumes of electricity sold decreased from 478,426 MWh during the three months ended March 31, 2013 to 384,275 MWh during the three months ended March 31, 2014. This decrease was primarily due to lower customer counts and the strategic shift of the concentration of our marketing efforts from commercial customers to residential customers, offset by the extreme weather which resulted in higher volumes per customer.

Liquidity and Capital Resources

Our liquidity requirements arise primarily from our natural gas inventory purchases during April through October, our customer acquisition costs and our general working capital needs for ongoing operations. Our credit facility borrowings are subject to material variations on a seasonal basis due to the timing of commodity purchases to satisfy required natural gas inventory purchases and to meet customer demands during periods of peak usage.

Historically, our sources of liquidity have included cash generated from operations, equity investments by our owner and borrowings under credit arrangements. We expect our ongoing sources of liquidity following this offering to include cash generated from operations, available borrowings under Spark HoldCo’s new revolving credit facility and issuances of additional debt and equity securities. We believe that cash generated from these sources will be sufficient to sustain operations, to finance anticipated expansion plans and growth initiatives, and to pay quarterly cash dividends on our outstanding Class A Common Stock. However, in the event our liquidity is insufficient, we may be required to limit our spending on future growth plans or other business opportunities or to rely on external financing sources, including additional commercial bank borrowings and the issuance of debt and equity securities, to fund our growth. Moreover, estimating our liquidity requirements is highly dependent on then-current market conditions, including forward prices for natural gas and electricity, and market volatility.

We have budgeted approximately $21.8 million for customer acquisition costs for 2014, which represents the costs we expect to incur to add new customers to our portfolio. As of March 31, 2014, we have spent approximately $5.2 million on customer acquisition costs. While we have budgeted $21.8 million for the year ending December 31, 2014, the actual amount of customer acquisition costs may fluctuate based on the actual marketing and vendor costs we incur. We generally do not expect to incur significant capital expenditures. Our 2014 budget includes

approximately $1.7 million for capital expenditures related to information systems improvements, of which $1.2 million is specifically related to our outsourced billing project. After 2014, we anticipate our annual capital expenditures budget to be approximately $500,000.

Based upon our current plans, level of operations and business conditions, we believe that our cash on hand, cash generated from operations, and available borrowings under Spark HoldCo's new revolving credit facility will be sufficient to meet our capital requirements and working capital needs for the foreseeable future.

The Spark HoldCo LLC Agreement provides, to the extent cash is available, for distributions pro rata to the holders of Spark HoldCo units (which unitholders, as of the completion of the offering, will consist of Spark Energy, Inc. and NuDevco) such that we receive an amount of cash sufficient to cover the estimated taxes payable by us, the targeted quarterly dividend we intend to pay to holders of our Class A common stock, and payments under the Tax Receivable Agreement we will enter into with Spark HoldCo, NuDevco Retail Holdings and NuDevco Retail.

Following the completion of this offering, we intend to pay a regular quarterly dividend on our Class A common stock at a targeted rate of $ per share, or approximately $ million on an annual basis. No dividends on our Class A common stock will accrue in arrears. We will only be able to pay dividends from our available cash on hand, funds received from Spark HoldCo or other sources of liquidity. Spark HoldCo's ability to make distributions to us will depend on many factors, including the performance of our business in the future and restrictions under Spark HoldCo's new revolving credit facility. In order to pay these dividends to holders of our Class A common stock, we expect that Spark HoldCo will be required to distribute approximately $ million on an annualized basis to holders of Spark HoldCo units. This aggregate amount would have represented approximately % of our pro forma net income and % of our pro forma Adjusted EBITDA for the year ended December 31, 2013. To the extent that our business generates cash in excess of the amounts required to pay an annual dividend of $ per share of Class A common stock, we currently expect to reinvest any such excess cash flows in our business and not increase the distributions payable to our Class A shareholders. However, our future dividend policy is within the discretion of our board of directors and will depend upon various factors, including the results of our operations, our financial condition, capital requirements and investment opportunities.

In addition, in the future, we expect to make payments pursuant to the Tax Receivable Agreement that we will enter into with NuDevco Retail Holdings, NuDevco Retail and Spark HoldCo in connection with this offering. Except in cases where we elect to terminate the Tax Receivable Agreement early, the Tax Receivable Agreement is terminated early due to certain mergers or other changes of control or we have available cash but fail to make payments when due, generally we may elect to defer payments due under the Tax Receivable Agreement if we do not have available cash to satisfy our payment obligations under the Tax Receivable Agreement or if our contractual obligations limit our ability to make these payments. Any such deferred payments under the Tax Receivable Agreement generally will accrue interest. If we were to defer substantial payment obligations under the Tax Receivable Agreement on an ongoing basis, the accrual of those obligations would reduce the availability of cash for other purposes but we would not be prohibited from paying dividends on our Class A common stock. See "Risk Factors—Risks Related to the Offering and our Class A Common Stock—We will be required to make payments under the Tax Receivable Agreement for certain tax benefits we may claim, and the amounts of such payments could be significant," "Risk Factors—Risks Related to the Offering and our Class A Common Stock—In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement" and "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

Historical Cash Flows

Our cash flows were as follows for the respective periods (in millions):

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
				(restated)
Net cash provided by operating activities	$44.1	$44.5	$17.9	$6.2
Net cash used in investing activities	$ 1.6	$ 1.5	$ —	$0.8
Net cash used in financing activities	$39.9	$42.4	$22.2	$7.9

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Cash Flows Provided by Operating Activities . Net cash provided by operating activities was $44.1 million for the year ended December 31, 2012 and $44.5 million for the year ended December 31, 2013. Decreases in account receivable levels were generally offset by decreases in accounts payable, resulting in an immaterial impact on cash flow provided by operating activities. These decreases were primarily a result of lower retail sales volume offset by higher retail and wholesale prices. Net decreases in affiliate receivables increased operating cash flow by $21.1 million. Overall increases in commodity prices led to decreased operating cash flows, as both our inventory values and deposits required to transact in the wholesale market, which are recorded in other assets, increased with commodity prices.

Cash Flows Used in Investing Activities . Net cash used in investing activities was $1.6 million for the year ended December 31, 2012 and $1.5 million for the year ended December 31, 2013. The $0.1 million decrease in cash used in investing activities was primarily attributable to decreased capital expenditures.

Cash Flows Used in Financing Activities . Net cash used in financing activities was $39.9 million for the year ended December 31, 2012 and $42.4 million for the year ended December 31, 2013. The increase was primarily attributable to increased member distributions of $48.9 million partially offset by increased borrowings of $40.5 million on our working capital credit facility.

Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

Cash Flows Provided by Operating Activities . Net cash provided by operating activities was $17.9 million for the three months ended March 31, 2013 and $6.2 million for the three months ended March 31, 2014. The decrease in cash flows from operating activities was driven by an increase in accounts receivable of $28 million, driven by higher customer pricing, offset by lower customer sales volumes. The increase in accounts receivable was offset by the increase in accounts payable of $25 million. Additionally, accounts receivable-affiliates increased $5 million and there was a $5 million increase in customer acquisition costs.

Cash Flows Used in Investing Activities . Net cash used in investing activities was less than $0.1 million for the three months ended March 31, 2013 and $0.8 million for the three months ended March 31, 2014. This increase was primarily attributable to increased capital expenditures.

Cash Flows Used in Financing Activities . Net cash used in financing activities was $22.2 million for the three months ended March 31, 2013 and $7.9 million for the three months ended March 31, 2014. This decrease was primarily attributable to increased borrowings on our working capital credit facility.

Credit Facility

Prior to this offering, SE and SEG were co-borrowers under an $80 million revolving working capital credit facility with a maturity date of July 31, 2015. The total amounts outstanding under this facility as of December 31, 2012 and 2013 include distributions to the common control owner to fund unrelated operations of an affiliate.

We will borrow approximately $10.0 million under our new revolving credit facility at the closing of this offering to repay in full the portion of outstanding indebtedness under our current credit facility that SEG and SE have agreed to be responsible for pursuant to the interborrower agreement. The remainder of indebtedness outstanding under our current credit facility will be paid down by our affiliate with its own funds in connection with the closing of this offering pursuant to the terms of the interborrower agreement. Following this repayment, our current credit facility will be terminated. We expect to have approximately $15.0 million in letters of credit issued following this offering.

Spark HoldCo, SE and SEG (the "Co-Borrowers") and Spark Energy, Inc., as guarantor, expect to enter into the new $70.0 million senior secured revolving working capital credit facility (the "Senior Credit Facility") with a maturity of two years from the closing of this offering. If no event of default has occurred, the Co-Borrowers have the right, subject to approval by the administrative agent and certain lenders, to increase the borrowing capacity under the new revolving credit facility to up to $120.0 million. SG Americas Securities, LLC will act as lead arranger, sole bookrunner and administrative agent under the Senior Credit Facility, which will be available to fund expansions, acquisitions and working capital requirements for our operations and general corporate purposes, including member distributions.

At our election, interest will be generally determined by reference to:

- the Eurodollar rate plus an applicable margin of up to 3.0% per annum (based upon the prevailing utilization);
- the alternate base rate plus an applicable margin of up to 2.0% per annum (based upon the prevailing utilization). The alternate base rate is equal to the highest of (i) Société Générale's prime rate, (ii) the federal funds rate plus 0.5% per annum, or (iii) the reference Eurodollar rate plus 1.0%; or
- the rate quoted by Société Générale as its cost of funds for the requested credit plus 2.25%-2.50% per annum.

The interest rate is generally reduced by 25 basis points if utilization under the Senior Credit Facility is below fifty percent. The Senior Credit Facility allows us to issue letters of credit, which reduce availability under Senior Credit Facility, at a cost of 2.00%-2.50% per annum of aggregate letters of credit issued.

We will pay an annual commitment fee of 0.375% or 0.5% on the unused portion of the Senior Credit Facility depending upon the unused capacity. The lending syndicate under the Senior Credit Facility is entitled to several additional fees including an upfront fee, annual agency fee, and fronting fees based on a percentage of the face amount of letters of credit payable to any syndicate member that issues a letter a credit.

The Senior Credit Facility will be secured by the capital stock of SE, SEG and the Co-Borrowers' present and future subsidiaries, all of the Co-Borrowers' and their subsidiaries' present and future property and assets, including accounts receivable, inventory and liquid investments, and control agreements relating to bank accounts.

The Senior Credit Facility also will contain covenants that, among other things, will require the maintenance of specified ratios or conditions as follows:

Maximum Leverage Ratio . Spark Energy, Inc. must maintain a consolidated maximum senior secured leverage ratio, consisting of total liabilities to tangible net worth of not more than 7.0 to 1.0, at any time.

Minimum Net Working Capital . Spark Energy, Inc. must maintain minimum consolidated net working capital at all times equal to the greater of (i) 20% of the aggregate commitments under the Senior Credit Facility, and (ii) $12,000,000.

Minimum Tangible Net Worth. Spark Energy, Inc. must maintain a minimum consolidated tangible net worth at all times equal to the net book value of property, plant and equipment as of the closing date of the Senior Credit Facility plus the greater of (i) 20% of aggregate commitments under the Senior Credit Facility and (ii) $12,000,000.

The borrowing base is calculated primarily based on 80-90% of the value of eligible accounts receivable and unbilled product sales (depending on the credit quality of the counterparties) and inventory and other working capital assets. The Co-borrowers under the Senior Credit Facility must prepay any amounts outstanding under the Senior Credit Facility in excess of the borrowing base (up to the maximum availability amount).

In addition, the Senior Credit Facility will contain customary affirmative covenants. The covenants will include delivery of financial statements and other information (including any filings made with the SEC), maintenance of property and insurance, maintenance of holding company status at Spark Energy, Inc., payment of taxes and obligations, material compliance with laws, inspection of property, books and records and audits, use of proceeds, payments to bank blocked accounts, notice of defaults and certain other customary matters. The Senior Credit Facility will also contain additional negative covenants that will limit our ability to, among other things, do any of the following:

- incur certain additional indebtedness;
- grant certain liens;
- engage in certain asset dispositions;
- merge or consolidate;
- make certain payments, distributions, investments, acquisitions or loans;
- enter into transactions with affiliates;
- make certain changes in our lines of business or accounting practices, except as required by GAAP or its successor;
- store inventory in certain locations;
- place certain amounts of cash in accounts not subject to control agreements;
- amend or modify billing services agreements and documents;
- amend or modify our risk management and credit policy;
- engage in certain prohibited transactions;
- enter into burdensome agreements; and
- act as a transmitting utility or as a utility.

Certain of the negative covenants listed above are subject to certain permitted exceptions and allowances.

Spark Energy, Inc. will be entitled to pay cash dividends to the holders of the Class A common stock and Spark HoldCo will be entitled to make cash distributions to NuDevco and us so long as: (a) no default exists or would result from such a payment; (b) the Co-Borrowers are in pro forma compliance with all financial covenants before and after giving effect to such payment and (c) the outstanding amount of all loans and letters of credit does not exceed the borrowing base limits. Spark HoldCo’s inability to satisfy certain financial covenants or the existence of an event of default, if not cured or waived, under the Senior Credit Facility could prevent us from paying dividends to holders of our Class A common stock.

The Senior Credit Facility contains certain customary representations and warranties and events of default. Events of default include, among other things, payment defaults, breaches of representations and warranties, covenant

defaults, cross-defaults and cross-acceleration to certain indebtedness, certain events of bankruptcy, certain events under ERISA, material judgments in excess of $2.5 million, certain events with respect to material contracts, actual or asserted failure of any guaranty or security document supporting the Senior Credit Facility to be in full force and effect and changes of control. If such an event of default occurs, the lenders under the Senior Credit Facility would be entitled to take various actions, including the acceleration of amounts due under the facility and all actions permitted to be taken by a secured creditor.

Summary of Contractual Obligations

The following table discloses aggregate information about our contractual obligations and commercial commitments as of December 31, 2013 (in millions):

	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 years
Operating leases (1)	$ 2.7	$ 1.6	$ 1.1	$ —	$ —
Purchase obligations:					
Natural gas and electricity related purchase obligations (2)	$19.1	$11.7	$ 7.4	$ —	$ —
Pipeline transportation agreements	21.3	6.3	5.4	3.7	5.9
Other purchase obligations (3)	5.6	0.8	4.8	—	—
Total purchase obligations	$46.0	$18.8	$17.6	$3.7	$5.9
Debt	$27.5	$27.5	$ —	$ —	$ —

(1) Included in the total amount are future minimum payments for office and other operating leases.

(2) The amounts represent the notional value of natural gas and electricity related purchase contracts that are not accounted for as derivative financial instruments recorded at fair market value as the company has elected the normal purchase normal sale exception, and therefore are not recognized as liabilities on the combined balance sheet.

(3) The amounts presented here include contracts for billing services and other software agreements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Effects of Inflation

Inflation in the United States has been relatively low in recent years and did not have a material impact on our results of operations for the years ended December 31, 2013 and 2012 and the three months ended March 31, 2014. Although the impact of inflation has been insignificant in recent years, a high rate of inflation in the future may affect our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of revenue if we are unable to reflect any increased costs of revenue in the prices we charge for our services.

Critical Accounting Policies and Estimates

Our significant accounting policies are described in Note 2 to our audited combined financial statements included elsewhere in this prospectus. We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the SEC, which

require us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates. We consider the following policies to be the most critical in understanding the judgments that are involved in preparing our financial statements and the uncertainties that could impact our financial condition and results of operations.

Revenue Recognition

Our revenues are derived primarily from the sale of natural gas and electricity to retail customers. We also record revenues from sales of natural gas and electricity to wholesale counterparties, including affiliates. Revenues are recognized by using the following criteria: (1) persuasive evidence of an exchange arrangement exists, (2) delivery has occurred or services have been rendered, (3) the buyer's price is fixed or determinable and (4) collection is reasonably assured. Utilizing these criteria, revenue is recognized when the natural gas or electricity is delivered. Similarly, cost of revenues is recognized when the commodity is delivered.

Revenues for natural gas and electricity sales are recognized upon delivery under the accrual method. Natural gas and electricity sales that have been delivered but not billed by period end are estimated. Accrued unbilled revenues are based on estimates of customer usage since the date of the last meter read provided by the utility. Volume estimates are based on forecasted volumes and estimated customer usage by class. Unbilled revenues are calculated by multiplying these volume estimates by the applicable rate by customer class. Estimated amounts are adjusted when actual usage is known and billed.

The cost of natural gas and electricity for sale to retail customers is based on estimated supply volumes for the applicable reporting period. In estimating supply volumes, we consider the effects of historical customer volumes, weather factors and usage by customer class. Transmission and distribution delivery fees, where applicable, are estimated using the same method used for sales to retail customers. In addition, other load related costs, such as ISO fees, ancillary services and renewable energy credits are estimated based on historical trends, estimated supply volumes and initial utility data. Volume estimates are then multiplied by the supply rate and recorded as retail cost of revenues in the applicable reporting period.

Our asset optimization activities, which primarily include natural gas physical arbitrage and other short term storage and transportation opportunities, meet the definition of trading activities and are recorded on a net basis in the combined statements of operations in net asset optimization revenues as required by FASB ASC 815, *Derivatives and Hedging.*

Accounts Receivable

We accrue an allowance for doubtful accounts based upon estimated uncollectible accounts receivable considering historical collections, accounts receivable aging analysis, credit risk and other factors. We write off accounts receivable balances against the allowance for doubtful accounts when the accounts receivable is deemed to be uncollectible.

We conduct business in many utility service markets where the local regulated utility is responsible for billing the customer, collecting payment from the customer and remitting payment to the Company ("POR programs"). This POR service results in substantially all of our credit risk being linked to the applicable utility in these territories, which generally has an investment-grade rating, and not to the end-use customer. We monitor the financial condition of each utility and currently believe that our susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those utilities is remote.

In markets that do not offer POR services or when we choose to directly bill our customers, certain accounts receivable are billed and collected by us. We bear the credit risk on these accounts and record an appropriate

allowance for doubtful accounts to reflect any losses due to non-payment by customers. Our customers are individually insignificant and geographically dispersed in these markets. We write off customer balances when we believe that amounts are no longer collectible and when we have exhausted all means to collect these receivables.

Capitalized Customer Acquisition Costs

Capitalized customer acquisition costs consist primarily of hourly and commission based telemarketing costs, door-to-door agent commissions and other direct advertising costs associated with proven customer generation, and are capitalized and amortized over the estimated two-year average life of a customer in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 340-20, Capitalized Advertising Costs.

Recoverability of customer acquisition costs is evaluated based on a comparison of the carrying amount of the customer acquisition costs to the future net cash flows expected to be generated by the customers acquired, considering specific assumptions for customer attrition, per unit gross profit, and operating costs. These assumptions are based on forecasts and historical experience.

Accounting for Derivative and Hedging Activities

We use derivative instruments such as futures, swaps, forwards and options to manage the commodity price risks of our business operations.

All derivatives, other than those for which an exception applies, are recorded in the combined balance sheets at fair value. Derivative instruments representing unrealized gains are reported as derivative assets while derivative instruments representing unrealized losses are reported as derivative liabilities. We have elected to offset amounts on the combined balance sheets for recognized derivative instruments executed with the same counterparty under a master netting arrangement. One of the exceptions to fair value accounting, normal purchases and normal sales, has been elected by us for certain derivative instruments when the contract satisfies certain criteria, including a requirement that physical delivery of the underlying commodity is probable and is expected to be used in normal course of business. Retail revenues and retail cost of revenues resulting from deliveries of commodities under normal purchase contracts and normal sales contracts are included in earnings at the time of contract settlement.

To manage commodity price risk, we hold certain derivative instruments that are not held for trading purposes and are not designated as hedges for accounting purposes. However, to the extent we do not hold offsetting positions for such derivatives, we believe these instruments represent economic hedges that mitigate our exposure to fluctuations in commodity prices. As part of our strategy to optimize our assets and manage related commodity risks, we also manage a portfolio of commodity derivative instruments held for trading purposes. We use established policies and procedures to manage the risks associated with price fluctuations in these energy commodities and use derivative instruments to reduce risk by generally creating offsetting market positions.

Changes in the fair value of and amounts realized upon settlement of derivative instruments not held for trading purposes are recognized currently in earnings in retail revenues or retail costs of revenues, respectively.

Changes in the fair value of and amounts realized upon settlement of derivative instruments held for trading purposes are recognized currently in earnings in net asset optimization revenues.

We have historically designated a portion of our derivative instruments as cash flow hedges for accounting purposes. For all hedging transactions, we formally document the hedging transaction and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the nature of the risk being hedged, how

the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method used to measure ineffectiveness. We also formally assess, both at the inception of the hedging transaction and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged transactions. For derivative instruments that are designated and qualify as part of a cash flow hedging transaction, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during when the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. Hedge accounting is discontinued prospectively for derivatives that cease to be highly effective hedges or if the occurrence of the forecasted transaction is no longer probable.

Effective July 1, 2013, we elected to discontinue hedge accounting prospectively and began to record the changes in fair value recognized in the combined statement of operations in the period of change. Because the underlying transactions were still probable of occurring, the related accumulated other comprehensive income was frozen and recognized in earnings as the underlying hedged item was delivered. As of December 31, 2013, we had no gains or losses on derivatives that were designated as qualifying cash flow hedging transactions recorded as a component of accumulated other comprehensive income, as all previously deferred gains and losses on qualifying hedge transactions were reclassified into earnings during the year ended December 31, 2013 when the associated hedged transactions were recorded into earnings.

Contingencies

In the ordinary course of business, we may become party to lawsuits, administrative proceedings and governmental investigations, including regulatory and other matters. As of March 31, 2014, we did not have material outstanding lawsuits, administrative proceedings or investigations.

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Quantitative and Qualitative Disclosures about Market Risk

Market risks relating to our operations result primarily from changes in commodity prices and interest rates, as well as counterparty credit risk. We employ established policies and procedures to manage our exposure to these risks. For more information, please see our combined financial statements and the notes thereto included elsewhere in this prospectus.

Commodity Price Risk

We hedge and procure our energy requirements from various wholesale energy markets, including both physical and financial markets and through short and long term contracts. Our financial results are largely dependent on the margin we are able to realize between the wholesale purchase price of natural gas and electricity plus related costs and the retail sales price we charge our customers. We actively manage our commodity price risk by entering into various derivative or non-derivative instruments to hedge the variability in future cash flows from fixed-price forecasted sales and purchases of natural gas and electricity in connection with our retail energy operations. These instruments include forwards, futures, swaps, and option contracts traded on various exchanges, such as NYMEX and Intercontinental Exchange, or ICE, as well as over-the-counter markets. These contracts have varying terms and durations, which range from a few days to a few years, depending on the instrument. Our asset optimization group utilizes similar derivative contracts in connection with its trading activities to attempt to generate incremental gross margin by effecting transactions in markets where we have a retail

presence. Generally, any of such instruments that are entered into to support our retail electricity and natural gas business are categorized as having been entered into for non-trading purposes, and instruments entered into for any other purpose are categorized as having been entered into for trading purposes.

We have adopted risk management policies to measure and limit market risk associated with our fixed-price portfolio and our hedging activities. For additional information regarding our commodity price risk and our risk management policies, please see "—Factors Affecting Our Results of Operations—Commodity Price Risk and the Effectiveness of our Risk Management Program" and "Business—Risk Management."

We measure the commodity risk of our non-trading energy derivatives using a sensitivity analysis on our net open position. As of December 31, 2013, our Gas Non-Trading Fixed Price Open Position (hedges net of retail load) was a short position of 167,740 MMBtu. An increase in 10% in the market prices (NYMEX) from their December 31, 2013 levels would have decreased the fair market value of our net non-trading energy portfolio by $0.1 million. Likewise, a decrease in 10% in the market prices (NYMEX) from their December 31, 2013 levels would have increased the fair market value of our non-trading energy derivatives by $0.1 million. As of December 31, 2013, our Electricity Non-Trading Fixed Price Open Position (hedges net of retail load) was a long position of 30,624 MWhs. An increase in 10% in the forward market prices from their December 31, 2013 levels would have increased the fair market value of our net non-trading energy portfolio by $0.3 million. Likewise, a decrease in 10% in the forward market prices from their December 31, 2013 levels would have decreased the fair market value of our non-trading energy derivatives by $0.3 million.

We measure the commodity risk of our trading energy derivatives using a sensitivity analysis on our net open position. As of December 31, 2013, our Gas Trading Fixed Price Open Position was a long position of 285,000 MMBtu. A decrease in 10% in the market prices (NYMEX) from their December 31, 2013 levels would have decreased the fair market value of our trading energy derivatives by $0.1 million. Likewise, an increase in 10% in the market prices (NYMEX) from their December 31, 2013 levels would have increased the fair market value of our trading energy derivatives by $0.1 million.

Credit Risk

In many of the utility services territories where we conduct business, POR programs have been established, whereby the local regulated utility offers services for billing the customer, collecting payment from the customer and remitting payment to us. This service results in substantially all of our credit risk being linked to the applicable utility and not to our end-use customer in these territories. For the year ended December 31, 2013, approximately 47% of our retail revenues were derived from territories in which substantially all of our credit risk was directly linked to local regulated utility companies, all of which had investment grade ratings as of such date. During the same period, we paid these local regulated utilities a weighted average discount of less than 1.0% of total revenues for customer credit risk. In certain of the POR markets in which we operate, the utilities limit their collections exposure by retaining the ability to transfer a delinquent account back to us for collection when collections are past due for a specified period. If our collection efforts are unsuccessful, we return the account to the local regulated utility for termination of service. Under these service programs, we are exposed to credit risk related to payment for services rendered during the time between when the customer is transferred to us by the local regulated utility and the time we return the customer to the utility for termination of service, which is generally one to two billing periods.

In non-POR markets, we manage customer credit risk through formal credit review, in the case of commercial customers, and credit score screening, deposits and disconnection for non-payment, in the case of residential customers. Our bad debt expense for each of the year ended December 31, 2013 and the three months ended

March 31, 2014 was less than 1.0% of retail revenues. Economic conditions may affect our customers' ability to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

We are exposed to wholesale counterparty credit risk in our retail and asset optimization activities. We manage this risk at a counterparty level and secure our exposure with collateral or guarantees when needed. At December 31, 2013, approximately 82% of our total exposure of $12.5 million was either with an investment grade customer or otherwise secured with collateral.

Interest Rate Risk

We are exposed to fluctuations in interest rates under our variable-price debt obligations. Prior to this offering, SE and SEG were co-borrowers under an $80 million variable rate revolving working capital credit facility with a maturity date of July 31, 2015, under which $27.5 million of variable rate indebtedness was outstanding as of December 31, 2013. Based on the average amount of our variable rate indebtedness outstanding during the year ended December 31, 2013, a 1% percent increase in interest rates would have resulted in additional interest expense of approximately $275,000 for the year. This prior credit facility will be terminated in connection with the closing of this offering and Spark HoldCo's entry into the Senior Credit Facility. The Senior Credit Facility will bear interest at a variable rate. We do not currently employ interest rate hedges, although we may choose to do so in the future.

BUSINESS

We are a 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. We purchase our natural gas and electricity supply from a variety of wholesale providers and bill our customers monthly for the delivery of natural gas and electricity based on their consumption at either a fixed or variable price. Natural gas and electricity are then distributed to our customers by local regulated utility companies through their existing infrastructure.

As of May 31, 2014, we operated in 46 utility service territories across 16 states and had approximately 237,600 residential customers and 17,800 commercial customers, which translates to over 392,500 residential customer equivalents ("RCEs"). An RCE is an industry standard measure of natural gas or electricity usage with each RCE representing annual consumption of 100 MMbtu of natural gas or 10 MWh of electricity. We added over 44,800 customers, net of attrition, during the first five months of 2014. For the year ended December 31, 2013, approximately 60% of our retail revenues were derived from the sale of electricity, and the remainder were derived from the sale of natural gas.

We believe our business model is scalable, and our objective is to maximize profitability while proactively managing the risks inherent in our business. To achieve this objective, we actively manage our customer base to allocate retail energy sales between natural gas and electricity based on existing or developing market dynamics. In addition, the diversity in our customer base across geography, commodity and product offerings allows us to mitigate risk and react to changes in the retail energy environment so that we can quickly shift our focus and redirect our customer acquisition plan towards more profitable opportunities, resulting in enhanced cash-flow stability.

We believe that our management team has developed an effective proprietary customer acquisition and retention model. We identify and acquire customers on a cost-effective basis through a variety of sales channels, including door-to-door vendors, outbound telephone marketing vendors, our inbound customer care call center and online marketing. We also use email, direct mail, affinity programs, direct sales, brokers and consultants. Our marketing team continuously evaluates the effectiveness of each customer acquisition channel and makes adjustments in order to achieve our targeted growth and returns. We strive to attract new customers with competitive product offerings that are tailored to particular customer demographics. Once a customer is acquired, we apply a proprietary evaluation and segmentation process to optimize value both to us and the customer. We analyze historical usage, attrition rates and consumer behaviors to specifically tailor competitive products that aim to maximize the total expected return from energy sales to a specific customer, which we refer to as customer lifetime value.

We actively manage the commodity price risk inherent in our business. Our commodity risk management strategy is designed to hedge substantially all of our forecasted natural gas and electricity volumes on our fixed-price customer contracts as well as a portion of the near-term volumes on our variable-price customer contracts. Our in-house energy supply team, which is comprised of 18 experienced energy supply chain professionals, manages our commodity risk by monitoring market activity and engaging in commodities transactions that are designed to hedge, to the extent practicable, our commodity price exposure at any given time. The efficacy of our risk management program may be adversely impacted by unanticipated events and costs that we are not able to effectively hedge, including abnormal customer attrition and consumption, certain variable costs associated with electricity grid reliability, pricing differences in the local markets for local delivery of commodities, unanticipated events that impact supply and demand, such as extreme weather, and abrupt changes in the markets for, or availability or cost of, financial instruments that help to hedge commodity price. To mitigate these limitations, our in-house energy supply team uses historical attrition models to estimate customer attrition and proprietary weather services to estimate forecasted volumes. We seek to further mitigate the risk of extreme seasonal volume fluctuation by purchasing in advance additional supply for those periods with the highest potential for volatility.

Our in-house energy supply team also identifies wholesale natural gas arbitrage opportunities in conjunction with our retail procurement and hedging activities, which we refer to as asset optimization. These opportunities can include (i) optimizing the unused portion of storage and transportation assets allocated to us by the local regulated utility to support our retail load; (ii) capturing physical arbitrage opportunities using short or long-term transportation capacity; and (iii) maximizing our credit capacity by purchasing gas from affiliates and third parties and selling it at the same location to counterparties for whom we normally purchase retail supply. For additional detail regarding our asset optimization activities, please see "—Our Operations—Asset Optimization."

We actively manage our customer credit risk through a variety of strategies. In many of the utility services territories where we conduct business, the local regulated utility offers services for billing the customer, collecting payment from the customer and remitting payment to us. This service results in substantially all of our credit risk being linked to the applicable utility and not to our end-use customer in these territories. For the year ended December 31, 2013, approximately 47% of our retail revenues were derived from territories in which substantially all of our credit risk was directly linked to local regulated utility companies, all of which had investment grade ratings as of such date. During the same period, we paid these local regulated utilities a weighted average discount of less than 1.0% of total revenues for customer credit risk. In markets where the local regulated utilities are not responsible for customer credit risk, we attempt to manage this risk through formal credit review, in the case of commercial customers, and credit screening, deposits and, in some markets, disconnection for non-payment, in the case of residential customers.

We generated net income of $31.4 million and $26.1 million and Adjusted EBITDA of $33.5 million and $40.7 million for the years ended December 31, 2013 and 2012, respectively. For a definition of Adjusted EBITDA and a reconciliation to its most directly comparable financial measures calculated and presented in accordance with GAAP, please see "Prospectus Summary—Non-GAAP Financial Measures." Please see "Selected Historical and Unaudited Pro Forma Combined Financial and Operating Data."

We intend to pay a cash dividend each quarter to holders of our Class A common stock to the extent we have cash available for distribution to do so. Our targeted quarterly dividend will be $ per share of Class A common stock, or $ per share on an annualized basis, which amount may be raised or lowered in the future without advance notice. Please see "Cash Dividend Policy."

Business Strategies

Our principal business objectives are to maintain stable cash flows and to grow our business by adding customers and optimizing our existing customer base. We expect to achieve these objectives by executing the following strategies:

- *Continued focus on operational diversification, gross margin optimization and customer lifetime value* . We plan to continue to focus our efforts on diversification of our customer base and optimization of gross margin and customer lifetime value in order to maintain stable cash flows. Maintaining diversity in our customer base across geography, commodity and product offerings allows us to mitigate risk, quickly react to changes in the retail energy environment and redirect our customer portfolio towards more profitable and customer value-enhancing opportunities.
- *Pursue growth opportunities in our existing retail energy markets.* We added over 44,800 customers, net of attrition, during the first five months of 2014. We plan to continue to grow our retail energy customer base within our existing markets using the full range of marketing resources available to us. We will continue to adjust our marketing model based on our estimations of cost, customer quality and market opportunities.

- *Expansion into additional competitive markets that present attractive opportunities.* Over the past three years, we have entered five new utility service territories and, as of May 31, 2014, we are active in 46 utility service territories across 16 states. To complement our growth in our existing markets, we will selectively expand into new competitive states and utility service territories that we believe present an attractive mix of supply, supportive regulatory environments, potential customers and attractive customer value propositions.
- *Focus on creating innovative products.* We will continue creating innovative and competitive product offerings that are responsive to changing market dynamics and customer demand. Our flexible business model enables us to respond quickly to changing market dynamics and customer needs, enhancing the profitability of our business. For example, we recently launched a successful, green, flat-rate natural gas product in certain of our markets that provides the customer with price security while preserving the environment as we retire carbon offsets on the customer's behalf.
- *Expanding our green energy business.* We are actively developing and offering green products that allow our customers to choose environmentally conscious options rather than the traditional energy supply offered by their local utility. Green energy products are a growing market opportunity and typically provide increased unit margins as a result of less competition. We currently offer renewable electricity in all of our electricity markets and carbon neutral natural gas in several of our gas markets.
- *Pursue prudent risk management policies.* We have implemented stringent corporate risk policies and procedures relating to the purchase and sale of natural gas and electricity, credit and collection functions and general risk management. Our management believes that our risk management policies enable us to operate with a low risk profile and achieve stable operating results.
- *Pursue opportunistic strategic acquisitions.* We intend to pursue growth through strategic acquisitions of other retail energy providers, their customer bases or other complementary businesses. Given the current fragmented landscape in the retail energy industry, we believe that significant opportunities for consolidation will arise, and we intend to review and opportunistically pursue acquisitions that present opportunities for long-term accretion to our business. We do not currently have any plans to make any acquisitions; however, we continuously evaluate potential acquisition opportunities. We intend to focus on acquisitions that allow us to grow our customer base on a cost-effective basis.

Competitive Strengths

We believe we can successfully execute our business strategies because of the following competitive strengths:

- *Diversification across customer base, commodity and product offerings.* Our diversified business model allows us to mitigate risk, quickly react to changes in the retail energy environment and redirect our customer portfolio towards more profitable opportunities in order to enhance cash flow stability and grow our business. Specifically, we believe that the diversity in our business provides the following benefits as they relate to geography and commodity and product offerings:
  - *Diverse geographic operations* . Our geographic diversity in 46 utility service territories across 16 states as of May 31, 2014 reduces our dependence on any one particular market for growth or profitability. Also, we believe that the combination of this broad footprint and flexible business model enables us to quickly react to market opportunities in a particular area by accelerating customer acquisition efforts and leveraging existing market knowledge to quickly enter into new markets as opportunities arise. We believe that our geographic diversity also provides the following additional benefits:
    - reduced risk of material impact from a regulatory change in a single jurisdiction;
    - reduced risk of material impact from extreme regional weather patterns;

- reduced concentration of delivery risk associated with daily balancing gas markets;
- reduced concentration of supply price risk in any particular electricity market; and
- the ability to leverage natural gas storage and transportation assets in one market against supply requirements in another market.

- *Diverse product and commodity offerings.* By offering a range of products, we are able to attract customers across a breadth of segments. Our portfolio of product offerings includes a variety of commodities (natural gas and electricity), contract types (variable-price month-to-month or up to 36-month fixed-price) and product features (green energy, price certainty and cost savings). Our ability to provide customers with multiple options differentiates us from other independent retail energy services companies.

- *Our effective customer acquisition and retention model enables us to optimize customer lifetime value* . We believe that our management team has developed an effective proprietary customer acquisition and retention model that allows us to cost-effectively identify and acquire customers through a variety of marketing and sales channels and quickly make necessary adjustments in order to optimize the value of those customers. We attract new customers with competitive product offerings that are tailored to particular customer demographics. Once we acquire a customer, we analyze historical usage, attrition rates and consumer behaviors to specifically tailor competitive products intended to maximize overall customer lifetime value.
- *Our in-house energy supply team enables us to optimize margin by lowering our energy supply costs* . Our in-house energy supply team attempts to achieve lower energy supply costs through effective hedging strategies that leverage long-term relationships with numerous creditworthy suppliers. In addition, having an in-house team allows us to optimize our retail allocated storage and transportation assets in order to further reduce our cost of supply. Our in-house energy supply team also seeks to increase margin by identifying wholesale natural gas arbitrage opportunities in conjunction with our retail procurement and hedging activities.
- *Adaptable and scalable business model* . Our flexible business model enables us to adapt quickly to market changes and capitalize on opportunities. For instance, if a particular market imposes costly regulatory burdens that would affect our profitability, we can immediately begin shifting resources into other markets so that our customer acquisition expenditures are spent on higher margin opportunities. Our business model is also designed to integrate both organic growth and strategic acquisitions efficiently. We are currently implementing an outsourced, hosted billing and transaction platform that aims to address all of our back office functions consistently across all markets. We expect the implementation to be completed by the end of 2014. We believe these enhancements will improve the scalability of our back office processes and should also allow us to add new customers organically or through strategic acquisitions. It will also allow us to quickly integrate a wider variety of product offerings within our existing portfolio. Given our flexibility, we believe that we can move quickly and bring customers and products into our system more cost-effectively than our competitors.
- *Conservative balance sheet.* Following the consummation of this offering, we expect to have approximately $10.0 million of indebtedness outstanding under our new $70.0 million revolving credit facility, as well as approximately $15.0 million outstanding in letters of credit. We believe our liquidity will provide us with the financial flexibility to quickly and opportunistically take advantage of market entry and strategic acquisition opportunities.

- *Experienced management team* . Each member of our executive management team has over a decade of senior management experience in core aspects of the retail energy business, including energy risk management, retail energy marketing, public company management and mergers and acquisitions. Our Chief Executive Officer, Nathan Kroeker, has over 10 years of senior management experience in the retail energy industry, including four years with Spark Energy, and our Chief Operating Officer, Allison Wall, has 15 years of experience in operations, IT, customer care and marketing for several retail energy businesses. Our Chief Financial Officer, Georganne Hodges, has 11 years of experience in senior finance roles in the retail energy industry.

Our Operations

Geographic Diversity

As of May 31, 2014, we operated in 46 utility service territories across 16 states and had approximately 237,600 residential customers and 17,800 commercial customers, which translates to over 392,500 RCEs. We serve natural gas customers in 14 states (Arizona, California, Colorado, Connecticut, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York and Ohio) and electricity customers in eight states (Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York, Pennsylvania and Texas).

We will continue to explore profitable expansion opportunities into new competitive states and competitive utility service territories that we believe present an attractive mix of supply, supportive regulatory environments, potential customers and attractive customer value propositions. The decision to enter into new competitive markets and/or utility service territories is governed by several factors, including:

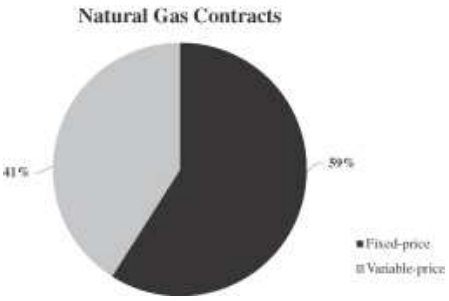
- attractiveness of local regulated utility program rules, such as billing options and purchases of customer accounts receivable;
- competitive landscape;
- regulatory climate;
- market location and size; and
- our ability to provide value to customers.

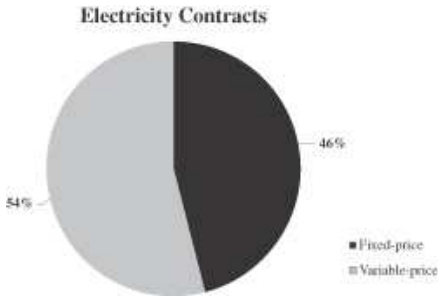
Customer Contracts and Product Offerings

Fixed and variable price contracts

We offer a variety of fixed-price and variable-price service options to our natural gas and electricity customers. Under our fixed-price service options, our customers purchase natural gas and electricity at a fixed price over the life of the customer contract, which provides our customers with protection against increases in natural gas and electricity prices. Our fixed-price contracts typically have a term of one to two years for residential customers and up to three years for commercial customers and most provide for an early termination fee in the event that the customer terminates service prior to the expiration of the contract term. Our variable-price service options carry a month-to-month term and are priced based on our forecasts of underlying commodity prices and other market factors, including the competitive landscape in the market and the regulatory environment. For instance, in a typical market, we offer fixed-price electricity plans for 6, 12 and 24 months and natural gas plans from 12 to 24 months, which may come with or without a monthly service fee and/or a termination fee. We also offer variable price natural gas and electricity plans that offer an introductory fixed price that is generally applied for a certain number of billing cycles, typically two billing cycles in our current markets, then switches to a variable price based on market conditions. Our variable plans may or may not provide for a termination fee, depending on the market and customer type.

As of May 31, 2014, approximately 59% of our natural gas customers had fixed-price contracts, and the remaining 41% of our natural gas customers had variable-price contracts. As of May 31, 2014, approximately 46% of our electricity customers had fixed-price contracts, and the remaining 54% of our electricity customers had variable-price contracts.





Green products and renewable energy credits

We offer renewable and carbon neutral ("green") products in certain markets. Green energy products are a growing market opportunity and typically provide increased unit margins as a result of improved customer satisfaction and less competition. Renewable electricity products allow customers to choose electricity sourced from wind, solar, hydroelectric and biofuel sources, through the purchase of renewable energy credits ("RECs"). Carbon neutral gas products give customers the option to reduce or eliminate the carbon footprint associated with their energy usage through the purchase of carbon offset credits. These products typically provide for fixed or variable prices and generally follow the terms of our other products with the added benefit of carbon reduction and reduced environmental impact. We currently offer renewable electricity in all of our electricity markets and carbon neutral natural gas in several of our gas markets.

In addition to the RECs we purchase to satisfy our voluntary requirements under the terms of our contracts with our customers, we must also purchase a specified amount of RECs based on the amount of electricity we sell in a state in a year pursuant to individual state renewable portfolio standards. We forecast the price for the required RECs at the end of each month and incorporate this cost component into our customer pricing models.

Product Development Process

We identify market opportunities by developing price curves in each of the markets we serve and comparing the market prices and the price the local regulated utility is offering. We then determine if there is an opportunity in a particular market based on our ability to create an attractive product that is also able to enhance our profitability. The attractiveness of a product from a consumer's standpoint is based on a variety of factors, including overall pricing, price stability, contract term, sources of generation and environmental impact and whether or not the contract provides for termination and other fees. Product pricing is also based on a variety of factors, including the cost to acquire customers in the market, the competitive landscape and supply issues that may affect pricing. We anticipate that we will begin to offer bundled products in the third quarter of 2014.

Customer Acquisition and Retention

Sales channels and acquisition of new customers

Once a product has been created for a particular market, we then develop a marketing campaign using a combination of sales channels, with an emphasis on door-to-door marketing and outbound telemarketing. We

identify and acquire customers through a variety of additional sales channels, including our inbound customer care call center, online marketing, email, direct mail, affinity programs, direct sales, brokers and consultants. We typically employ eight to ten vendors under short-term contracts and have not entered into any exclusive marketing arrangements with vendors. Our marketing team continuously evaluates the effectiveness of each customer acquisition channel and makes adjustments in order to achieve targeted growth and customer acquisition costs. We attempt to maintain a disciplined approach to recovery of our customer acquisition costs within defined periods. Our product pricing objectives generally attempt to achieve a payback period on a customer of twelve months or less, after factoring in anticipated customer attrition.

Our business model is also designed to integrate both organic growth and strategic acquisitions efficiently. We are currently implementing an outsourced, hosted billing and transaction platform that aims to address all of our back office functions consistently across all markets. We expect the implementation to be completed by the end of 2014. We believe these enhancements will improve the scalability of our back office processes and should also allow us to add new customers organically or through strategic acquisitions. The enhancements should also allow us to quickly integrate a wider variety of product offerings within our existing portfolio. Given our flexibility, we believe that we can move quickly and bring customers and products into our system more cost-effectively than our competitors.

Retaining customers and maximizing customer lifetime value

Our management and marketing teams devote significant attention to customer retention. We have developed a disciplined renewal communication process, which is designed to effectively reach our customers prior to the end of the contract term, and employ a team dedicated to managing this renewal communications process. Generally, customers are contacted between 45 and 60 days prior to the expiration of the customer's contract through a variety of channels, including letters, postcards, telephone calls and electronic mail. Through these contacts, we encourage retention and promote renewals.

We also apply a proprietary evaluation and segmentation process to optimize value both to us and the customer. We analyze historical usage, attrition rates and consumer behaviors to specifically tailor competitive products that aim to maximize the total expected return from energy sales to a specific customer, which we refer to as customer lifetime value.

Asset Optimization

Part of our business includes asset optimization activities in which we identify opportunities in the natural gas and electricity wholesale marketplace in conjunction with our retail procurement and hedging activities. Many of the competitive pipeline choice programs in which we participate require us and other retail energy suppliers to take assignment of and manage natural gas transportation and storage assets upstream of their respective city-gate delivery points. With respect to our allocated storage assets, we are also obligated to buy and inject gas in the summer season (April through October) and sell and withdraw gas during the winter season (November through March). These purchase and injection obligations in our allocated storage assets require us to take a seasonal long position in natural gas. Our asset optimization team determines whether market conditions justify hedging these long positions through additional derivative transactions.

Our asset optimization group utilizes these allocated transportation and storage assets for retail customer usage and to effect transactions in the wholesale market based on market conditions and opportunities. Our asset optimization group also contracts with third parties for transportation and storage capacity in the wholesale market. We are responsible for reservation and demand charges attributable to both our allocated and third-party

contracted transportation and storage assets. Our asset optimization group utilizes these allocated and third-party transportation and storage assets in a variety of ways to either improve profitability or optimize supply-side counterparty credit lines.

We frequently enter into spot market transactions in which we purchase and sell natural gas at the same point or we purchase natural gas at one point or pool and ship it using our pipeline reservations for sale at another point or pool, in each case if we are able to capture a margin. We view these spot market transactions as low risk because we enter into the buy and sell transactions simultaneously, on a back-to-back basis. We will also act as an intermediary for market participants who need assistance with short-term procurement requirements. Consumers and suppliers will contact us with a need for a certain quantity of natural gas to be bought or sold at a specific location. We are able to use our contacts in the wholesale market to source the requested supply, and we will capture a margin in these transactions. We view these transactions as low risk because of their back-to-back nature.

The asset optimization group historically entered into long-term transportation and storage transactions. Prior to 2013, we entered into several hedging transactions associated with this capacity. As a result of weather-related pipeline transportation constraints, our hedging strategy for the winter of 2012 through 2013 on one of those transactions involving interruptible transportation resulted in losses that were recognized in late 2012 and 2013. We have since revised our risk policies such that this business is limited to back-to-back purchase and sale transactions, or open positions subject to our aggregate net open position limits, which are not held for a period longer than two months. Further, all additional capacity procured outside of a utility allocation of retail assets must be approved by our risk committee, hedges on our firm transportation obligations are limited to two years or less and hedging of interruptible capacity is prohibited. We will continue to enter into these opportunistic transactions after the offering subject to strict adherence to our revised risk policies.

We also enter into back to back wholesale transactions to optimize our credit lines with third-party energy suppliers. With each of our third-party energy suppliers, we have certain contracted credit lines, within which we are able to purchase energy supply from these counterparties. If we desire to purchase supply beyond these credit limits, we are required to post collateral, in the form of either cash or letters of credit. As we begin to approach the limits of our credit line with one supplier, we may purchase energy supply from another supplier and sell that supply to the original counterparty in order to reduce our net buy position with that counterparty and open up additional credit to procure supply in the future. We also perform certain gas marketing services for an affiliate, whereby we take title to natural gas from the tailgate of the affiliate’s natural gas processing plant, sell the natural gas to third-parties and remit payment to the affiliate in an amount equal to that at which we sold the natural gas to third parties. Our sales of gas pursuant to these activities also enable us to optimize our credit lines with third-party energy suppliers by decreasing our net buy position with those suppliers.

Commodity Supply

We hedge and procure our energy requirements from various wholesale energy markets, including both physical and financial markets and through short and long term contracts. Our in-house energy supply team is responsible for managing our commodity positions (including energy procurement, capacity, transmission, renewable energy, and resource adequacy requirements) within risk tolerances defined by our risk management policies. We procure our natural gas and electricity requirements at various trading hubs, city gates and load zones. When we procure commodities at trading hubs, we are responsible for delivery to the applicable local regulated utility for distribution.

We purchase physical natural gas supply from more than 200 counterparties in the wholesale natural gas market. We periodically adjust our portfolio of purchase/sales contracts based upon continual analysis of our forecasted

load requirements. Natural gas is then delivered to the local regulated utility city-gate or other specified delivery points where the local regulated utility takes control of the natural gas and delivers it to individual customers' locations.

In most markets, we typically hedge our electricity exposure with financial products and then purchase the physical power directly from the ISO for delivery. From time to time, we use a combination of physical and financial products to hedge our electricity exposure before buying physical electricity in the day ahead real time market from the ISO. Our physical and financial electricity supply is purchased at market prices from more than 17 suppliers.

We are assessed monthly for ancillary charges such as reserves and capacity in the electricity sector by the ISOs. For instance, the ISOs will charge all retail electricity providers for monthly reserves that the ISO determines are necessary to protect the integrity of the grid. We attempt to estimate such amounts but they are difficult to estimate because they are charged in arrears by the ISOs and are subject to fluctuations based on weather and other market conditions. Many of the utilities we serve also allocate natural gas transportation and storage assets to us as a part of their competitive choice program. We are required to fill our allocated storage capacity with natural gas, which creates commodity supply and price risk. Sometimes we cannot hedge the volumes associated with these assets because they are too small compared to the much larger bulk transaction volumes required for trades in the wholesale market or it is not economically feasible to do so.

Risk Management

Our management team operates under a set of corporate risk policies and procedures relating to the purchase and sale of electricity and natural gas, general risk management and credit and collections functions. Our in-house energy supply team is responsible for managing our commodity positions (including energy procurement, capacity, transmission, renewable energy, and resource adequacy requirements) within risk tolerances defined by our risk management policies. We attempt to increase the predictability of cash flows by following our various hedging strategies.

The risk committee has control and authority over all of our risk management activities. The risk committee establishes and oversees the execution of our credit risk management policy and our commodity risk policy. The risk management policies are reviewed at least annually and the risk committee typically meets quarterly to assure that we have followed its policies. The risk committee also seeks to assure the application of our risk management policies to new products that we may offer. The risk committee is comprised of our Chief Executive Officer, our Chief Financial Officer and our risk manager who meet on a regular basis as to the status of the risk management activities and positions. We employ a risk manager who reports directly to our Chief Executive Officer and whose compensation is unrelated to trading activity. Commodity positions are typically reviewed and updated daily based on information from our customer databases and pricing information sources. The risk policy sets volumetric limits on intraday and end of day long and short positions in natural gas and electricity. With respect to specific hedges, we have documented a formal delegation of authority delegating product type, volumetric, tenor and timing transaction limits to the energy supply managers. The risk manager reports to the risk committee any hedging transactions that exceed these delegated transaction limits.

Commodity Price and Volumetric Risk

Because our contracts require that we deliver full natural gas or electricity requirements to many of our customers and because our customers' usage can be impacted by factors such as weather, we may periodically purchase more or less commodity than our aggregate customer volumetric needs. In buying or selling excess volumes, we may be exposed to commodity price volatility. In order to address the potential volumetric variability of our monthly deliveries for fixed-price customers, we implement various hedging strategies to attempt to mitigate our exposure.

Our commodity risk management strategy is designed to hedge substantially all of our forecasted volumes on our fixed-price customer contracts, as well as a portion of the near-term volumes on our variable-price customer contracts. We use both physical and financial products to hedge our fixed-price exposure. The efficacy of our risk management program may be adversely impacted by unanticipated events and costs that we are not able to effectively hedge, including abnormal customer attrition and consumption, certain variable costs associated with electricity grid reliability, pricing differences in the local markets for local delivery of commodities, unanticipated events that impact supply and demand, such as extreme weather, and abrupt changes in the markets for, or availability or cost of, financial instruments that help to hedge commodity price.

Customer demand is also impacted by weather. We use utility-provided historical and/or forward projected customer volumes as a basis for our forecasted volumes and mitigate the risk of seasonal volume fluctuation for some customers by purchasing excess fixed-price hedges within our volumetric tolerances. Should seasonal demand exceed our weather-normalized projections, we may experience a negative impact on financial results.

In addition to our forward price risk management approach, described above, we may take further measures to reduce price risk and optimize our returns by (i) maximizing the use of storage in our daily balancing market areas in order to give us the flexibility to offset volumetric variability arising from changes in winter demand; (ii) entering into daily swing contracts in our daily balancing markets over the winter months to enable us to increase or decrease daily volumes if demand increases or decreases; and (iii) purchasing out-of-the-money call options for contract periods with the highest seasonal volumetric risk to protect against steeply rising prices if our customer demands exceed our forecast. Being geographically diversified in our delivery areas also permits us, from time to time, to employ assets not being used in one area to other areas, thereby mitigating potential increased prices for natural gas that we otherwise may have had to acquire at higher prices to meet increased demand.

We utilize NYMEX-settled financial instruments to offset price risk associated with volume commitments under fixed-price contracts. The NYMEX-based financial instruments are settled against each month’s last trading day’s closing price for natural gas listed on the NYMEX Henry Hub futures contract.

Basis Risk

We are exposed to basis risk in our operations when the commodities we hedge are sold at different delivery points from the exposure we are seeking to hedge. For example, if we hedge our natural gas commodity price with Chicago basis but physical supply must be delivered to the individual delivery points of specific utility systems around the Chicago metropolitan area, we are exposed to basis risk between the Chicago basis and the individual utility system delivery points. These differences can be significant from time to time, particularly during extreme, unforecasted cold weather conditions. Similarly, in certain of our electricity markets, customers pay the load zone price for electricity, so if we purchase supply to be delivered at a hub, we may have basis risk between the hub and the load zone electricity prices due to local congestion that is not reflected in the hub price. We attempt to hedge basis risk where possible, but hedging instruments are sometimes not economically feasible or available in the smaller quantities that we require.

Customer Credit Risk

Our credit risk management policies are designed to limit customer credit exposure. Credit risk is managed through participation in purchase of receivables (“POR”) programs in utility service territories where such programs are available. In these markets, we monitor the credit ratings of the local regulated utilities and the parent companies of the utilities that purchase our customer accounts receivable. We also periodically review payment history and financial information for the local regulated utilities to ensure that we identify and respond to any deteriorating trends. In non-POR markets, we assess the creditworthiness of new applicants, monitor customer

payment activities and administer an active collections program. Using risk models, past credit experience and different levels of exposure in each of the markets, we monitor our aging, bad debt forecasts and actual bad debt expenses and continually adjust as necessary.

In many of the utility services territories where we conduct business, POR programs have been established, whereby the local regulated utility offers services for billing the customer, collecting payment from the customer and remitting payment to us. This service results in substantially all of our credit risk being linked to the applicable utility and not to our end-use customer in these territories. For the year ended December 31, 2013, approximately 47% of our retail revenues were derived from territories in which substantially all of our credit risk was directly linked to local regulated utility companies, all of which had investment grade ratings as of such date. During the same period, we paid these local regulated utilities a weighted average discount of less than 1.0% of total revenues for customer credit risk. In certain of the POR markets in which we operate, the utilities limit their collections exposure by retaining the ability to transfer a delinquent account back to us for collection when collections are past due for a specified period. If our collection efforts are unsuccessful, we return the account to the local regulated utility for termination of service. Under these service programs, we are exposed to credit risk related to payment for services rendered during the time between when the customer is transferred to us by the local regulated utility and the time we return the customer to the utility for termination of service, which is generally one to two billing periods. We may also realize a loss on fixed-price customers in this scenario due to the fact that we will have already fully hedged the customer's expected commodity usage for the life of the contract.

In non-POR markets (and in POR markets where we may choose to direct bill our customers), we manage customer credit risk through formal credit review, in the case of commercial customers, and credit score screening, deposits and disconnection for non-payment, in the case of residential customers. Generally, new applicants in non-POR markets are subject to credit screening prior to acceptance as a customer. We also maintain an allowance for doubtful accounts, which represents our estimate of potential credit losses associated with accounts receivable from customers within non-POR markets. We assess the adequacy of the allowance for doubtful accounts through review of the aging of customer accounts receivable and general economic conditions in the markets that we serve. Our bad debt expense for each of the years ended December 31, 2013 and 2012 was less than 1.0% of retail revenues.

We have limited exposure to high concentrations of sales volumes to individual customers. For the year ended December 31, 2013, our largest customer accounted for less than 1% of total retail energy sales volume.

Counterparty Credit Risk in Wholesale Market

We are exposed to wholesale counterparty credit risk in our retail and asset optimization activities. We do not independently produce natural gas and electricity and depend upon third parties for our supply, which exposes us to counterparty credit risk. If the counterparties to our supply contracts are unable to perform their obligations, we may suffer losses, including as a result of being unable to secure replacement supplies of natural gas or electricity on a timely and cost-effective basis or at all. At December 31, 2013, approximately 82% of our total exposure of $12.5 million was either with an investment grade customer or otherwise secured with collateral.

Competition

The markets in which we operate are highly competitive. In markets that are open to competitive choice of retail energy suppliers, our primary competition comes from the incumbent utility and other independent retail energy companies. In the electricity sector, these competitors include larger, well-capitalized energy retailers such as Direct Energy, Inc., FirstEnergy Solutions Inc., Just Energy Group Inc. and NRG Energy. We also compete with small local retail energy providers in the electricity sector that are focused exclusively on certain markets. Each

market has a different group of local retail energy providers. With respect to natural gas, our national competitors are primarily Direct Energy and Constellation Energy. Our national competitors generally have diversified energy platforms with multiple marketing approaches and broad geographic coverage similar to us. Competition in each case is based primarily on product offering, price and customer service.

The competitive landscape differs in each utility service area and within each targeted customer segment. Over the last several years, a number of utilities have spun off their retail marketing arms as part of the opening of retail competition in these markets. For the mid-market commercial customer, competitive challenges come from the local regulated utility and its affiliated marketing company, as well as other independents. However, this segment is still the least targeted segment among our competition primarily due to the difficulty in estimating customer usage and obtaining sufficient margin. The large commercial, institutional and industrial segments are very competitive in most markets with nearly all customers having already switched away from the local regulated utility to an alternate provider. National affiliated utility marketers, energy producers and other independent retail energy companies often compete for customers in this segment. Historically, we have not focused on this segment.

Our ability to compete by increasing our market share depends on our ability to convince customers to switch to our products and services. Many local regulated utilities and their affiliates may possess the advantages of name recognition, long operating histories, long-standing relationships with their customers and access to financial and other resources, which could pose a competitive challenge to us. As a result of these advantages, many customers of these local regulated utilities may decide to stay with their longtime energy provider if they have been satisfied with their service in the past.

Markets that offer POR programs are generally more competitive than those markets in which retail energy providers bear customer credit risk. Market participants are significantly shielded from bad expense, thereby allowing easier entry into the market. In these markets, we face additional competition as barriers to entry are less onerous.

Seasonality of our Business

Our overall operating results fluctuate substantially on a seasonal basis depending on: (i) the geographic mix of our customer base; (ii) the relative concentration of our commodity mix; (iii) weather conditions, which directly influence the demand for natural gas and electricity and affect the prices of energy commodities; and (iv) variability in market prices for natural gas and electricity. These factors can have material short-term impacts on monthly and quarterly operating results, which may be misleading when considered outside of the context of our annual operating cycle.

Our accounts payable and accounts receivable are impacted by seasonality due to the timing differences between when we pay our suppliers for accounts payable versus when we collect from our customers on accounts receivable. We typically pay our suppliers for purchases on a monthly basis. However, it takes approximately two months from the time we deliver the electricity or natural gas to our customers before we collect from our customers on accounts receivable attributable to those supplies. This timing difference could affect our cash flows, especially during peak cycles in the winter and summer months.

Natural gas accounts for approximately 40% of our retail revenues, which exposes us to a high degree of seasonality in our cash flows and income earned throughout the year as a result of the high concentration of heating load in the winter months. We utilize a considerable amount of cash from operations and borrowing capacity to fund working capital, which includes inventory purchases from April through October each year. We sell our natural gas inventory during the months of November through March of each year. We expect that the significant seasonality impacts to our cash flows and income will continue in future periods.

Regulatory Environment

We operate in the highly regulated natural gas and electricity retail sales industry in all of our respective jurisdictions. We must comply with the legislation and regulations in these jurisdictions in order to maintain our licensed status and to continue our operations, and to obtain the necessary licenses in jurisdictions in which we plan to compete. Licensing requirements vary by state, but generally involve regular, standardized reporting in order to maintain a license in good standing with the state commission responsible for regulating retail electricity and gas suppliers. There is potential for changes to state legislation and regulatory measures addressing licensing requirements that may impact our business model in the applicable jurisdiction. In addition, as further discussed below, our marketing activities and customer enrollment procedures are subject to rules and regulations at the state and federal level, and failure to comply with requirements imposed by federal and state regulatory authorities could impact our licensing in a particular market.

Our marketing efforts to consumers, including but not limited to telemarketing, door-to-door sales, direct mail and online marketing, are subject to consumer protection regulation including state deceptive trade practices acts, Federal Trade Commission ("FTC") marketing standards, and state utility commission rules governing customer solicitations and enrollments, among others. By way of example, telemarketing activity is subject to federal and state do-not-call regulation and certain enrollment standards promulgated by state regulators. Door-to-door sales are governed by the FTC's "Cooling Off" Rule as well as state-specific regulation in many jurisdictions. In markets in which we conduct customer credit checks, these checks are subject to the requirements of the Fair Credit Reporting Act. Violations of the rules and regulations governing our marketing and sales activity could impact our license to operate in a particular market, result in suspension or otherwise limit our ability to conduct marketing activity in certain markets, and potentially lead to private actions against us. Moreover, there is potential for changes to legislation and regulatory measures applicable to our marketing measures that may impact our business models.

Our participation in natural gas and electricity wholesale markets to procure supply for our retail customers and hedge pricing risk is subject to regulation by the Commodity Futures Trading Commission, including regulation pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act. In order to sell electricity, capacity and ancillary services in the wholesale electricity markets, we are required to have market-based rate authorization from FERC ("MBR Authorization"). We are required to make status update filings to FERC to disclose any affiliate relationships and quarterly filings to FERC regarding volumes of wholesale electricity sales in order to maintain our MBR Authorization.

The transportation and sale for resale of natural gas in interstate commerce have been regulated by agencies of the U.S. federal government, primarily FERC under the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978 and regulations issued under those statutes. FERC regulates interstate natural gas transportation rates and service conditions, which affects our ability to procure natural gas supply for our retail customers and hedge pricing risk. Since 1985, FERC has endeavored to make natural gas transportation more accessible to natural gas buyers and sellers on an open and non-discriminatory basis. Although FERC's orders do not attempt to directly regulate natural gas retail sales, they are intended to foster increased competition within all phases of the natural gas industry. As a shipper of natural gas on interstate pipelines, we are subject to those interstate pipelines' tariff requirements and FERC regulations and policies applicable to shippers.

On December 26, 2007, FERC issued Order 704, a final rule on the annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing. Under Order 704, wholesale buyers and sellers of more than 2.2 million MMBtus of physical natural gas in the previous calendar year, including natural gas gatherers and marketers, are now required to report, on May 1 of each year, aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year to the extent such transactions utilize, contribute to, or

may contribute to the formation of price indices. It is the responsibility of the reporting entity to determine which individual transactions should be reported based on the guidance of Order 704. Order 704 also requires market participants to indicate whether they report prices to any index publishers, and if so, whether their reporting complies with FERC's policy statement on price reporting. As a wholesale buyer and seller of natural gas, we are subject to the reporting requirements of Order 704.

Changes in law and to FERC policies and regulations may adversely affect the availability and reliability of firm and/or interruptible transportation service on interstate pipelines, and we cannot predict what future action FERC will take. We do not believe, however, that any regulatory changes will affect us in a way that materially differs from the way they will affect other natural gas marketers and local regulated utilities with which we compete.

Employees

We employed 137 people as of May 31, 2014. We are not a party to any collective bargaining agreements and have not experienced any strikes or work stoppages. We consider our relations with our employees to be satisfactory. From time to time we utilize the services of independent contractors and vendors to perform various services.

Facilities

Our corporate headquarters is located in Houston, Texas. We believe that our facilities are adequate for our current operations. We share our corporate headquarters with certain of our affiliates. Spark Energy Ventures is the lessee under the lease agreement covering these facilities. We pay the entire lease payment on behalf of Spark Energy Ventures and we are reimbursed by our affiliates for their share of the leased space.

Legal Proceedings

From time to time, we are a party to ongoing legal proceedings in the ordinary course of business. We do not believe the results of these proceedings, individually or in the aggregate, will have a material adverse effect on our business, financial condition, results of operations or liquidity.

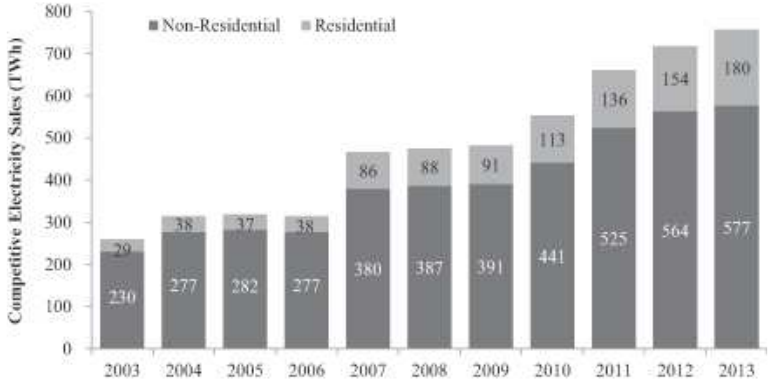
INDUSTRY

Deregulation and Retail Market Overview

Until the 1980s, generation, distribution, sales, marketing and supply of natural gas and electricity in the United States was largely conducted by local, publicly-funded companies that had no competition in their respective markets. In the 1980s and 1990s, state legislatures began passing laws designed to create competitive retail sales and supply in the natural gas markets, and the competitive restructuring of electricity markets in the United States followed approximately a decade later. According to DNV GL, electricity sales in competitive markets have increased from 259 TWh in 2003 to 757 TWh in 2013, representing an 11.3% compounded annual growth rate ("CAGR") over the last decade.

The graph below from DNV GL highlights the increase in electricity sales in competitive markets in the United States from 2003 through 2013.

U.S. Competitive Electricity Sales Market Size (2003-2013)

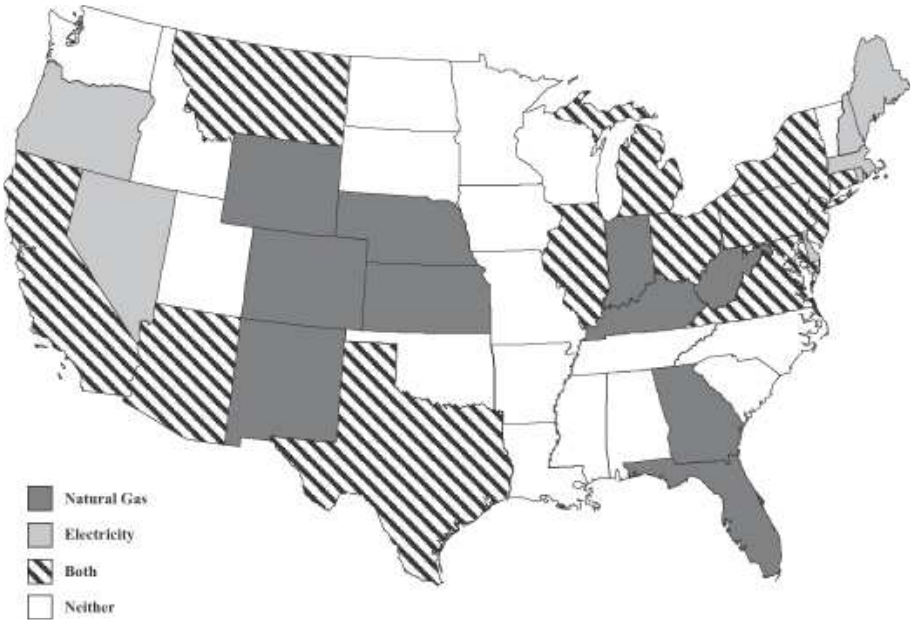


Source: DNV GL Q4 2013 Retail Energy Outlook.

As of December 31, 2013, 20 states and the District of Columbia allow some form of customer choice for electricity supply (according to DNV GL) and 21 states and the District of Columbia have passed legislation or adopted programs that allow customers to purchase natural gas from retail energy companies other than the local regulated utility (according to the EIA). In states and service territories where retail competition is allowed, customers may choose from licensed providers of the energy commodity. The competition among retail energy suppliers provides a variety of service plans that give residential and commercial consumers flexibility in their energy purchases. The availability and characteristics of product offerings by retail energy companies vary widely.

The following map identifies the states that have passed legislation to create competitive markets that permit energy retailers to sell natural gas and/or electricity.

United States Electricity and Natural Gas Deregulation



Source:DNV GL, EIA.

Energy retailers typically provide customers with a variety of fixed-price and variable-price service options for varying periods of time. In general, large commercial and industrial customers are serviced by more complex, structured energy supply contracts with terms of up to five years. By contrast, residential and small commercial customers are typically serviced by short-term, month-to-month variable-price contracts or fixed-term, fixed-price contracts with terms of up to three years. Some energy retailers focus on only one customer segment (*e.g.* , residential), while others focus on the full spectrum of customers. Energy retailers can sell both natural gas and electricity to the same customers in states that allow retail energy sales for both commodities and where they are licensed to sell both products.

Unlike local regulated utility companies whose rates are regulated and approved by the state public utility commissions, or PUCs, energy retailers' rates for retail natural gas and electricity supply in restructured markets are determined by a variety of factors, including, but not limited to, wholesale commodity costs, transportation and storage costs, charges by the independent system operator ("ISO"), individual customer consumption profiles, competitive forces, applicable rules and regulations and the business objectives of market participants.

Natural Gas Industry

Overview

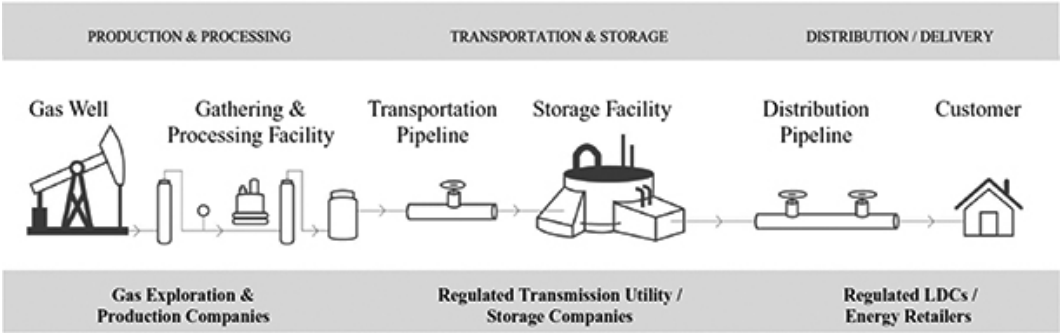
The natural gas industry provides for the sourcing, shipping, storage and distribution of natural gas to end-use customers. There are three primary components of the natural gas industry:

Production and Processing. Natural gas is produced from domestic and international natural gas and crude oil wells, processed and then transported across North America, typically via continental and intercontinental pipelines. Most natural gas that is consumed in North America is also produced in North America, although a small percentage is imported in the form of liquefied natural gas ("LNG"). Natural gas producers sell natural gas to large end-users such as power generators (for conversion into other uses), natural gas local regulated utilities, energy retailers and others (for direct consumption).

Transportation and Storage. In North America, natural gas is shipped through national and local pipeline systems and continental pipelines to downstream markets. Natural gas can be stored in facilities located at or near the production site, along the transmission line or at delivery points. The storage facilities can either be regulated as part of the utility's rate base or unregulated and owned by non-utility supply aggregators. In addition to utilities that own storage facilities, supply aggregators also play a wholesale market role between producers and end users by providing natural gas storage services, backstopping services and operational services.

Distribution and Delivery. Most natural gas utilities do not own their own natural gas wells, and typically operate as distribution-only entities, buying natural gas from multiple suppliers over multiple pipelines to service their customers. Natural gas local regulated utility companies sell and distribute natural gas in their franchise areas through their own distribution networks pursuant to a variety of upstream and downstream transmission pipeline, storage and distribution agreements. Local regulated utilities manage natural gas flows and are responsible for operational considerations and system expansions under their regulated mandate to deliver natural gas. The tolls charged by local regulated utilities for the transportation of natural gas through their pipeline systems are regulated by government agencies and are passed through to customers. In states with competitive natural gas supply, energy retailers are entities that market and sell natural gas to end-users, allowing customers to choose between purchasing natural gas from the energy retailer or from a local regulated utility. Energy retailers buy wholesale natural gas from a variety of sources including, but not limited to, natural gas producers, financial institutions and energy companies that actively trade natural gas. Energy retailers resell the natural gas to end-user customers at unregulated rates, in an attempt to capture the margin between the wholesale cost and the price at which they sell natural gas to customers.

Natural gas energy retailers are responsible for delivery of the natural gas to the local regulated utility city gate (e.g., the point at which the pipeline meets the local regulated utility's local distribution network) for their customer usage. The following chart illustrates the various components and processes of the natural gas industry in the United States.



Electricity Industry

Overview

The electricity industry provides for the generation, transmission and delivery of electricity to the end-use consumer. There are three primary components of the electricity industry:

Generation. Electricity is generated at a power plant or station. Power is generated through variety of traditional methods, such as thermal (coal, natural gas and oil) and nuclear power, as well as through the use of renewable resources, including, wind, water, sunlight, biofuels and wood waste. Historically, government and private investor-owned utility companies have controlled the electricity generation component.

Transmission. After generation, high voltage transmission lines carry the electricity throughout the power system to electrical substations. In many markets, regional transmission organizations ("RTOs") and Independent System Operators ("ISOs") manage the electricity flows, maintain reliability and administer transmission access for the electric transmission grid in a defined region. RTOs and ISOs coordinate and monitor communications among the generator, distributor and energy retailer. Additionally, RTOs and ISOs manage the real-time electricity supply and demand. The transmission system is regulated by FERC.

Distribution and Delivery. Once electricity has been transmitted through the high voltage power grid, local regulated utilities direct the electricity to lower voltage distribution networks, which ultimately connect to the customer. These networks are comprised of lines of various voltage levels, substations, transformers and meters. These lines are regulated by PUCs and are managed by the local regulated utilities.

In states that have authorized retail competition, energy retailers market and sell electricity to end-users providing customers with an alternative to purchasing their electricity from their local regulated utility. Energy retailers typically do not generate electricity and instead buy wholesale electricity from a variety of sources, including, but not limited to, directly from a generation facility, from financial institutions, from the ISOs and RTOs, or from energy companies that actively trade power. Energy retailers then resell the electricity to end-user customers at unregulated rates, in an attempt to capture the margin between the wholesale cost and the price at which they sell the electricity to customers.

Energy retailers that sell electricity are responsible for delivery of electricity to the local regulated utility load zone, which is an aggregation of points on the transmission system at which electric energy is received or furnished at a

specific price for any given hour, for their customer usage. The following chart illustrates the various components and processes of the electricity industry in the United States.

Retail Energy Market Opportunities

Low Focus of Competitors on Natural Gas

We believe that the retail energy industry has historically concentrated its efforts on the electricity side of the business with relatively less capital investment and market research being devoted to the development of retail natural gas businesses. As of December 31, 2013, only 11.2% of the eligible residential natural gas customers (according to the EIA) in the states where we operate were served by an energy retailer other than the local regulated utility. We believe this presents market entry opportunities that we intend to capitalize on by focusing our marketing and sales channels efforts on increasing our natural gas customer base in markets where we believe such efforts will increase the profitability of our business.

Low Penetration

In most competitive energy markets, the majority of residential and commercial customers have not switched to a retail energy company and continue to be served by the local regulated utility. As of December 31, 2013, only 11.2% of the eligible residential natural gas customers (according to the EIA) and only 32.9% of the eligible residential electricity customers (according to DNV GL) in the states where we operate were served by an energy retailer other than the local regulated utility or its retail affiliate. Management believes these underserved residential markets provide an opportunity for further penetration over the foreseeable future as more customers become aware of their option to choose an energy retailer other than the local regulated utility.

Existing Addressable Market in Which Spark Currently Operates

(figures in thousands)

		AZ	CA	CO	CT	FL	IL	IN	MD	MA	MI	NV	NJ	NY	OH	PA	TX	Total
Natural Gas																		
Residential	Number of Eligible Customers (2012)	1,158	10,682	1,660	504	687	3,878	1,673	1,079	1,448	3,404	783	2,671	4,364	3,244	2,679	4,370	44,283
	Number of Participating Customers (2012)	0	134	0	1	15	273	89	211	2	464	–	204	886	2,389	298	0	4,966
	Market Penetration (%)	0.0%	1.3%	0.0%	0.2%	2.2%	7.0%	5.3%	19.6%	0.1%	13.6%	0.0%	7.6%	20.3%	73.6%	11.1%	0.0%	11.2%
Non-Residential	Number of Eligible Customers (2012)	57	443	146	55	63	297	158	76	143	250	41	238	379	268	235	315	3,164
	Number of Participating Customers (2012)	0	55	0	5	22	53	19	23	19	38	0	45	129	216	52	2	679
	Market Penetration (%)	0.5%	12.4%	0.3%	9.2%	35.3%	17.9%	11.7%	30.9%	13.1%	15.0%	0.4%	18.8%	34.1%	80.8%	22.0%	0.7%	21.5%
Electricity																		
Residential	Eligible Customers (2013)	–	10,207	–	1,425	–	4,534	–	2,009	2,334	3,570	–	3,433	5,899	4,135	5,024	5,609	48,199
	Customers Served by Energy Retailers (2013)	–	11	–	625	–	2,946	–	525	345	–	–	542	1,416	2,089	1,757	5,609	15,865
	Market Penetration (%)	NA	0.1%	NA	43.9%	NA	65.0%	NA	26.1%	14.8%	0.0%	NA	15.8%	24.0%	50.3%	35.0%	100.0%	32.9%
Non-Residential	Eligible Consumption (2013, million GWh)	1	125	–	15	–	87	–	33	30	8	4	46	79	88	90	146	752
	Consumption Served by Energy Retailers (2013, million GWh)	1	25	–	12	–	72	–	27	23	8	–	31	55	69	78	146	549
	Market Penetration (%)	100.0%	19.9%	NA	81.4%	NA	82.8%	NA	80.9%	78.2%	100.0%	0.0%	67.2%	69.9%	79.0%	86.8%	100.0%	72.9%

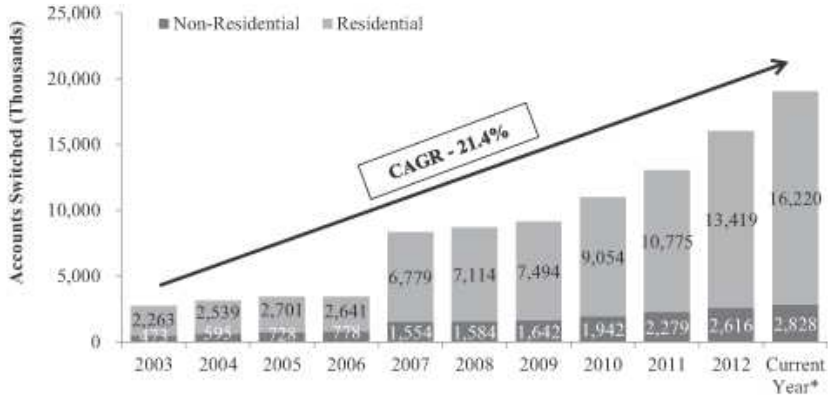
Source: DNV GL Q4 2013 Retail Energy Outlook, EIA.

Customer Growth

Notwithstanding the low current penetration rates of energy retailers compared to local regulated utilities, according to the EIA, over the last decade, residential natural gas accounts served by competitive energy retailers have grown from approximately 3.8 million to approximately 6.6 million (5.6% CAGR) and non-residential natural gas accounts have grown from approximately 433,944 to approximately 837,365 (4.8% CAGR). According to DNV GL, over the last decade, residential electricity accounts served by competitive electricity suppliers have grown from approximately 2.3 million to approximately 16.2 million (21.8% CAGR) and non-residential electricity accounts have grown from approximately 473,000 to approximately 2.8 million (19.6% CAGR).

According to DNV GL, licensing activity for mass market retail electric suppliers over the last year across all competitive energy markets continues to maintain a substantial pace. Customer growth and licensing activity is projected to continue experiencing growth, fueled by increased consumer awareness, changing utility prices and product innovation, as well as a favorable regulatory policy environment. As a result, management believes there is a significant opportunity for competitive retailers to gain market share by offering consumers innovative product options, excellent customer service and serving as a competitive choice for their energy supply.

Electricity Accounts Switched by a Competitive Supplier



* Current year is as of November 30, 2013, which is the most recent publicly available data.

Source: DNV GL Q4 2013 Retail Energy Outlook.

U.S. Competitive Electricity Market Size (2003-2013)

Fragmentation and Consolidation

We believe that favorable market conditions, including lower natural gas and electricity prices and low residential customer penetration, have led to an increase in the number of energy retailers in the United States. The vast majority of these new entrants are small regional energy retailers, which often experience rapid customer growth but have not historically had reliable access to capital or economies of scale to support this growth over the longer term or react to changing commodity price environments. According to DNV GL, 65 residential electricity retailers were active as of June 2013, approximately 77% (50) of which had fewer than 300,000 electricity customers, and approximately 55% (36) of which had fewer than 100,000 electricity customers.

According to DNV GL, market consolidation among the large number of competitive electricity retailers continues at a growing pace. Twenty-two acquisitions of electricity retailers, some of which also provide natural gas, and similar types of ownership transfers were completed from January 1, 2013 to September 30, 2013. Management believes that the current environment of small, private energy retailers presents significant acquisition opportunities to consolidate smaller retailers into our larger and more scalable platform and increase market share.

Retail Energy Systems

Purchase of Receivables Programs

In many of the competitive markets in the United States, the local regulated utilities provide a service to the retail energy providers whereby the local regulated utility bills the retail energy provider's customer, collects payment from the customer and remits the payment to the retail energy provider, less a POR discount for customer credit risk. This type of program, in which the local regulated utility takes on some or all of the collection risk, is known as a "purchase of receivables" or "POR" program, and the programs vary from market to market with respect to the amount of coverage provided. Depending on the market, the retail energy providers pay the local regulated utilities a POR discount of up to 3.5% of revenue. In some markets, the utilities will limit their collections exposure through their ability to transfer a delinquent account to the retail energy provider when collections are past due for a specified period, allowing the retail energy provider to pursue its own collection efforts or return the account to the utility default service. In many markets, a dual billing system is used pursuant to which the local regulated utility bills the customer for natural gas and electricity supply. The local regulated utility generally does not provide collections assistance in dual billing systems.

Regulatory Environment

Energy retailers are governed by state and federal agencies including FERC and PUCs. Energy retailers operate as public utilities under the Federal Power Act and, if they engage in wholesale activities, they are required to have market-based rates ("MBR") authorization from FERC in order to sell electricity in the wholesale market. MBR authorization is related to wholesale sales of electric energy, capacity and ancillary services and relates to mitigating horizontal and vertical market power.

Energy retailers are required to make quarterly filings to FERC regarding volumes of wholesale electricity (and after certain volume thresholds, natural gas) sold and to disclose any affiliate relationships. Energy retailers are generally licensed under state regulation to provide natural gas and electricity to end-use customers. The term of the license varies by state. In states where licenses expire, the energy retailer has to apply for a renewal of its license. The state PUC regulations define customer protection standards for residential and small commercial customers. Energy retailers are required to respond to any customer complaints received from the PUC or customers and to update licenses with information on an annual or as needed basis.

MANAGEMENT

Directors and Executive Officers

The following sets forth information regarding our directors, director nominees and executive officers:

Name	Age	Position
W. Keith Maxwell III	49	Chairman of the Board of Directors, Director
Nathan Kroeker	40	Director, President and Chief Executive Officer
Allison Wall	41	Chief Operating Officer
Georganne Hodges	48	Chief Financial Officer
Gil Melman	48	Vice President, General Counsel and Corporate Secretary
James G. Jones II	45	Director Nominee
John Eads	64	Director Nominee
Kenneth M. Hartwick	51	Director Nominee

W. Keith Maxwell III. Mr. Maxwell serves as non-executive Chairman of the Board of Directors, and was appointed to this position in connection with the offering. Mr. Maxwell serves as the Chief Executive Officer of Spark Energy Ventures. Mr. Maxwell also serves as Chairman of the board of directors and Chief Executive Officer of Marlin Midstream GP, LLC, and as Chief Executive Officer of NuDevco Partners, LLC and Associated Energy Services, LP, each of which is affiliated with us. Prior to founding the predecessor of Spark Energy in 1999, Mr. Maxwell was a founding partner in Wickford Energy, an oil and natural gas services company, in 1994. Wickford Energy was sold to Black Hills Utilities in 1997. Prior to Wickford Energy, Mr. Maxwell was a partner in Polaris Pipeline, a natural gas producer services and midstream company sold to TECO Pipeline in 1994. In 2010, Mr. Maxwell was named Ernst & Young Entrepreneur of the Year in the Energy, Chemicals and Mining category. A native of Houston, Texas, Mr. Maxwell earned a Bachelor's Degree in Economics from the University of Texas at Austin in 1987. Mr. Maxwell has several philanthropic interests, including the Special Olympics, Child Advocates, Salvation Army, Star of Hope and Helping a Hero. We believe that Mr. Maxwell's extensive energy industry background, leadership experience developed while serving in several executive positions and strategic planning and oversight brings important experience and skill to our board of directors.

Nathan Kroeker. Mr. Kroeker serves as a director and also serves as our President and Chief Executive Officer. Mr. Kroeker has served as President since April 2012, and was appointed as our Chief Executive Officer in connection with this offering in April 2014. Prior to serving as our President and Chief Executive Officer, Mr. Kroeker served as our Chief Financial Officer from July 2010 to April 2012 and as the Chief Financial Officer of Marlin Midstream Partners, L.P., a midstream energy company that is affiliated with us, from July 2010 to January 2012. Prior to his employment by Spark Energy and Marlin Midstream, Mr. Kroeker was Senior Vice President, Finance, for Macquarie Energy, the global energy supply, trading and logistics division of Macquarie Bank, from December 2009 to July 2010 and was employed as the Chief Financial Officer of the retail business division of Direct Energy, a retail energy service provider, from March 2006 to August 2009, and in various other management roles in Direct Energy's finance group from March 2004 until March 2006. Mr. Kroeker holds a Bachelor of Commerce degree from the University of Manitoba and is a licensed Chartered Accountant in Canada and a Certified Public Accountant in the state of Texas. Mr. Kroeker was selected to serve as a director because of his management expertise and his extensive financial background in the retail energy business.

Allison Wall. Ms. Wall serves as our Chief Operating Officer, a position she has held since joining Spark Energy in January 2013. Prior to joining Spark Energy, she served as the Executive Vice President and Chief Operating Officer at StarTex Power, a retail electricity provider, from September 2010 through October 2012 after serving as

Vice President, Residential at Champion Energy Services from September 2009 to September 2010. Ms. Wall served as Vice President, Operations and Vice President, Customer Care and Residential Marketing at Gexa Energy from 2004 to 2009. Ms. Wall holds a Bachelor of Science degree from Clarkson University, a Master of Science from University of North Carolina—Chapel Hill and a Master of Business Administration from Tulane University.

Georganne Hodges. Ms. Hodges serves as our Chief Financial Officer, a position she has held since November 2013. Prior to joining Spark Energy, she served as the Chief Financial Officer for Direct Energy's retail energy business from August 2009 to October 2012 and in various other senior financial managerial roles from January 2006 to July 2009. Ms. Hodges holds a Bachelor of Business Administration in Accounting from Baylor University and is a licensed certified public accountant in the state of Texas.

Gil Melman. Mr. Melman serves as our Vice President, General Counsel and Corporate Secretary, a position he has held since February 2014. Prior to joining Spark Energy, Mr. Melman served as the General Counsel to Madagascar Oil Limited, an oil and gas exploration and production company, from August 2008 to October 2013. Prior to joining Madagascar Oil Limited, Mr. Melman acted as general counsel and in-house counsel to several energy companies and a regional private equity fund. Mr. Melman began his career practicing corporate law with the law firm of Vinson & Elkins LLP, where he represented public and private companies, investment funds and investment banking firms in mergers and acquisitions and capital markets transactions, primarily in the energy industry. Mr. Melman holds a Bachelor of Business Administration degree in Accounting from The University of Texas at Austin and a Doctor of Jurisprudence from the University of Texas at Austin School of Law.

James G. Jones II. Mr. Jones will be appointed to our board of directors in connection with this offering. Prior to this offering, Mr. Jones worked at Ernst & Young LLP from 1998 to March 2014, where he most recently served as a tax partner since July 2011. Mr. Jones holds a Doctor of Jurisprudence from Louisiana State University and a Bachelor of Science in Accounting from the University of Louisiana at Monroe. Mr. Jones was selected as a director nominee because of his extensive tax and financial background as well as his management expertise.

John Eads. Mr. Eads will be appointed to our board of directors in connection with this offering. Mr. Eads currently serves as President of Sierra Resources, LLC, a privately-held oil and gas company, a position he has held since 2002, where he directly supervises the negotiation and closing of all of Sierra Resources, LLC's acquisitions and exploratory projects. Mr. Eads has been an independent producer in the oil and natural gas industry for over 37 years. Mr. Eads holds a Bachelor of Science in Mechanical Engineering from Southern Methodist University and a Masters of Business Administration from the University of Texas. Mr. Eads was selected as a director nominee because of his substantial knowledge of the natural gas industry and his business, leadership and management expertise.

Kenneth M. Hartwick. Mr. Hartwick will be appointed to our board of directors in connection with this offering. Prior to this offering, Mr. Hartwick served in various roles for Just Energy Group Inc., a retail natural gas and electricity provider, most recently serving as President and Chief Executive Officer from 2004 to February 2014. Mr. Hartwick also served for Just Energy Group Inc. as President from 2006 to 2008, as Chief Financial Officer from 2004 to 2006 and as a director from 2008 to February 2014. Mr. Hartwick also served as the Chief Financial Officer of Hydro One, Inc., an energy distribution company, from 2002 to 2004. Mr. Hartwick currently serves as a director of Atlantic Power Corporation, a power generation plant operator, a position he has held since 2004. Mr. Hartwick holds an Honours of Business Administration degree from Trent University. Mr. Hartwick was selected as a director nominee because of his extensive knowledge of the retail natural gas and electricity business and his leadership and management expertise.

Composition of Our Board of Directors

We anticipate that our board of directors will consist of five members upon the listing of our Class A common stock on the NASDAQ Global Market.

In evaluating director candidates, we will assess whether a candidate possesses the integrity, judgment, knowledge, experience, skills and expertise that are likely to enhance the board's ability to manage and direct our affairs and business, including, when applicable, to enhance the ability of committees of the board to fulfill their duties.

Our directors will be divided into three classes serving staggered three-year terms. Class I, Class II and Class III directors will serve until our annual meetings of stockholders in 2015, 2016 and 2017, respectively. W. Keith Maxwell III and Kenneth M. Hartwick will be designated as Class I directors, Nathan Kroeker and John Eads will be designated as Class II directors, and James G. Jones II will be designated as a Class III director. At each annual meeting of stockholders held after the initial classification, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of the board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of the board of directors.

Director Independence

We anticipate that our board of directors will consist of five members upon the completion of this offering. We have reviewed the independence of our directors using the independence standards of the NASDAQ Global Market and, based on this review, determined that Mr. Jones, Mr. Eads and Mr. Hartwick are independent within the meaning of the NASDAQ Global Market standards currently in effect and Rule 10A-3 of the Exchange Act.

Controlled Company

Because NuDevco will control more than 50% of our outstanding voting power following this offering, we will qualify as a "controlled company" as that term is defined under the corporate governance rules of the NASDAQ Global Market. Therefore, we may elect not to comply with certain NASDAQ corporate governance requirements, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement to have a nominating/corporate governance committee composed entirely of independent directors and a written charter addressing the committee's purpose and responsibilities, (iii) the requirement to have a compensation committee composed entirely of independent directors and a written charter addressing the committee's purpose and responsibilities and (iv) the requirement of an annual performance evaluation of the nominating/corporate governance and compensation committees.

In light of our status as a controlled company, our board of directors has determined to take partial advantage of the controlled company exemption. Our board of directors has determined not to have a nominating and corporate governance committee and that our compensation committee will not consist entirely of independent directors. As a result, non-independent directors may among other things, appoint future members of our board of directors, resolve corporate governance issues, establish salaries, incentives and other forms of compensation for officers and other employees and administer our incentive compensation and benefit plans.

Committees of the Board of Directors

Audit Committee

We will establish an audit committee prior to the time our Class A common stock is listed on the NASDAQ Global Market. Our Audit Committee will be comprised of at least three directors who meet the independence and other requirements of the NASDAQ and the SEC. Our Audit Committee will initially consist of Messrs. Jones, Eads and Hartwick and we anticipate that Mr. Jones will serve as the Chairman of the Audit Committee.

SEC rules also require that we disclose whether or not our audit committee has an "audit committee financial expert" as a member. An "audit committee financial expert" is defined as a person who, based on his or her experience, possesses the attributes outlined in such rules. We anticipate that at least one of our independent directors will satisfy the definition of "audit committee financial expert." We anticipate that each member of our audit committee will meet the requirements of financial literacy under the requirements of the NASDAQ Global Market and SEC rules and regulations.

The Audit Committee will assist the board of directors in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements and corporate policies and controls. The Audit Committee will have the sole authority to retain and terminate our independent registered public accounting firm, approve all auditing services and related fees and the terms thereof, and pre-approve any non-audit services to be rendered by our independent registered public accounting firm. The Audit Committee will also be responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm will be given unrestricted access to the Audit Committee.

Compensation Committee

We will establish a compensation committee prior to completion of this offering. We anticipate that the compensation committee will consist of at least one director who will be "independent" as such term is defined under the rules of the SEC and the NASDAQ Global Market as well as directors who do not satisfy the definition of "independent." Our compensation committee will initially consist of Messrs. Maxwell, Jones, Eads and Hartwick and we anticipate that Mr. Hartwick will serve as the Chairman of the Compensation Committee. This committee will establish salaries, incentives and other forms of compensation for officers and other employees. Our compensation committee will also administer our incentive compensation and benefit plans.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serve on the board of directors or compensation committee of a company that has an executive officer that serves on our board or compensation committee. No member of our board is an executive officer of a company in which one of our executive officers serves as a member of the board of directors or compensation committee of that company.

Code of Business Conduct and Ethics

Our board of directors will adopt a code of business conduct and ethics applicable to our employees, directors and officers, in accordance with applicable U.S. federal securities laws and the corporate governance rules of NASDAQ. Any waiver of this code may be made only by our board of directors and will be promptly disclosed as required by applicable U.S. federal securities laws and the corporate governance rules of NASDAQ.

EXECUTIVE COMPENSATION

Overview

We are currently considered an emerging growth company for purposes of the SEC's executive compensation disclosure rules. In accordance with such rules, we are required to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year End Table, as well as limited narrative disclosures. Further, our reporting obligations extend only to the individuals serving as our chief executive officer and our two other most highly compensated executive officers. For fiscal year 2013, our named executive officers ("NEOs") were W. Keith Maxwell III, our Chief Executive Officer, Nathan Kroeker, our President, and Allison Wall, our Chief Operating Officer. Mr. Kroeker was appointed as our President and Chief Executive Officer in April 2014.

Summary Compensation Table

The following table summarizes the compensation amounts expensed by us for our NEOs for the fiscal year ended December 31, 2013. During 2013, there were no stock awards or option awards.

Name and Principal Position	Year	Salary ($)	Bonus ($)	All Other Compensation ($)	Total ($)
W. Keith Maxwell III, *Chief Executive Officer* (1)	2013	$ —	$ —	$ —	$ —
Nathan Kroeker *President*	2013	408,417	183,241	16,492(2)	608,150
Allison Wall *Chief Operating Officer*	2013	252,167	50,000	9,670(3)	311,837

(1) We did not pay or accrue any amounts in relation to compensation for Mr. Maxwell for 2013. Mr. Maxwell is employed and compensated by NuDevco Partners, LLC, and received no additional compensation for services rendered to us.

(2) Includes $10,192 of matching contributions to the Company's 401(k) plan made by the Company for Mr. Kroeker's benefit, and $6,300 of life insurance premiums paid by the Company on a life insurance policy for Mr. Kroeker's benefit.

(3) Includes $9,607 of matching contributions to the Company's 401(k) plan made by the Company for Ms. Wall's benefit, and $63 of life insurance premiums paid by the Company on a life insurance policy for Ms. Wall's benefit.

Narrative Disclosure to the Summary Compensation Table

Mr. Maxwell devoted only a portion of his working time to our business in 2013 and is employed by NuDevco Partners, LLC. We did not pay or accrue any amounts in relation to compensation for Mr. Maxwell in 2013, and Mr. Maxwell received no additional compensation for services rendered to us. For 2013, the principal elements of compensation provided to the NEOs other than Mr. Maxwell were base salaries, annual cash bonuses, and retirement, health, welfare and additional benefits.

Base Salary . Base salaries are generally set at levels deemed necessary to attract and retain individuals with superior talent commensurate with their relative expertise and experience.

Annual Cash Bonuses . Annual cash incentive awards are used to motivate and reward our executives. Annual cash incentive awards are determined on a discretionary basis and are generally based on individual and

company performance. Unless otherwise determined, awards have historically been subject to an individual's continued employment through the date of payment of the award.

All Other Compensation . In addition to the compensation discussed above, we also provide other benefits to the NEOs, including the following:

- retirement benefits to match competitive practices in our industry, including participation in a 401(k) plan; and
- benefits, including medical, dental, vision, flexible spending accounts, paid time off, life insurance and disability coverage, which are also provided to all other eligible employees.

Outstanding Equity Awards at 2013 Year End

Although we intend to grant equity awards under the LTIP (as described below) in connection with this offering, as of year end 2013, none of the NEOs held outstanding equity awards.

Employment, Severance and Change in Control Arrangements

We have not entered into any employment, severance, change in control or similar agreements with any of our NEOs, nor are we otherwise currently responsible for any payment upon the termination of any of our NEOs or upon our change in control.

Compensation Following this Offering

In connection with this offering we intend to adopt the Spark Energy, Inc. Long-Term Incentive Plan (the "LTIP") for the employees, consultants and the directors of our company and its affiliates who perform services for us. The description of the LTIP set forth below is a summary of the material features of the plan. This summary is qualified in its entirety by reference to the LTIP, a copy of which has been filed as Exhibit 10.3 to this registration statement. The purpose of the LTIP is to provide a means to attract and retain individuals to serve as our directors, employees and consultants who will provide services to us by affording such individuals a means to acquire and maintain ownership of awards, the value of which is tied to the performance of our Class A common stock. In connection with this offering, we expect to grant restricted stock units to our non-employee directors and certain of our officers, employees and employees of certain of our affiliates who perform services for us valued at an aggregate of approximately $ million under our long-term incentive plan. The initial restricted stock unit awards will generally vest ratably over three or four years commencing on May 4, 2015 and will include tandem dividend equivalents which will vest upon the same schedule.

The LTIP will provide for potential grants of: (i) incentive stock options qualified as such under U.S. federal income tax laws ("incentive options"); (ii) stock options that do not qualify as incentive stock options ("nonstatutory options," and together with incentive options, "options"); (iii) restricted stock awards ("restricted stock awards"); (iv) restricted stock units ("restricted stock units" or "RSUs"); (v) bonus stock ("bonus stock awards"); (vi) performance awards ("performance awards"); and (vii) annual incentive awards ("annual incentive awards") (collectively referred to as "awards").

Administration

The compensation committee of our board of directors will administer the LTIP pursuant to its terms and all applicable state, federal or other rules or laws, except in the event that our board of directors chooses to take action under the LTIP. The LTIP administrator will have the power to determine to whom and when awards will be granted, determine the amount of awards (measured in cash or in shares of our common stock), proscribe and

interpret the terms and provisions of each award agreement (the terms of which may vary), accelerate the exercise terms of an option, delegate duties under the LTIP and execute all other responsibilities permitted or required under the LTIP. The LTIP administrator shall be limited in its administration of the LTIP only in the event that a performance award or annual incentive award intended to comply with section 162(m) of the Code requires the compensation committee to be composed solely of "outside" directors at a time when not all directors are considered "outside" directors for purposes of section 162(m) of the Code; at such time any director that is not qualified to grant or administer such an award will recuse himself from the compensation committee's actions with regard to that award.

Securities to be Offered

The maximum aggregate number of shares of common stock that may be issued pursuant to any and all awards under the LTIP shall not exceed shares, subject to adjustment due to recapitalization or reorganization, or related to forfeitures or the expiration of awards, as provided under the LTIP.

If common stock subject to any award is not issued or transferred, or ceases to be issuable or transferable for any reason, including (but not exclusively) because shares are withheld or surrendered in payment of taxes or any exercise or purchase price relating to an award or because an award is forfeited, terminated, expires unexercised, is settled in cash in lieu of common stock or is otherwise terminated without a delivery of shares, those shares of common stock will again be available for issue, transfer or exercise pursuant to awards under the LTIP to the extent allowable by law.

Options . We may grant options to eligible persons including: (i) incentive options (only to our employees or those of our subsidiaries) which comply with section 422 of the Code; and (ii) nonstatutory options. The exercise price of each option granted under the LTIP will be stated in the option agreement and may vary; however, the exercise price for an option must not be less than the fair market value per share of common stock as of the date of grant (or 110% of the fair market value for certain incentive options), nor may the option be re-priced without the prior approval of our stockholders. Options may be exercised as the compensation committee determines, but not later than ten years from the date of grant. The compensation committee will determine the methods and form of payment for the exercise price of an option (including, in the discretion of the compensation committee, payment in common stock, other awards or other property) and the methods and forms in which common stock will be delivered to a participant.

Stock appreciation rights ("SARs") may be awarded in connection with an option (or as SARs that stand alone, as discussed below). SARs awarded in connection with an option will entitle the holder, upon exercise, to surrender the related option or portion thereof relating to the number of shares for which the SAR is exercised. The surrendered option or portion thereof will then cease to be exercisable. Such SAR is exercisable or transferable only to the extent that the related option is exercisable or transferable.

SARs . A SAR is the right to receive a share of Class A common stock, or an amount equal to the excess of the fair market value of one share of the Class A common stock on the date of exercise over the grant price of the SAR, as determined by the compensation committee. The exercise price of a share of Class A common stock subject to the SAR shall be determined by the compensation committee, but in no event shall that exercise price be less than the fair market value of the Class A common stock on the date of grant. The compensation committee will have the discretion to determine other terms and conditions of a SAR award.

Restricted stock awards . A restricted stock award is a grant of shares of Class A common stock subject to a risk of forfeiture, performance conditions, restrictions on transferability and any other restrictions imposed by the

compensation committee in its discretion. Restrictions may lapse at such times and under such circumstances as determined by the compensation committee. Except as otherwise provided under the terms of the LTIP or an award agreement, the holder of a restricted stock award will have rights as a Class A common stockholder, including the right to vote the Class A common stock subject to the restricted stock award or to receive dividends on the Class A common stock subject to the restricted stock award during the restriction period. The compensation committee shall provide, in the restricted stock award agreement, whether the restricted stock will be forfeited and reacquired by us upon certain terminations of employment. Unless otherwise determined by the compensation committee, Class A common stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, will be subject to restrictions and a risk of forfeiture to the same extent as the restricted stock award with respect to which such Class A common stock or other property has been distributed.

Restricted stock units . RSUs are rights to receive Class A common stock, cash, or a combination of both at the end of a specified period. The compensation committee may subject RSUs to restrictions (which may include a risk of forfeiture) to be specified in the RSU award agreement, and those restrictions may lapse at such times determined by the compensation committee. Restricted stock units may be settled by delivery of Class A common stock, cash equal to the fair market value of the specified number of shares of Class A common stock covered by the RSUs, or any combination thereof determined by the compensation committee at the date of grant or thereafter. Dividend equivalents on the specified number of shares of Class A common stock covered by RSUs may be paid on a current, deferred or contingent basis, as determined by the compensation committee on or following the date of grant.

Bonus stock awards . The compensation committee will be authorized to grant Class A common stock as a bonus stock award. The compensation committee will determine any terms and conditions applicable to grants of Class A common stock, including performance criteria, if any, associated with a bonus stock award.

Performance awards and annual incentive awards . The compensation committee may designate that certain awards granted under the LTIP constitute “performance” awards. A performance award is any award the grant, exercise or settlement of which is subject to one or more performance standards. An annual incentive award is an award based on a performance period of the fiscal year, and is also conditioned on one or more performance standards. One or more of the following business criteria for the company, on a consolidated basis, and/or for specified subsidiaries, may be used by the compensation committee in establishing performance goals for such performance awards or annual incentive awards: (i) earnings per share; (ii) increase in revenues; (iii) increase in cash flow; (iv) increase in cash flow from operations; (v) increase in cash flow return; (vi) return on net assets; (vii) return on assets; (viii) return on investment; (ix) return on capital; (x) return on equity; (xi) economic value added; (xii) operating margin; (xiii) contribution margin; (xiv) net income; (xv) net income per share; (xvi) pretax earnings; (xvii) pretax operating earnings after interest expense and before incentives, service fees and extraordinary or special items; (xviii) pretax earnings before interest, depreciation and amortization; (xix) total stockholder return; (xx) debt reduction; (xxi) market share; (xxii) change in the fair market value of the Class A common stock; (xxiii) operating income; (xxiv) lease operating expenses; (xxv) Adjusted EBITDA; (xxvi) Retail Gross Margin; or (xxvii) Margin under Contract. The compensation committee may exclude the impact of any of the following events or occurrences which the compensation committee determines should appropriately be excluded: (i) asset write-downs; (ii) litigation, claims, judgments or settlements; (iii) the effect of changes in tax law or other such laws or regulations affecting reported results; (iv) accruals for reorganization and restructuring programs; (v) any extraordinary, unusual or nonrecurring items as described in the Accounting Standards Codification Topic 225, as the same may be amended or superseded from time to time; (vi) any change in accounting principles as defined in the Accounting Standards Codification Topic 250, as the same may be amended or superseded from time to time; (vii) any loss from a discontinued operation as described in the Accounting Standards Codification Topic 360, as the same may be amended or superseded from time to time;

(viii) goodwill impairment charges; (ix) operating results for any business acquired during the calendar year; (x) third party expenses associated with any acquisition by us or any subsidiary; and (xi) to the extent set forth with reasonable particularity in connection with the establishment of performance goals, any other extraordinary events or occurrences identified by the compensation committee. The compensation committee may also use any of the above goals determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the compensation committee including, but not limited to, the Standard & Poor's 500 stock index or a group of comparable companies.

Tax withholding . At our discretion, subject to conditions that the compensation committee may impose, a participant's minimum statutory tax withholding with respect to an award may be satisfied by withholding from any payment related to an award or by the withholding of shares of Class A common stock issuable pursuant to the award based on the fair market value of the shares.

Merger, recapitalization or change in control . If any change is made to our capitalization, such as a stock split, stock combination, stock dividend, exchange of shares or other recapitalization, merger or otherwise, which results in an increase or decrease in the number of outstanding shares of common stock, appropriate adjustments will be made by the compensation committee in the shares subject to an award under the LTIP. We will also have the discretion to make certain adjustments to awards in the event of a change in control, such as accelerating the exercisability of options or SARs, requiring the surrender of an award, with or without consideration, or making any other adjustment or modification to the award we feel is appropriate in light of the specific transaction.

Director Compensation

We did not award any compensation to our non-employee individual directors during 2013. Going forward, our board of directors believes that attracting and retaining qualified non-employee directors will be critical to the future value growth and governance of our company. Our board of directors also believes that the compensation package for our non-employee directors should require a significant portion of the total compensation package to be equity-based to align the interest of these directors with our stockholders.

Directors who are also our employees will not receive any additional compensation for their service on our board of directors.

As the Chairman of the Board of Directors, Mr. Maxwell will be paid annual director fees of $250,000.00 effective upon the closing of this offering. As indicated above, Mr. Maxwell is employed and compensated by NuDevco Partners, LLC and he did not receive additional compensation for services provided as a director in 2013.

It is expected that following this offering our non-employee directors other than Mr. Maxwell will receive a cash retainer in an amount equal to $75,000 per year plus an additional $10,000 annual cash retainer for directors who serve as a committee chairperson. In addition, in connection with this offering, each of our non-employee directors is expected to receive a grant of restricted stock units with respect to 3,750 shares of our common stock, which will vest on May 4, 2015 and will include tandem dividend equivalents which will vest upon the same schedule.

We expect that each director will be reimbursed for: (i) travel and miscellaneous expenses to attend meetings and activities of our board of directors or its committees; (ii) travel and miscellaneous expenses related to such director's participation in general education and orientation program for directors; and (iii) travel and miscellaneous expenses for each director's spouse who accompanies a director to attend meetings and activities of our board of directors or any of our committees.

CORPORATE REORGANIZATION

Incorporation of Spark Energy, Inc.

Spark Energy, Inc. was incorporated by Spark Energy Ventures as a Delaware corporation in April 2014. Spark HoldCo, LLC was formed by Spark Energy Ventures as a Delaware limited liability company in April 2014. Spark Energy Ventures formed NuDevco in May 2014 to hold its investment in Spark Energy, Inc. and Spark HoldCo. In connection with the completion of this offering and following the transactions related thereto that are described below, (i) Spark Energy, Inc. will be a holding company whose sole material asset will consist of a managing membership interest in Spark HoldCo and (ii) Spark HoldCo will own all of the outstanding membership interests in each of SEG and SE, the operating subsidiaries through which we operate. After the consummation of this offering and the transactions described in this prospectus, Spark Energy, Inc. will be the sole managing member of Spark HoldCo, will be responsible for all operational, management and administrative decisions relating to Spark HoldCo's businesses and will consolidate the financial results of Spark HoldCo and its subsidiaries.

Prior to the completion of this offering, the following have occurred or will occur:

- SEG and SE were converted from limited partnerships into limited liability companies;
- SEG, SE and an affiliate will enter into an interborrower agreement, pursuant to which such affiliate will agree to be solely responsible for $31.0 million of outstanding indebtedness under our current credit facility, under which SEG, SE and the affiliate are co-borrowers, and SEG and SE will agree to be solely responsible for the remaining $10.0 million of indebtedness outstanding under our current credit facility;
- NuDevco Retail Holdings will contribute all of its interests in SEG and SE to Spark HoldCo in exchange for all of the outstanding units of Spark HoldCo (the "Spark HoldCo units") and will transfer 1% of those Spark HoldCo units to NuDevco Retail;
- NuDevco Retail Holdings will transfer Spark HoldCo units having a value of $50,000 to Spark Energy, Inc. in exchange for a promissory note from Spark Energy, Inc. in the principal amount of $50,000 (the "NuDevco Note"), and the limited liability company agreement of Spark HoldCo will be amended and restated to admit Spark Energy, Inc. as its sole managing member; and
- Spark Energy, Inc. will issue shares of Class B common stock to Spark HoldCo, of which Spark HoldCo will distribute to NuDevco Retail Holdings, and of which Spark HoldCo will distribute to NuDevco Retail.

Immediately prior to the consummation of the offering and following the transactions described above, (i) NuDevco will own Spark HoldCo units and all of the outstanding shares of Class B common stock of Spark Energy, Inc., (ii) Spark Energy, Inc. will own the managing member interest in Spark HoldCo and Spark HoldCo units, and (iii) Spark HoldCo will wholly own SEG and SE. Spark Energy, Inc. will offer newly-issued shares of Class A common stock hereby to the public (or shares if the underwriters exercise their option to purchase additional shares in full) and will use the net proceeds from this offering to purchase Spark HoldCo units (or Spark HoldCo units if the underwriters exercise their option to purchase additional shares in full) from NuDevco Retail Holdings and to repay the NuDevco Note. In connection with any exercise of the underwriters' option to purchase additional shares of Class A common stock and our use of the proceeds from the exercise of that option to purchase additional Spark HoldCo units from NuDevco Retail Holdings, a corresponding number of shares of Class B common stock owned by NuDevco Retail Holdings will be cancelled. After giving effect to these transactions and this offering, Spark Energy, Inc. will own an approximate % interest in Spark HoldCo (or % if the underwriters' option to purchase additional shares is exercised in full), NuDevco Retail Holdings will own an approximate % interest in Spark HoldCo and shares of Class B common stock (or a % interest in Spark HoldCo and shares of Class B common stock if the underwriters' option to purchase additional shares is exercised in full) and NuDevco Retail will own a 1% interest in Spark HoldCo and

shares of Class B common stock. See “Use of Proceeds” and “Principal Stockholders.” Following the offering, Spark Energy Ventures will distribute its 100% interest in NuDevco Retail Holdings to NuDevco Partners Holdings, LLC. The distribution will result in NuDevco Retail Holdings being a direct wholly owned subsidiary of NuDevco Partners Holdings, LLC. Spark Energy Ventures will remain a wholly owned subsidiary of NuDevco Partners Holdings and, following the distribution, will not beneficially own any Class B common stock.

In connection with the closing of the offering, we expect to enter into a new $70.0 million senior secured revolving credit facility, which we refer to as our new revolving credit facility. We will borrow approximately $10.0 million under our new revolving credit facility at the closing of this offering to repay in full the portion of outstanding indebtedness under our current credit facility that SEG and SE have agreed to be responsible for pursuant to an interborrower agreement between SEG, SE and an affiliate. The remainder of indebtedness outstanding under our current credit facility will be paid down by our affiliate with its own funds in connection with the closing of this offering pursuant to the terms of the interborrower agreement. Following this repayment, our current credit facility will be terminated. For more information regarding our new revolving credit facility, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Historical Cash Flows—Credit Facility.”

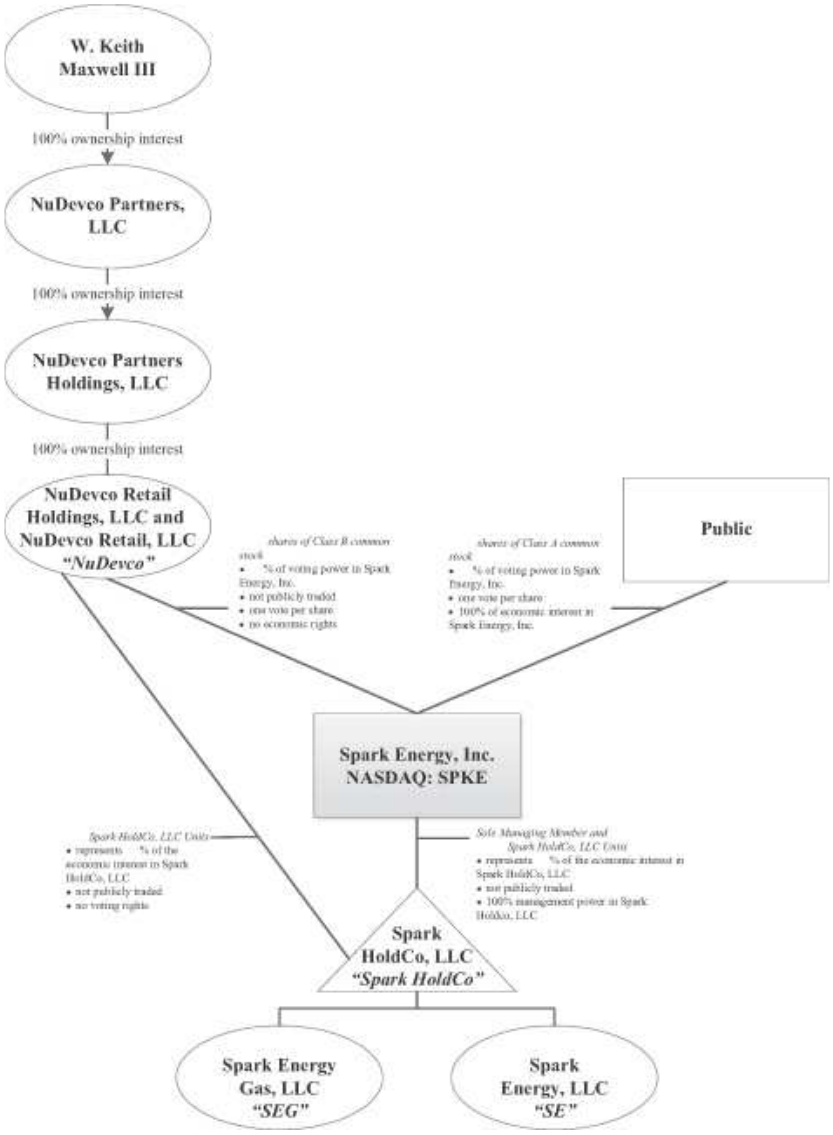
Each share of Class B common stock, all of which will initially be held by NuDevco, has no economic rights but entitles its holder to one vote on all matters to be voted on by shareholders generally. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters presented to our shareholders for their vote or approval, except as otherwise required by applicable law or by our certificate of incorporation. Please see “Description of Capital Stock.” We do not intend to list Class B common stock on any stock exchange.

NuDevco will have the right to exchange (the “Exchange Right”) all or a portion of its Spark HoldCo units (together with a corresponding number of shares of Class B common stock) for Class A common stock (or cash at Spark Energy, Inc.’s or Spark HoldCo’s election (the “Cash Option”)) at an exchange ratio of one share of Class A common stock for each Spark HoldCo unit (and corresponding share of Class B common stock) exchanged, as described under “Certain Relationships and Related Party Transactions—Spark HoldCo LLC Agreement.” In addition, NuDevco will have the right, under certain circumstances, to cause us to register the offer and resale of its shares of Class A common stock obtained pursuant to the Exchange Right as described under “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

We will enter into a Tax Receivable Agreement with Spark HoldCo, NuDevco Retail Holdings and NuDevco Retail. This agreement will generally provide for the payment by Spark Energy, Inc. to NuDevco of 85% of the net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that Spark Energy, Inc. actually realizes (or is deemed to realize in certain circumstances) in periods after this offering as a result of (i) any tax basis increases resulting from the purchase by Spark Energy, Inc. of Spark HoldCo units from NuDevco Retail Holdings prior to or in connection with this offering, (ii) any tax basis increases resulting from the exchange of Spark HoldCo units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of Spark HoldCo units for cash pursuant to the Cash Option) and (iii) any imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under the Tax Receivable Agreement. Spark Energy, Inc. will retain the benefit of the remaining 15% of these tax savings. Spark Energy, Inc. may be required to defer or partially defer any payment due to the holders of rights under the Tax Receivable Agreement in certain circumstances during the five-year period commencing on October 1, 2014. See “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

The following diagrams indicate our simplified ownership structure immediately following this offering and the transactions related thereto (assuming that the underwriters’ option to purchase additional shares is not exercised).

Organization Structure Following this Offering



Offering

Only Class A common stock will be sold to investors pursuant to this offering. Immediately following this offering, there will be shares of Class A common stock issued and outstanding and shares of Class A common stock reserved for exchanges of Spark HoldCo units and a corresponding number of shares of Class B common stock pursuant to the Spark HoldCo LLC Agreement.

We estimate that our net proceeds from this offering will be approximately $ million after deducting underwriting discounts and commissions and estimated offering expenses. If the underwriters exercise in full their option to purchase additional shares of Class A common stock, we estimate that the proceeds to us will be approximately $ million, after deducting underwriting discounts and commissions and structuring fees and estimated offering expenses. We intend to use net proceeds of this offering of approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock) to acquire Spark HoldCo units representing approximately % (or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) of the outstanding Spark HoldCo units after this offering, from NuDevco and to repay the NuDevco Note. See "Use of Proceeds."

As a result of the corporate reorganization and the offering described above (and prior to any exchanges of Spark HoldCo units):

- the investors in this offering will collectively own shares of Class A common stock (or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock);
- Spark Energy, Inc. will hold Spark HoldCo units (or Spark HoldCo units if the underwriters exercise in full their option to purchase additional shares of Class A common stock);
- NuDevco will hold shares of Class B common stock and a corresponding number of Spark HoldCo units (or shares of Class B common stock and Spark HoldCo units if the underwriters exercise in full their option to purchase additional shares of Class A common stock); and
- the investors in this offering will collectively hold % of the voting power in us (or % of the voting power in us if the underwriters exercise in full their option to purchase additional shares of Class A common stock); and
- NuDevco will hold % of the voting power in us (or % of the voting power in us if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

Holding Company Structure

Our post-offering organizational structure will allow NuDevco to retain its equity ownership in Spark HoldCo, a partnership for U.S. federal income tax purposes. Investors in this offering will, by contrast, hold their equity ownership in the form of shares of Class A common stock in us, and we are classified as a domestic corporation for U.S. federal income tax purposes. We believe that NuDevco finds it advantageous to hold its equity interests in an entity that is not taxable as a corporation for U.S. federal income tax purposes. The ultimate owner of NuDevco will generally incur U.S. federal, state and local income taxes on its proportionate share of any taxable income of Spark HoldCo.

In addition, pursuant to our certificate of incorporation and the Spark HoldCo LLC Agreement, our capital structure and the capital structure of Spark HoldCo will generally replicate one another and will provide for customary antidilution mechanisms in order to maintain the one-for-one exchange ratio between the Spark HoldCo units and our Class A common stock, among other things.

The holders of Spark HoldCo units, including us, will generally incur U.S. federal, state and local income taxes on their proportionate share of any taxable income of Spark HoldCo and will be allocated their proportionate share of any taxable loss of Spark HoldCo. The Spark HoldCo LLC Agreement provides, to the extent cash is available, for distributions pro rata to the holders of Spark HoldCo units such that we receive an amount of cash sufficient to cover the estimated taxes payable by us.

We may accumulate cash balances in future years resulting from distributions from Spark HoldCo exceeding our tax liabilities and our obligations to make payments under the Tax Receivable Agreement. To the extent we do not distribute such cash balances as a dividend on our Class A common stock and instead decide to hold or recontribute such cash balances to Spark HoldCo for use in our operations, Spark HoldCo unitholders who exchange their Spark HoldCo units for Class A common stock in the future could also benefit from any value attributable to any such accumulated cash balances.

We will enter into a Tax Receivable Agreement with NuDevco Retail Holdings, NuDevco Retail and Spark HoldCo. This agreement generally provides for the payment by Spark Energy, Inc. to NuDevco of 85% of the net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that Spark Energy, Inc. actually realizes (or is deemed to realize in certain circumstances) in periods after this offering as a result of (i) any tax basis increases resulting from the purchase by Spark Energy, Inc. of Spark HoldCo units from NuDevco Retail Holdings prior to or in connection with this offering, (ii) the tax basis increases resulting from the exchange of Spark HoldCo units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of Spark HoldCo units for cash pursuant to the Cash Option) and (iii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under the Tax Receivable Agreement. In addition, payments we make under the Tax Receivable Agreement will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return. Spark Energy, Inc. will retain the benefit of the remaining 15% of these cash savings. Spark Energy, Inc. may be required to defer or partially defer any payment due to the holders of rights under the Tax Receivable Agreement in certain circumstances during the five-year period commencing on October 1, 2014. See “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Spark HoldCo LLC Agreement

The Spark HoldCo LLC Agreement is filed as an exhibit to the registration statement of which this prospectus forms a part, and the following description of the Spark HoldCo LLC Agreement is qualified in its entirety by reference thereto.

In accordance with the terms of the Spark HoldCo LLC Agreement, NuDevco will generally have the right to exchange its Spark HoldCo units (and a corresponding number of shares of our Class B common stock) for shares of our Class A common stock at an exchange ratio of one share of Class A common stock for each Spark HoldCo unit (and corresponding share of Class B common stock) exchanged, subject to conversion rate adjustments for stock splits, stock dividends and reclassifications. At Spark HoldCo's option, Spark HoldCo may give NuDevco cash in an amount equal to the Cash Election Amount of the shares of Class A common stock instead. We are obligated to facilitate an exchange for shares of Class A common stock through a contribution of shares of Class A common stock to Spark HoldCo LLC or, alternatively, we have the right to acquire the subject Spark HoldCo units and corresponding shares of Class B common stock from NuDevco by paying, at our option, either (x) the number of shares of Class A common stock NuDevco would have received in the proposed exchange or (y) cash in an amount equal to the Cash Election Amount of such shares of Class A common stock. "Cash Election Amount" means, with respect to the shares of Class A common stock to be delivered to NuDevco by Spark HoldCo pursuant to the Spark HoldCo LLC Agreement, (i) if our Class A common stock is then admitted to trading on a national securities exchange, the amount that would be received if the number of shares of Class A common stock to which NuDevco would otherwise be entitled were sold at a per share price equal to the trailing 30-day volume weighted average price of a share of Class A common stock on such exchange, or (ii) in the event shares of Class A common stock are not then admitted to trading on a national securities exchange, the value that would be obtained in an arm's length transaction for cash between an informed and willing buyer and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, and without regard to the particular circumstances of the buyer and the seller, as determined by us. As NuDevco exchanges its Spark HoldCo units, our membership interest in Spark HoldCo will be correspondingly increased, and the number of shares of Class B common stock held by NuDevco will be correspondingly reduced.

Under the Spark HoldCo LLC Agreement, we have the right to determine when distributions will be made to the holders of Spark HoldCo units and the amount of any such distributions. Following this offering, if we authorize a distribution, such distribution will be made to the holders of Spark HoldCo units on a pro rata basis in accordance with their respective percentage ownership of Spark HoldCo units. The Spark HoldCo LLC Agreement provides, to the extent Spark HoldCo has available cash and is not prevented by restrictions in any of its credit agreements, for distributions pro rata to the holders of Spark HoldCo units such that we receive an amount of cash sufficient to fund the targeted quarterly dividend we intend to pay to holders of our Class A common stock and payments under the Tax Receivable Agreement we will enter into with Spark HoldCo, NuDevco Retail Holdings and NuDevco Retail.

The holders of Spark HoldCo units, including us, will generally incur U.S. federal, state and local income taxes on their proportionate share of any taxable income of Spark HoldCo and will be allocated their proportionate share of any taxable loss of Spark HoldCo. Net profits and net losses of Spark HoldCo generally will be allocated to holders of Spark HoldCo units on a pro rata basis in accordance with their respective percentage ownership of Spark HoldCo units, except that certain non-pro rata adjustments will be required to be made to reflect built-in gains and losses and tax depletion, depreciation and amortization with respect to such built-in gains and losses. The Spark HoldCo LLC Agreement provides, to the extent cash is available, for distributions pro rata to the holders of Spark HoldCo units such that we receive an amount of cash sufficient to cover the estimated taxes payable by us.

In addition, if the cumulative amount of U.S. federal, state and local taxes payable by us exceeds the amount of the tax distribution to us, Spark HoldCo will make advances to us in an amount necessary to enable us to fully pay these tax liabilities. Such advances will be repayable, without interest, solely from (i.e., by offset against) future distributions by Spark HoldCo to us.

The Spark HoldCo LLC Agreement will provide that, except as otherwise determined by us, at any time we issue a share of our Class A common stock or any other equity security, the net proceeds received by us with respect to such issuance, if any, shall be concurrently invested in Spark HoldCo, and Spark HoldCo shall issue to us one Spark HoldCo unit or other economically equivalent equity interest. Conversely, if at any time, any shares of our Class A common stock are redeemed, repurchased or otherwise acquired, Spark HoldCo shall redeem, repurchase or otherwise acquire an equal number of Spark HoldCo units held by us, upon the same terms and for the same price, as the shares of our Class A common stock are redeemed, repurchased or otherwise acquired.

Spark HoldCo will be dissolved only upon the first to occur of (i) the sale of substantially all of its assets or (ii) an election by us to dissolve the company. Upon dissolution, Spark HoldCo will be liquidated and the proceeds from any liquidation will be applied and distributed in the following manner: (a) first, to creditors (including to the extent permitted by law, creditors who are members) in satisfaction of the liabilities of Spark HoldCo, (b) second, to establish cash reserves for contingent or unforeseen liabilities and (c) third, to its members in proportion to the number of Spark HoldCo units owned by each of them.

The Spark HoldCo LLC Agreement will also provide that Spark HoldCo will pay certain of Spark Energy Inc.'s expenses attributable to its status as a public company. Such expenses include, but are not limited to, accounting and legal fees, independent director compensation, director and officer liability insurance expense, Sarbanes-Oxley compliance, transfer agent and registrar fees, tax return preparation, investor relations expense, SEC and NASDAQ compliance fees and the fees and expenses of other service providers that provide services to Spark Energy, Inc. in connection with its obligations as a publicly-traded company.

Tax Receivable Agreement

As described above in "Corporate Reorganization—Incorporation of Spark Energy," Spark Energy, Inc. will purchase Spark HoldCo units from NuDevco Retail Holdings prior to or in connection with this offering. In addition, as described in "—Spark HoldCo LLC Agreement" above, in the future, NuDevco (and its permitted transferees) may exchange its Spark HoldCo units (together with a corresponding number of shares of Class B common stock) for shares of Class A common stock (on a one-for-one basis, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions or for cash pursuant to the Cash Option). Spark HoldCo intends to make an election under Section 754 of the Code that will be effective for the initial tax year and for each taxable year in which an exchange of Spark HoldCo units (and corresponding shares of Class B common stock) for shares of Class A common stock pursuant to the Exchange Right (or an exchange of Spark HoldCo units for cash pursuant to the Cash Option) occurs. Pursuant to the Section 754 election, each exchange of Spark HoldCo units for shares of Class A common stock (as well as any exchange of Spark HoldCo units for cash) is expected to result in an adjustment to the tax basis of the tangible and intangible assets of Spark HoldCo, and these adjustments will be allocated to us. Adjustments to the tax basis of the tangible and intangible assets of Spark HoldCo described above would not have been available absent these exchanges of Spark HoldCo units. The anticipated basis adjustments are expected to increase (for tax purposes) our depreciation, depletion and amortization deductions and may also decrease our gains (or increase our losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets. Such increased deductions and losses and reduced gains may reduce the amount of tax that we would otherwise be required to pay in the future.

We will enter into a Tax Receivable Agreement with Spark HoldCo, NuDevco Retail Holdings and NuDevco Retail.
This agreement generally provides for the payment by us to NuDevco of 85% of the net cash savings, if any, in

U.S. federal, state and local income tax or franchise tax that we actually realize (or are deemed to realize in certain circumstances) in periods after this offering as a result of (i) any tax basis increases resulting from the purchase by Spark Energy, Inc. of Spark HoldCo units from NuDevco Retail Holdings prior to or in connection with this offering, (ii) the tax basis increases resulting from the exchange of Spark HoldCo units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of Spark HoldCo units for cash pursuant to the Cash Option) and (iii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under the Tax Receivable Agreement.

The payment obligations under the Tax Receivable Agreement are our obligations and not obligations of Spark HoldCo. For purposes of the Tax Receivable Agreement, cash savings in tax generally are calculated by comparing our actual tax liability to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. The term of the Tax Receivable Agreement will commence upon the completion of this offering and will continue until all such tax benefits have been utilized or have expired, unless Spark HoldCo exercises its right to terminate the Tax Receivable Agreement.

In certain circumstances, Spark Energy, Inc. may be required to defer or partially defer any payment due to the holders of rights under the Tax Receivable Agreement, which will initially be, and for purposes of this disclosure we have assumed will be, NuDevco Retail Holdings and NuDevco Retail. As described elsewhere in this prospectus, no TRA Payment will be made during 2014, and any future TRA Payments due with respect to a given taxable year are expected to be paid in December of the subsequent calendar year.

During the five-year period commencing October 1, 2014, Spark Energy, Inc. will defer all or a portion of any TRA Payment owed pursuant to the Tax Receivable Agreement to the extent that Spark HoldCo does not generate sufficient Cash Available for Distribution (as defined below) during the four-quarter period ending September 30th of the applicable year in which the TRA Payment is to be made in an amount that equals or exceeds 130% (the “TRA Coverage Ratio”) of the Total Distributions (as defined below) paid in such four-quarter period by Spark HoldCo. For purposes of computing the TRA Coverage Ratio:

- “Cash Available for Distribution” is generally defined as the Adjusted EBITDA of Spark HoldCo for the applicable period, less (i) cash interest paid by Spark HoldCo, (ii) capital expenditures of Spark HoldCo (exclusive of customer acquisition costs) and (iii) any taxes payable by Spark HoldCo; and
- “Total Distributions” are defined as the aggregate distributions necessary to cause Spark Energy, Inc. to receive distributions of cash equal to (i) the targeted quarterly distribution we intend to pay to holders of our Class A common stock payable during the applicable four-quarter period, plus (ii) the estimated taxes payable by us during such four-quarter period, plus (iii) the expected TRA Payment payable during the calendar year for which the TRA Coverage Ratio is being tested.

In the event that the TRA Coverage Ratio is not satisfied in any calendar year, Spark Energy, Inc. will defer all or a portion of the TRA Payment to NuDevco under the Tax Receivable Agreement to the extent necessary to permit Spark HoldCo to satisfy the TRA Coverage Ratio. If the TRA Coverage Ratio is satisfied in any calendar year, Spark Energy, Inc. will pay NuDevco the full amount of the TRA Payment.

Subject to certain limitations described below, following the five-year deferral period, Spark Energy, Inc. will be obligated to pay any outstanding deferred TRA Payments to NuDevco. Notwithstanding the foregoing, in no event will Spark Energy, Inc. be required to pay total outstanding deferred TRA Payments following the deferral period in excess of Spark Energy, Inc.’s pro rata share of the excess of (i) Cash Available for Distribution generated during the five-year deferral period, over (ii) the actual distributions made by Spark HoldCo during the five year deferral period.

Estimating the amount of payments that may be made under the Tax Receivable Agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of the exchanges, the price of Class A common stock at the time of each exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income we generate in the future and the tax rate then applicable, and the portion of our payments under the Tax Receivable Agreement constituting imputed interest or depreciable or amortizable basis. We expect that the payments that we will be required to make under the Tax Receivable Agreement could be substantial. Assuming no material changes in the relevant tax law, we expect that if the Tax Receivable Agreement were terminated immediately after this offering, the estimated termination payment (as described below) would be approximately $73.8 million (calculated using a discount rate equal to the LIBOR plus 200 basis points). The foregoing amounts are merely estimates and the actual payments could differ materially. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding Tax Receivable Agreement payments as compared to these estimates. Moreover, there may be a substantial negative impact on our liquidity if, as a result of timing discrepancies or otherwise, (i) the payments under the Tax Receivable Agreement exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement and/or (ii) distributions to us by Spark HoldCo are not sufficient to permit us to make payments under the Tax Receivable Agreement after we have paid our taxes and other obligations. Please see “Risk Factors—Risks Related to the Offering and our Class A Common Stock—In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.” The payments under the Tax Receivable Agreement will not be conditioned upon a holder of rights under the Tax Receivable Agreement having a continued ownership interest in either Spark HoldCo or us.

In addition, although we are not aware of any issue that would cause the Internal Revenue Service (“IRS”) to challenge potential tax basis increases or other tax benefits covered under the Tax Receivable Agreement, holders of rights under the Tax Receivable Agreement will not reimburse us for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against payments otherwise to be made, if any, to such holder after our determination of such excess. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

The Tax Receivable Agreement provides that in the event that we breach any of our material obligations under it, whether as a result of (i) our failure to make any payment when due (including in cases where we elect to terminate the Tax Receivable Agreement early, the Tax Receivable Agreement is terminated early due to certain mergers or other changes of control or we have available cash but fail to make payments when due under circumstances where we do not have the right to elect to defer the payment, as described below, (ii) our failure to honor any other material obligation under it, including the restriction on our ability to make distributions to holders of Class A common stock in excess of the initial targeted quarterly distribution while any TRA Payment is due and payable but unpaid, or (iii) by operation of law as a result of the rejection of the Tax Receivable Agreement in a case commenced under the United States Bankruptcy Code or otherwise, then all our payment and other obligations under the Tax Receivable Agreement will be accelerated and will become due and payable applying the same assumptions described above. Such payments could be substantial and could exceed our actual cash tax savings under the Tax Receivable Agreement.

Additionally, we have the right to terminate the Tax Receivable Agreement. If we elect to terminate the Tax Receivable Agreement early or it is terminated early due to certain mergers or other changes of control, we would

be required to make an immediate payment equal to the present value of the anticipated future tax benefits subject to the Tax Receivable Agreement, which calculation of anticipated future tax benefits will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including the assumption that we have sufficient taxable income to fully utilize such benefits and that any Spark HoldCo units that NuDevco or its permitted transferees own on the termination date are deemed to be exchanged on the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of such future benefits and significantly exceed our realized tax savings.

Decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by NuDevco under the Tax Receivable Agreement. For example, the earlier disposition of assets following an exchange of Spark HoldCo units may accelerate payments under the Tax Receivable Agreement and increase the present value of such payments, and the disposition of assets before an exchange of Spark HoldCo units may increase NuDevco's tax liability without giving rise to any rights of NuDevco to receive payments under the Tax Receivable Agreement.

Payments are generally due under the Tax Receivable Agreement within 30 days following the finalization of the schedule with respect to which the payment obligation is calculated, although interest on such payments will begin to accrue from the due date (without extensions) of such tax return until the payment is made at a rate equal to the LIBOR plus 200 basis points. Except in cases where we elect to terminate the Tax Receivable Agreement early, the Tax Receivable Agreement is terminated early due to certain mergers or other changes of control or we have available cash but fail to make payments when due, generally we may elect to defer payments due under the Tax Receivable Agreement if we do not have available cash to satisfy our payment obligations under the Tax Receivable Agreement or if our contractual obligations limit our ability to make these payments. Any such deferred payments under the Tax Receivable Agreement generally will accrue interest at a rate of LIBOR plus 500 basis points; provided, however, that interest will accrue at a rate of LIBOR plus 200 basis points if we are unable to make such payment as a result of limitations imposed by existing credit agreements. In addition, as described above, we may be required to defer or partially defer payments under the Tax Receivable Agreement in certain circumstances during the five-year period commencing on October 1, 2014.

Because we are a holding company with no operations of our own, our ability to make payments under the Tax Receivable Agreement is dependent on the ability of Spark HoldCo to make distributions to us in an amount sufficient to cover our obligations under the Tax Receivable Agreement; this ability, in turn, may depend on the ability of Spark HoldCo's subsidiaries to make distributions to it. The ability of Spark HoldCo and its subsidiaries to make such distributions will be subject to, among other things, the applicable provisions of Delaware law that may limit the amount of funds available for distribution and restrictions in relevant debt instruments issued by Spark HoldCo and/or its subsidiaries. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid.

The form of the Tax Receivable Agreement is filed as an exhibit to the registration statement of which this prospectus forms a part, and the foregoing description of the Tax Receivable Agreement is qualified by reference thereto.

Registration Rights Agreement

In connection with the closing of this offering, we will enter into a registration rights agreement with NuDevco Retail Holdings and NuDevco Retail. We expect that the agreement will contain provisions by which we will agree to register under the federal securities laws the sale of any shares of our Class A common stock received by NuDevco or certain of its affiliates pursuant to the Exchange Right. These registration rights will be subject to

certain conditions and limitations. We will generally be obligated to pay all registration expenses in connection with these registration obligations, regardless of whether a registration statement is filed or becomes effective.

Indemnification Agreements

We intend to enter into indemnification agreements with each of our current and future directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision that will be in our amended and restated certificate of incorporation and the indemnification agreements will facilitate our ability to continue to attract and retain qualified individuals to serve as directors and officers.

Interborrower Agreement

Prior to the completion of this offering, Spark Energy Ventures, Spark Energy Holdings, LLC, SEG, SE and AES will enter into an interborrower agreement, pursuant to which AES will agree to be solely responsible for and repay at the closing of this offering $31.0 million of outstanding indebtedness under our current credit facility, under which SEG, SE and AES are co-borrowers, and SEG and SE will agree to be solely responsible for, and repay, the remaining $10.0 million of indebtedness outstanding under our current credit facility.

Historical Transactions with Affiliates

W. Keith Maxwell, III, one of our directors, is the sole member of NuDevco Partners, LLC ("NuDevco Partners"), which is in turn the sole member of NuDevco Partners Holdings, LLC ("NuDevco Partners Holdings"), which is the sole member of Spark Energy Ventures and will be the sole member of NuDevco after giving effect to this offering. Spark Energy Ventures is also the sole member of Associated Energy Services, LP ("AES").

NuDevco Partners Holdings also owns NuDevco Midstream Development, LLC ("NuDevco Midstream Development"), which is the sole member of Marlin Midstream GP, LLC, the general partner of Marlin Midstream Partners, LP ("Marlin") a publicly-traded limited partnership that completed its initial public offering on July 31, 2013. NuDevco Midstream Development holds 1,849,545 common units and 8,724,545 subordinated units of Marlin, which represent an approximate 59.4% limited partner interest in Marlin, and indirectly owns 100% of the general partner interest and incentive distribution rights in Marlin. Marlin operates through its two operating subsidiaries, Marlin Midstream, LLC and Marlin Logistics, LLC.

The paragraphs below describe historical transactions that existed between us, Marlin and other affiliates during the years ended December 31, 2013, 2012 and 2011.

Transactions with Marlin

Prior to Marlin's IPO on July 31, 2013, we provided natural gas to Marlin, who is a processing service provider, whereby Marlin gathered natural gas from us and other third parties, extracted NGLs, and redelivered the processed natural gas to us and other third parties. Marlin replaced energy used in processing due to the extraction of liquids, compression and transportation of natural gas, and fuel by making a payment to us at market prices. Revenues-affiliates, recorded in net asset optimization revenues in our combined statements of operations, related to Marlin's payments to us for replaced energy for the years ended December 31, 2013, 2012 and 2011 were $3.0 million, $8.3 million and $16.9 million, respectively.

Additionally, on February 28, 2008, we entered into a natural gas transportation agreement with Marlin, at Marlin's pipeline, whereby we transport retail natural gas and pay the higher of (i) a minimum monthly payment or (ii) a transportation fee per MMBtu times actual volumes transported. The current transportation agreement was set to expire on February 28, 2013, but was extended for three additional years at a fixed rate per MMBtu without a minimum monthly payment. Included in our results are cost of revenues-affiliates, recorded in retail cost of revenues in the combined statements of operations related to this activity of $100,000, $300,000 and $300,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

Transactions with AES

Beginning on August 1, 2013, the Marlin processing agreement was terminated and we and AES entered into an agreement whereby we purchased natural gas from AES at the tailgate of the Marlin gas processing facility. Cost of revenues-affiliates, recorded in net asset optimization revenues in the combined statements of operations for the year ended December 31, 2013 related to this agreement were $17.7 million. During the period from August 2, 2013 to September 30, 2013, we purchased natural gas under third-party contracts and sold the natural gas to AES at the Marlin inlet while AES worked to have the third-party contracts assigned to it. We also purchased natural gas at a nearby third party plant inlet which was then sold to AES. We ceased providing this service to Marlin after September 30, 2013. Revenues-affiliates, recorded in net asset optimization revenues in the combined statements of operations, for the year ended December 31, 2013 related to these sales were $11.9 million.

Acknowledgement Agreement

As of December 31, 2013 and 2012, we recorded current accounts receivable from Marlin in the amounts of $300,000 and $4.0 million, respectively, and non-current accounts receivable from Marlin of $14.7 million as of December 31, 2012, for various direct billings, cost allocations and other services. On April 8, 2013, we and Marlin entered into an Acknowledgement and Agreement, whereby we and Marlin agreed that: (i) $14.7 million of our accounts receivable—affiliate balance attributable to Marlin as of March 31, 2013 (the "Outstanding Amount") was not required to be paid sooner than March 31, 2014, (ii) the Outstanding Amount or any future accounts receivable affiliates balances owed by Marlin would not accrue interest, and (iii) payment of the Outstanding Amount by Marlin prior to March 31, 2014 was not precluded. Accordingly, $14.7 million was reclassified to long-term accounts receivable-affiliates as of December 31, 2012.

On April 26, 2013, Marlin paid $3.0 million of the Outstanding Amount, reducing the Outstanding Amount to $11.7 million (the "Remaining Outstanding Amount"). On June 3, 2013, the Company and Marlin entered into a revised Acknowledgement and Agreement, whereby the Company and Marlin agreed that (i) the Remaining Outstanding Amount was not required to be paid sooner than July 31, 2014, (ii) the Remaining Outstanding Amount or any future accounts receivable affiliates balances owed by Marlin would not accrue interest, and (iii) payment of the Remaining Outstanding Amount prior to July 31, 2014 is not precluded. In July 2013, in connection with the closing of Marlin's initial public offering, NuDevco Midstream Development assumed the Remaining Outstanding Amount of $11.7 million accounts payable affiliates balance and Marlin was released from such obligation. As of December 31, 2013, the receivable due to the Company from NuDevco Midstream Development related to the assumption of the Remaining Outstanding Amount was $3.4 million and is recorded in current accounts receivable-affiliates.

Cost allocations

We have historically paid certain expenses on behalf of several of our affiliates (specifically, AES, Ampegy, LLC ("Ampegy"), Marlin, ENOW, LLC ("ENOW") and NuDevco Partners), for which we are reimbursed, including costs that can be specifically identified and certain allocated overhead costs associated with general and administrative

services, including executive management, employee benefit plan administration, banking arrangements, professional fees, insurance, information services, human resources and other support departments to the affiliates. Where costs incurred on behalf of the affiliate could not be determined by specific identification for direct billing, the costs were primarily allocated to the affiliated entities based on percentage of departmental usage, wages or headcount. The total amount direct billed and allocated to affiliates for the years ended December 31, 2013, 2012 and 2011 was $7.4 million, $4.1 million and $3.3 million, respectively.

Office Lease

We share our corporate headquarters with Marlin, AES, NuDevco Partners and ENOW. Spark Energy Ventures is the lessee under the lease agreement covering these facilities. We pay the entire lease payment on behalf of Spark Energy Ventures and we are reimbursed by these affiliates for their share of the leased space.

Sale of Equipment

In 2012, we sold a field office facility, vehicles and computer equipment to Marlin and NuDevco Partners for a total of $600,000. The assets were sold at our historical cost basis at the time of the sale, as the transactions were between affiliates.

ENOW

During the years ended December 31, 2013, 2012 and 2011, we purchased electricity for, and sold electricity to, ENOW. During the years ended December 31, 2013, 2012 and 2011, sales to ENOW totaled $4.0 million, $1.4 million and $100,000, respectively.

In April and May of 2014, we took assignments of approximately 3,600 customer accounts in Texas from ENOW in connection with the departure by ENOW from the Texas retail energy business. We agreed to manage these accounts and paid no consideration for the assignment.

ENOW is indirectly wholly owned by W. Keith Maxwell, III.

Agent and Management Services Agreements

SE, SEG and Ampegy are parties to an agent agreement dated February 26, 2011 pursuant to which Ampegy, through its subagents, is entitled to market natural gas and electricity on our behalf to retail customers in several states. Ampegy receives a commission for all customers that enroll with us, which is paid monthly for so long as the customer remains with us. For the years ended December 31, 2013, 2012 and 2011, the total commission paid under this agreement were $55,138, $760,434 and $194,362, respectively. Ampegy is an affiliate of SE and SEG and is indirectly wholly owned by W. Keith Maxwell, our founder.

In connection with this relationship, SE and Ampegy also entered into a management services agreement on February 1, 2011 pursuant to which SE provided certain management services, including office space, accounting and informational services to Ampegy management. We charged Ampegy $56,071, $145,736 and $240,000 for the years ended December 31, 2013, 2012 and 2011, respectively, for these services under this agreement. Both the agent agreement and the management services agreement will be terminated by the parties immediately prior to the completion of this offering and all of our ongoing residual commission payment obligations will be assumed by Spark Energy Ventures.

Derivative Activities

We have entered into derivative transactions with Marlin and AES in connection with our asset optimization activities. There was a net contract value paid to us of $1.8 million, a net contract value paid by us of $600,000 and a net contract value paid to us of $500,000 related to these financial derivatives transactions for the years ended December 31, 2013, 2012 and 2011, respectively.

Policies and Procedures for Review of Related Party Transactions

A "Related Party Transaction" is a transaction, arrangement or relationship in which we or any of our subsidiaries was, is or will be a participant, the amount of which involved exceeds $120,000, and in which any related person had, has or will have a direct or indirect material interest. A "Related Person" means:

- any person who is, or at any time during the applicable period was, one of our executive officers or one of our directors;
- any person who is known by us to be the beneficial owner of more than 5.0% of our Class A common stock;
- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a director, executive officer or a beneficial owner of more than 5.0% of our Class A common stock, and any person (other than a tenant or employee) sharing the household of such director, executive officer or beneficial owner of more than 5.0% of our Class A common stock; and
- any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a 10.0% or greater beneficial ownership interest.

Our board of directors will adopt a written related party transactions policy prior to the completion of this offering. Pursuant to this policy, our audit committee will review all material facts of all Related Party Transactions and either approve or disapprove entry into the Related Party Transaction, subject to certain limited exceptions. In determining whether to approve or disapprove entry into a Related Party Transaction, our audit committee shall take into account, among other factors, the following: (i) whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and (ii) the extent of the Related Person's interest in the transaction. Further, the policy requires that all Related Party Transactions required to be disclosed in our filings with the SEC be so disclosed in accordance with applicable laws, rules and regulations.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our Class A common stock and Class B common stock that, upon the consummation of this offering and transactions related thereto, and assuming the underwriters do not exercise their option to purchase additional common units, will be owned by:

- each person or group known to us to beneficially own more than 5% of any class of our outstanding voting securities;
- each member of our board of directors and any director nominee;
- each of our named executive officers; and
- all of our directors, director nominees and executive officers as a group.

All information with respect to beneficial ownership has been furnished by the respective 5% or more shareholders, directors or executive officers, as the case may be. Unless otherwise noted, the mailing address of each listed beneficial owner is 2105 CityWest Blvd., Suite 100, Houston, Texas, 77042.

We have granted the underwriters the option to purchase up to an additional shares of Class A common stock.

	Class A common stock to be beneficially owned following the offering [1]		Class B common stock to be beneficially owned following the offering [1]		Combined voting
Name of beneficial owner	Number	Percentage	Number	Percentage	power [2]
Five percent stockholders:					
NuDevco Partners, LLC [3]		%		%	%
Directors, director nominees and named executive officers:					
W. Keith Maxwell III [3]		%		%	%
Nathan Kroeker		%	—	—	%
Allison Wall		%	—	—	%
James G. Jones II		%	—	—	%
John Eads		%	—	—	%
Kenneth M. Hartwick		%	—	—	%
Directors, director nominees and current executive officers as a group (8 total)		%		%	%

* Less than one percent

(1) NuDevco will have the right to exchange all or a portion of its Spark HoldCo units (together with a corresponding number of shares of Class B common stock) for Class A common stock (or cash at Spark Energy, Inc.'s or Spark HoldCo's election) at an exchange ratio of one share of Class A common stock for each Spark HoldCo unit (and corresponding share of Class B common stock) exchanged. For additional information, please see "Certain Relationships and Related Party Transactions—Spark HoldCo LLC Agreement." Excludes the following number of restricted stock units to be issued under our LTIP in connection with the consummation of this offering: 50,000 restricted stock units to Mr. Kroeker; 25,000 restricted stock units to Ms. Hodges; 25,000 restricted stock units to Ms. Wall; 3,750 restricted stock units to Mr. Jones; 3,750 restricted stock units to Mr. Eads; and 3,750 restricted stock units to Mr. Hartwick.

(2) Represents the percentage of voting power of our Class A common stock and Class B common stock voting together as a single class. Each share of Class B common stock entitles its holder to one vote on all matters to be voted on by shareholders generally.

(3) NuDevco Partners, LLC, a Texas limited liability company, is the sole member of NuDevco Partners Holdings, LLC, a Texas limited liability company, which is the sole member of NuDevco Retail Holdings, LLC, which owns a 100% interest in NuDevco Retail, LLC, and may therefore be deemed to beneficially own the shares of Class A common stock and Class B common stock held by NuDevco. W. Keith Maxwell III is the sole member of NuDevco Partners, LLC and may therefore be deemed to beneficially own the shares of Class A common stock and Class B common stock held by NuDevco. If the underwriters exercise their option to purchase additional Class A common stock in full and we use the net proceeds therefrom to purchase additional Spark HoldCo units and cancel the corresponding number of shares of Class B common stock, the number of shares of Class B common stock owned by NuDevco Partners, LLC would be , resulting in a voting power of NuDevco Partners, LLC of %.

DESCRIPTION OF CAPITAL STOCK

Upon completion of this offering, the authorized capital stock of Spark Energy, Inc. will consist of shares of Class A common stock, $0.01 par value per share, of which shares will be issued and outstanding, shares of Class B common stock, $0.01 par value per share, of which shares will be issued and outstanding and shares of preferred stock, $0.01 par value per share, of which no shares will be issued and outstanding.

The following summary of the capital stock and certificate of incorporation and bylaws of Spark Energy, Inc. does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our certificate of incorporation and by-laws, which are filed as exhibits to the registration statement of which this prospectus is a part.

Class A Common Stock

Voting Rights. Holders of shares of Class A common stock are entitled to one vote per share held of record on all matters to be voted upon by the shareholders. The holders of Class A common stock do not have cumulative voting rights in the election of directors.

Dividend Rights . Holders of shares of our Class A common stock are entitled to ratably receive dividends when and if declared by our board of directors out of funds legally available for that purpose, subject to any statutory or contractual restrictions on the payment of dividends and to any prior rights and preferences that may be applicable to any outstanding preferred stock.

Liquidation Rights . Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of Class A common stock are entitled to receive ratably the assets available for distribution to the shareholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

Other Matters . The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

Class B Common Stock

Generally. In connection with the reorganization and this offering, NuDevco will receive one share of Class B common stock for each Spark HoldCo unit that it holds. Accordingly, NuDevco will have a number of votes in Spark Energy, Inc. equal to the aggregate number of Spark HoldCo units that it holds.

Voting Rights. Holders of shares of our Class B common stock are entitled to one vote per share held of record on all matters to be voted upon by the shareholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our shareholders for their vote or approval, except with respect to the amendment of certain provisions of our certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B common stock so as to affect them adversely, which amendments must be by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class, or as otherwise required by applicable law. The holders of Class B common stock do not have cumulative voting rights in the election of directors.

Dividend and Liquidation Rights. Holders of our Class B common stock do not have any right to receive dividends, unless the dividend consists of shares of our Class B common stock or of rights, options, warrants or other

securities convertible or exercisable into or exchangeable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock and a dividend consisting of shares of Class A common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class A common stock on the same terms is simultaneously paid to the holders of Class A common stock. Holders of our Class B common stock do not have any right to receive a distribution upon a liquidation or winding up of Spark Energy, Inc.

Preferred Stock

Our certificate of incorporation authorizes our board of directors, subject to any limitations prescribed by law, without further shareholder approval, to establish and to issue from time to time one or more classes or series of preferred stock, par value $0.01 per share, covering up to an aggregate of shares of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of shareholders.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation, our Bylaws and Delaware Law

Some provisions of Delaware law, and our certificate of incorporation and our bylaws described below, will contain provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or otherwise; or removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that shareholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Law

In our amended and restated certificate of incorporation, we have elected not to be subject to the provisions of Section 203 of the DGCL regulating corporate takeovers until the date on which W. Keith Maxwell III no longer beneficially owns in the aggregate more than fifteen percent of the outstanding Class A common stock and Class B common stock. On and after such date, we will be subject to the provisions of Section 203 of the DGCL.

In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on the NASDAQ Global Market, from engaging in any business combination with any interested shareholder for a period of three years following the date that the shareholder became an interested shareholder, unless:

- the transaction is approved by the board of directors before the date the interested shareholder attained that status;
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

- on or after such time the business combination is approved by the board of directors and authorized at a meeting of shareholders by at least two-thirds of the outstanding voting stock that is not owned by the interested shareholder.

Certificate of Incorporation and Bylaws

Provisions of our certificate of incorporation and bylaws, which will become effective upon the closing of this offering, may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which shareholders might otherwise receive a premium for their shares, or transactions that our shareholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Class A common stock.

Among other things, our certificate of incorporation and bylaws will:

- provide for our board of directors to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three year terms. Our staggered board may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for shareholders to replace a majority of the directors;
- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies in our board, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- provide our board of directors the ability to authorize undesignated preferred stock. This ability makes it possible for our board of directors to issue, without shareholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company;
- provide that at any time after the first date upon which W. Keith Maxwell II no longer beneficially owns more than fifty percent of the outstanding Class A common stock and Class B common stock, any action required or permitted to be taken by the shareholders must be effected at a duly called annual or special meeting of shareholders and may not be effected by any consent in writing in lieu of a meeting of such shareholders, subject to the rights of the holders of any series of preferred stock with respect to such series (prior to such time, such actions may be taken without a meeting by written consent of holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting);
- provide that at any time after the first date upon which W. Keith Maxwell II no longer beneficially owns more than fifty percent of the outstanding Class A common stock and Class B common stock, special meetings of our shareholders may only be called by the board of directors, the chief executive officer or the chairman of the board (prior to such time, special meetings may also be called by our Secretary at the request of holders of record of fifty percent of the outstanding Class A common stock and Class B common stock);
- provide that our amended and restated certificate of incorporation and amended and restated bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our outstanding stock entitled to vote thereon;
- provide that our amended and restated bylaws can be amended by the board of directors;

- establish advance notice procedures with regard to shareholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our shareholders. These procedures provide that notice of shareholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. These requirements may preclude shareholders from bringing matters before the shareholders at an annual or special meeting; and
- provide that we renounce any interest in existing and future investments in other entities by, or the business opportunities of, NuDevco Partners, LLC, NuDevco Partners Holdings, LLC and W. Keith Maxwell III, or any of their officers, directors, agents, shareholders, members, partners, affiliates and subsidiaries (other than our directors who are presented business opportunities in their capacity as our directors or officers) and that they have no obligation to offer us those investments or opportunities.

Forum Selection

Our amended and restated certificate of incorporation will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our shareholders;
- any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws; or
- any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Our amended and restated certificate of incorporation will also provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and to have consented to, this forum selection provision. Although we believe these provisions will benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in our amended and restated certificate of incorporation is inapplicable or unenforceable.

Limitation of Liability and Indemnification Matters

Our certificate of incorporation limits the liability of our directors for monetary damages for breach of their fiduciary duty as directors, except for liability that cannot be eliminated under the DGCL. Delaware law provides that directors of a company will not be personally liable for monetary damages for breach of their fiduciary duty as directors, except for liabilities:

- for any breach of their duty of loyalty to us or our shareholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

- for unlawful payment of dividend or unlawful stock repurchase or redemption, as provided under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment, repeal or modification of these provisions will be prospective only and would not affect any limitation on liability of a director for acts or omissions that occurred prior to any such amendment, repeal or modification.

Our certificate of incorporation and bylaws also provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. Our certificate of incorporation and bylaws also permit us to purchase insurance on behalf of any officer, director, employee or other agent for any liability arising out of that person's actions as our officer, director, employee or agent, regardless of whether Delaware law would permit indemnification. We intend to enter into indemnification agreements with each of our current and future directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liability that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision in our certificate of incorporation and the indemnification agreements will facilitate our ability to continue to attract and retain qualified individuals to serve as directors and officers.

Transfer Agent and Registrar

We anticipate that the transfer agent and register for our Class A common stock will be American Stock Transfer & Trust Company, LLC.

Listing

We have applied to list our Class A common stock for quotation on the NASDAQ Global Market under the symbol "SPKE."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect the market price of our Class A common stock prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our Class A common stock at such time and our ability to raise equity-related capital at a time and price we deem appropriate.

Sales of Restricted Shares

Upon the closing of this offering, we will have outstanding an aggregate of shares of Class A common stock. All shares of our Class A common stock sold in this offering (or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock) will be freely tradable without restriction or further registration under the Securities Act by persons other than our "affiliates" as defined in Rule 144 under the Securities Act, which would be subject to the limitations and restrictions described below under "—Rule 144."

In addition, subject to certain limitations and exceptions, pursuant to the terms of the Spark HoldCo LLC Agreement, NuDevco will have the right to exchange all or a portion of its Spark HoldCo units (together with a corresponding number of shares of Class B common stock) for Class A common stock (or cash pursuant to the Cash Option) at an exchange ratio of one share of Class A common stock for each Spark HoldCo unit (and corresponding share of Class B common stock) exchanged, subject to conversion rate adjustments for stock splits, stock dividends and reclassifications. Upon consummation of this offering, NuDevco will hold Spark HoldCo units, all of which (together with a corresponding number of shares of our Class B common stock) will be exchangeable for shares of our Class A common stock. See "Certain Relationships and Related Party Transactions—Spark HoldCo LLC Agreement." The shares of Class A common stock we issue upon such exchanges would be "restricted securities" as defined in Rule 144 described below. However, upon the closing of this offering, we intend to enter into a registration rights agreement with NuDevco Retail Holdings and NuDevco Retail that will require us to register under the Securities Act these shares of Class A common stock. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

Lock-up Agreements

We, all of our executive officers, directors and certain affiliates, including NuDevco, have agreed not to sell or transfer any shares of Class A common stock or securities convertible into, exchangeable for, exercisable for, or repayable with Class A common stock, for 180 days after the date of this prospectus, subject to certain exceptions and extensions. See "Underwriting" for a description of these lock-up provisions.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least sixth months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person (who has been

unaffiliated for at least the past three months) who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least nine months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our Class A common stock or the average weekly trading volume of our Class A common stock reported through the NASDAQ Global Market during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Stock Issued Under Employee Plans

We intend to file a registration statement on Form S-8 under the Securities Act to register stock issuable under our Long-Term Incentive Plan. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us or the lock-up restrictions described above.

MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax and, to a limited extent, estate tax, consequences related to the purchase, ownership and disposition of our Class A common stock by a non-U.S. holder (as defined below), that holds our Class A common stock as a "capital asset" (generally property held for investment). This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations and administrative rulings and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This summary does not address all aspects of U.S. federal income or estate taxation that may be relevant to non-U.S. holders in light of their personal circumstances. In addition, this summary does not address the Medicare tax on certain investment income, U.S. federal gift tax laws, any state, local or foreign tax laws or any tax treaties. This summary also does not address tax considerations applicable to investors that may be subject to special treatment under the U.S. federal income tax laws, such as (without limitation):

- banks, insurance companies or other financial institutions;
- tax-exempt or governmental organizations;
- dealers in securities or foreign currencies;
- traders in securities that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- persons subject to the alternative minimum tax;
- partnerships or other pass-through entities for U.S. federal income tax purposes or holders of interests therein;
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons that acquired our Class A common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;
- certain former citizens or long-term residents of the United States; and
- persons that hold our Class A common stock as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK ARISING UNDER THE U.S. FEDERAL GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, a "non-U.S. holder" is a beneficial owner of our Class A common stock that is not for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) whose administration is subject to the primary supervision of a U.S. court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (ii) which has made a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds our Class A common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and upon the activities of the partnership. Accordingly, we urge partners in partnerships (including entities treated as partnerships for U.S. federal income tax purposes) considering the purchase of our Class A common stock to consult their tax advisors regarding the U.S. federal income tax considerations of the purchase, ownership and disposition of our Class A common stock by such partnership.

Distributions

Distributions of cash or property on our Class A common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, the distributions will be treated as a non-taxable return of capital to the extent of the non-U.S. holder's tax basis in our Class A common stock and thereafter as capital gain from the sale or exchange of such Class A common stock. See "—Gain on Disposition of Class A Common Stock." Any distribution made to a non-U.S. holder on our Class A common stock generally will be subject to U.S. withholding tax at a rate of 30% of the gross amount of the distribution unless an applicable income tax treaty provides for a lower rate. To receive the benefit of a reduced treaty rate, a non-U.S. holder must provide the withholding agent with an IRS Form W-8BEN (or other appropriate form) certifying qualification for the reduced rate.

Dividends paid to a non-U.S. holder that are effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, are treated as attributable to a permanent establishment maintained by the non-U.S. holder in the United States) generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons (as defined under the Code). Such effectively connected dividends will not be subject to U.S. withholding tax if the non-U.S. holder satisfies certain certification requirements by providing the withholding agent with a properly executed IRS Form W-8ECI certifying eligibility for exemption. If the non-U.S. holder is a foreign corporation, it may also be subject to a branch profits tax (at a 30% rate or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items).

Gain on Disposition of Class A Common Stock

A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our Class A common stock unless:

- the non-U.S. holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met;
- the gain is effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- our Class A common stock constitutes a U.S. real property interest by reason of our status as a United States real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

A non-U.S. holder described in the first bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on the amount of such gain, which generally may be offset by U.S. source capital losses.

A non-U.S. holder whose gain is described in the second bullet point above generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons (as defined under the Code) unless an applicable income tax treaty provides otherwise. If the non-U.S. holder is a corporation, it may also be subject to a branch profits tax (at a 30% rate or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items) which will include such gain.

Generally, a corporation is a USRPHC if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we currently are not a USRPHC for U.S. federal income tax purposes and we do not expect to become a USRPHC for the foreseeable future. However, in the event that we become a USRPHC, as long as our Class A common stock is considered to be regularly traded on an established securities market, only a non-U.S. holder that actually or constructively owns or owned at any time during the shorter of the five-year period ending on the date of the disposition or the non-U.S. holder's holding period for the Class A common stock, more than 5% of our Class A common stock will be taxable on gain recognized on the disposition of our Class A common stock as a result of our status as a USRPHC. If our Class A common stock were not considered to be regularly traded on an established securities market, all non-U.S. holders generally would be subject to U.S. federal income tax on a taxable disposition of our Class A common stock, and a 10% withholding tax would apply to the gross proceeds from the sale of our Class A common stock by such non-U.S. holders.

Non-U.S. holders should consult their tax advisors with respect to the application of the foregoing rules to their ownership and disposition of our Class A common stock.

U.S. Federal Estate Tax

Our Class A common stock beneficially owned or treated as owned by an individual who is not a citizen or resident of the United States (as defined for U.S. federal estate tax purposes) at the time of death generally will be includable in the decedent's gross estate for U.S. federal estate tax purposes and thus may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Any dividends paid to a non-U.S. holder must be reported annually to the IRS and to the non-U.S. holder. Copies of these information returns may be made available to the tax authorities in the country in which the non-U.S.

holder resides or is established. Payments of dividends to a non-U.S. holder generally will not be subject to backup withholding if the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN or other appropriate version of IRS Form W-8.

Payments of the proceeds from a sale or other disposition by a non-U.S. holder of our Class A common stock effected by or through a U.S. office of a broker generally will be subject to information reporting and backup withholding (at the applicable rate) unless the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN or other appropriate version of IRS Form W-8 and certain other conditions are met. Information reporting and backup withholding generally will not apply to any payment of the proceeds from a sale or other disposition of our Class A common stock effected outside the United States by a foreign office of a broker. However, unless such broker has documentary evidence in its records that the holder is a non-U.S. holder and certain other conditions are met, or the non-U.S. holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of our Class A common stock effected outside the United States by such a broker if it has certain relationships within the United States.

Backup withholding is not an additional tax. Rather, the U.S. income tax liability (if any) of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is timely furnished to the IRS.

Additional Withholding Requirements

Sections 1471 through 1474 of the Code, and the Treasury regulations and administrative guidance issued thereunder, impose a 30% withholding tax on any dividends on our Class A common stock and on the gross proceeds from a disposition of our Class A common stock in each case if paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code) (including, in some cases, when such foreign financial institution or entity is acting as an intermediary), unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. government to withhold on certain payments, and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners), (ii) in the case of a non-financial foreign entity, such entity certifies that it does not have any "substantial United States owners" (as defined in the Code) or provides the withholding agent with a certification identifying the direct and indirect substantial United States owners of the entity, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these rules may be subject to different rules. Under certain circumstances, a holder might be eligible for refunds or credits of such taxes.

Payments subject to withholding tax under this law generally include dividends paid on Class A common stock of a U.S. corporation after June 30, 2014, and gross proceeds from sales or other dispositions of such Class A common stock after December 31, 2016. Non-U.S. holders are encouraged to consult their tax advisors regarding the possible implications of these withholding rules.

THE FOREGOING DISCUSSION IS FOR GENERAL INFORMATION ONLY AND SHOULD NOT BE VIEWED AS TAX ADVICE. INVESTORS CONSIDERING THE PURCHASE OF OUR CLASS A COMMON STOCK ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE APPLICABILITY AND EFFECT OF U.S. FEDERAL GIFT TAX LAWS AND ANY STATE, LOCAL OR FOREIGN TAX LAWS AND TAX TREATIES.

UNDERWRITING (CONFLICTS OF INTEREST)

Robert W. Baird & Co. Incorporated and Stifel, Nicolaus & Company, Incorporated are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us, the underwriters and NuDevco Retail Holdings and NuDevco Retail, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of Class A common stock set forth opposite its name below.

Underwriters	Number of Shares
Robert W. Baird & Co. Incorporated	
Stifel, Nicolaus & Company, Incorporated	
Janney Montgomery Scott LLC	
Wunderlich Securities, Inc	
BB&T Capital Markets, a division of BB&T Securities, LLC	
J.J.B. Hilliard, W.L. Lyons, LLC	
USCA Securities LLC	
SG Americas Securities, LLC	
Natixis Securities Americas LLC	
RB International Markets (USA) LLC	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares of Class A common stock sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We and NuDevco have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Class A common stock, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Class A common stock, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of legal opinions and officers' certificates from us and affiliated entities. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representative has advised us that they propose initially to offer the Class A common stock to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information below assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares of Class A common stock.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount (1)	$	$	$
Proceeds, before expenses, to us (1)(2)	$	$	$

(1) Includes a structuring fee equal to 0.50% of the gross proceeds of this offering payable to Robert W. Baird & Co. Incorporated and Stifel, Nicolaus & Company, Incorporated.

(2) None of the net proceeds from this offering will be retained by Spark Energy, Inc. Please see "Use of Proceeds."

The expenses of the offering, not including the underwriting discount or the structuring fee, are estimated at $3.5 million. Robert W. Baird & Co. Incorporated and Stifel, Nicolaus & Company, Incorporated will receive a structuring fee equal to 0.50% of the gross proceeds of this offering (including any proceeds from the exercise of the option of purchase additional shares of Class A common stock) for the evaluation, analysis and structuring of the Company. The underwriters will also be reimbursed for certain expenses attributable to filings with the Financial Industry Regulatory Authority, or FINRA and for the registration or qualification of the Class A common stock under blue sky laws.

Option to Purchase Additional Shares of Class A Common Stock

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to an additional shares of Class A common stock at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, all of our executive officers, directors and certain affiliates, including NuDevco, have agreed not to sell or transfer any shares of Class A common stock or securities convertible into, exchangeable for, exercisable for, or repayable with Class A common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Robert W. Baird & Co. Incorporated. Specifically, we and these other persons have agreed, with certain limited exceptions set forth below, not to directly or indirectly:

- offer, sell, contract to sell, pledge, hypothecate or establish a put equivalent position with respect to any shares of Class A common stock;
- grant any option, right or warrant for the sale of any shares of Class A common stock;
- purchase any option or contract to sell any shares of Class A common stock;
- sell any option or contract to purchase any shares of Class A common stock;
- otherwise encumber, dispose of or transfer, or grant any rights with respect to, directly or indirectly any shares of Class A common stock;
- request or demand that we file a registration statement related to the Class A common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any shares of Class A common stock whether any such swap or transaction is to be settled by delivery of shares of Class A common stock or other securities, in cash or otherwise.

The restrictions set forth in the preceding sentence shall not apply to any pledges by NuDevco in connection with any future financing provided the pledgee agrees to be bound by the lock-up agreement. In addition, the restrictions set forth in the preceding sentence shall not apply to the following transfers, so long as, among other things, the transferor does not voluntarily effect any public filing or report regarding such transfers and agrees to be bound by the terms of the lock-up agreement:

- a bona fide gift or gifts;
- a transfer to any trust for the direct or indirect benefit of such transferor or the immediate family of the transferor;
- a distribution to limited partners or stockholders of the transferor;
- a transfer to the transferor's affiliates or to any investment fund or other entity controlled or managed by the transferor; or
- the issuance of restricted shares of Class A common stock in connection with this offering, and the filing of a registration statement on Form S-8 to register stock issuable under our Long-Term Incentive Plan.

This lock-up provision applies to Class A common stock and to securities convertible into or exchangeable or exercisable for or repayable with Class A common stock. It also applies to shares of Class A common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Robert W. Baird & Co. Incorporated may, in its sole discretion and at any time or from time to time, release all or any portion of the Class A common stock or other securities subject to the lock-up agreement. Any determination to release any Class A common stock would be based upon a number of factors at the time of determination, which may include the market price of the Class A common stock, the liquidity of the trading market of the Class A common stock, general market conditions, the number of shares of Class A common stock or other securities proposed to be sold or otherwise transferred and the timing, purposes and terms of the proposed sale or other transfer. Robert W. Baird & Co. Incorporated does not have any present intention, agreement or understanding, implicit or explicit, to release any of the shares of Class A common stock or other securities subject to the lock-up agreements prior to the expiration of the lock-up period described above.

NASDAQ Global Market Listing

We have applied for listing of the Class A common stock on the NASDAQ Global Market under the symbol "SPKE."

Before this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representative believes to be comparable to us;
- our financial information;
- the history of, and the prospects for, the Company and the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development;

- the recent market prices of, and demand for, publicly traded equity securities of generally comparable companies; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the Class A common stock may not develop. It is also possible that after the offering the Class A common stock will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the Class A common stock in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the Class A common stock is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our Class A common stock. However, the representatives may engage in transactions that stabilize the share price of the Class A common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell shares of our Class A common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares of Class A common stock than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares of Class A common stock described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares of Class A common stock or purchasing shares of Class A common stock in the open market. In determining the source of Class A common stock to close out the covered short position, the underwriters will consider, among other things, the share price of Class A common stock available for purchase in the open market as compared to the price at which they may purchase shares of Class A common stock through the option granted to them. “Naked” short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares of Class A common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the share price of our Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares of Class A common stock sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a decline in the market price of our Class A common stock. As a result, the share price of our Class A common stock may be higher than the share price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NASDAQ Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the share price of our Class A common stock. In

addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Conflicts of Interest

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Specifically, SG Americas Securities, LLC, Natixis Securities Americas LLC and RB International Markets (USA) LLC or their affiliates are lenders under our existing credit facility. In addition, SG Americas Securities, LLC will be sole lead arranger and sole bookrunner under our new credit facility and affiliates of SG Americas Securities, LLC, Natixis Securities Americas LLC and RB International Markets (USA) LLC are expected to be agents and lenders under our new credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Notice to Prospective Investors in the European Economic Area

This prospectus has been prepared on the basis that the transactions contemplated by this prospectus in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") (other than Germany) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of securities. Accordingly, any person making or intending to make any offer in that Relevant Member State of the securities which are the subject of the transactions contemplated by this prospectus, may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor any of the underwriters have authorized, nor do they authorize, the making of any offer of securities or any invitation relating thereto in circumstances in which an obligation arises for us or any of the underwriters to publish a prospectus for such offer or invitation.

In relation to each Relevant Member State, other than Germany, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer to the public of the securities subject to this supplement has been or will be made in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive ("Qualified Investors");

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than Qualified Investors), as permitted under the Prospectus Directive subject to obtaining our prior consent for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer or invitation shall require us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase the securities, as the same may be further defined in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 Amending Directive" means Directive 2010/73/EU.

We have not authorized and do not authorize the making of any offer of securities through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the securities as contemplated in this prospectus. Accordingly, no purchaser of the securities, other than the underwriters, is authorized to make any further offer of the securities on behalf of us or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to and is only directed at (1) persons who are outside the United Kingdom or (2) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act of 2000 (Financial Promotion) Order 2005, which we refer to as the Order, or (30 high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, all such persons together we refer to as relevant persons. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in Switzerland

The distribution of our Class A common stock in Switzerland will be exclusively made to, and directed at, regulated qualified investors ("Regulated Qualified Investors"), as defined in Article 10(3)(a) and (b) of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("CISA"). Accordingly, we have not, and will not be, registered with the Swiss Financial Market Supervisory Authority ("FINMA") and no Swiss representative or paying agent has been or will be appointed for us in Switzerland. This prospectus and/or any other offering materials relating to our Class A common stock may be made available in Switzerland solely to Regulated Qualified Investors.

Notice to Prospective Investors in Germany

This prospectus has not been prepared in accordance with the requirements for a securities or sales prospectus under the German Securities Prospectus Act (Wertpapierprospektgesetz), the German Asset Investment Act (Vermögensanlagengesetz), or the German Investment Act (Investmentgesetz). Neither the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht—BaFin) nor any other

German authority has been notified of the intention to distribute our Class A common stock in Germany. Consequently, our Class A common stock may not be distributed in Germany by way of public offering, public advertisement or in any similar manner and this prospectus and any other document relating to the offering, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of our Class A common stock to the public in Germany or any other means of public marketing. Our Class A common stock is being offered and sold in Germany only to qualified investors which are referred to in Section 3, paragraph 2 no. 1 in connection with Section 2 no. 6 of the German Securities Prospectus Act, Section 2 no. 4 of the German Asset Investment Act, and in Section 2 paragraph 11 sentence 2 no.1 of the German Investment Act. This prospectus is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

The offering does not constitute an offer to sell or the solicitation or an offer to buy our Class A common stock in any circumstances in which such offer or solicitation is unlawful.

Notice to Prospective Investors in the Netherlands

Our Class A common stock may not be offered or sold, directly or indirectly, in the Netherlands, other than to qualified investors (gekwalificeerde beleggers) within the meaning of Article 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Notice to Prospective Investors in Hong Kong

Our Class A common stock may not be offered or sold in Hong Kong by means of this prospectus or any other document other than to (a) professional investors as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) ("SFO") and any rules made under the SFO or (b) in other circumstances which do not result in this prospectus being deemed to be a "prospectus," as defined in the Companies Ordinance of Hong Kong (Cap. 32, Laws of Hong Kong) ("CO"), or which do not constitute an offer to the public within the meaning of the CO or the SFO; and no person has issued or had in possession for the purposes of issue, or will issue or has in possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to our Class A common stock which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to our Class A common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO.

LEGAL MATTERS

The validity of our Class A common stock offered by this prospectus will be passed upon for us by Vinson & Elkins L.L.P., Houston, Texas. Certain legal matters in connection with this offering will be passed upon for the underwriters by Andrews Kurth LLP, Houston, Texas.

EXPERTS

The combined financial statements of Spark Energy, Inc. as of and for each of the years in the two-year period ended December 31, 3013, have been included herein (and in the registration statement) in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The balance sheet of Spark Energy, Inc. as of April 22, 2014, has been included herein (and in the registration statement) in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (including the exhibits, schedules and amendments thereto) under the Securities Act, with respect to the shares of our Class A common stock offered hereby. For further information with respect to us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus as to the contents of any contract, agreement or any other document are summaries of the material terms of this contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. A copy of the registration statement, and the exhibits and schedules thereto, may be inspected without charge at the Public Reference Room of the SEC at 100 F Street N.E., Washington, DC 20549. Copies of these materials may be obtained from such office, upon payment of a duplicating fee. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

As a result of this offering, we will become subject to full information requirements of the Exchange Act. We will fulfill our obligations with respect to such requirements by filing periodic reports and other information with the SEC. We intend to furnish our shareholders with annual reports containing financial statements certified by an independent public accounting firm.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “may,” “continue,” “predict,” “potential,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements appear in a number of places in this prospectus, including “Prospectus Summary,” “Risk Factors,” “Cash Dividend Policy,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” and may include statements about, among other things:

- our business strategy and prospects for growth;
- our ability to pay cash dividends;
- our cash flows and liquidity;
- our financial strategy, budget, projections and operating results;
- the availability and terms of capital;
- competition and government regulations; and
- general economic conditions.

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. The forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from our expectations included, but are not limited to, the following:

- commodity prices;
- weather conditions;
- the sufficiency of our risk management policies and hedging procedures;
- customer concentration;
- federal, state and local regulation;
- our ability to retain licenses in the markets in which we operate;
- our ability to retain existing customers and obtain new customers;
- collateral requirements in connection with supply activities;
- credit risk, including with respect to our suppliers and customers;
- our level of indebtedness;
- the accuracy of our billing systems;
- third party transportation and transmission facilities;
- competition from regulated local regulated utilities and other competitors; and
- other factors discussed in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this prospectus.

All forward-looking statements speak only as of the date of this prospectus; we disclaim any obligation to update these statements unless required by law and we caution you not to place undue reliance on them. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements that we make. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

INDEX TO FINANCIAL STATEMENTS

SPARK ENERGY, INC.
UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Introduction

The following unaudited pro forma combined financial statements of Spark Energy, Inc. (the "Company") as of March 31, 2014, and for the year ended December 31, 2013 and the three months ended March 31, 2014, are derived from the historical combined financial statements of the combined business and assets of the retail natural gas business and asset optimization activities of Spark Energy Gas, LLC ("SEG") and the retail electricity business of Spark Energy, LLC ("SE" and, together with SEG, the "Operating Subsidiaries") set forth elsewhere in this prospectus and are qualified in their entirety by reference to such historical combined financial statements and related notes contained therein. These unaudited pro forma combined financial statements have been prepared to reflect the Company's formation and reorganization in connection with this offering, initial public offering (the "Offering") and use of proceeds therefrom and other related transactions.

The unaudited pro forma combined balance sheet and the unaudited pro forma combined statements of operations (together with the notes to the unaudited pro forma combined financial statements, the "pro forma financial statements") were derived by adjusting the historical audited combined financial statements of the Company, in the case of the unaudited pro forma combined statement of operations for the year ended December 31, 2013, and the unaudited combined financial statements of the Company as of and for the three months ended March 31, 2014, in the case of the unaudited pro forma combined financial statements of the Company as of and for the three months ended March 31, 2014. The adjustments are based upon currently available information and certain estimates and assumptions. Actual effects of the transactions may differ from the pro forma adjustments. Management believes, however, that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and that the pro forma adjustments are factually supportable and give appropriate effect to those assumptions and are properly applied in these pro forma financial statements.

The pro forma adjustments have been prepared as if the Offering and the related transactions had taken place on March 31, 2014, in the case of the unaudited pro forma combined balance sheet, and as if the Offering and the related transactions had taken place as of January 1, 2013, in the case of the unaudited pro forma combined statement of operations. The pro forma combined financial statements have been prepared as if the Company will be treated as a corporation for federal income tax purposes. The pro forma combined financial statements should be read in conjunction with the notes accompanying such pro forma combined financial statements and with our historical audited combined financial statements, as well as "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this prospectus.

The unaudited pro forma combined financial statements give pro forma effect to the following adjustments, among others:

- NuDevco Retail Holdings, LLC's ("NuDevco Retail Holdings") contribution of all of its membership interest in the Operating Subsidiaries to Spark HoldCo, LLC ("Spark HoldCo"), in exchange for Spark HoldCo membership units ("Spark HoldCo Units") and its transfer of 1% of such units to NuDevco Retail, LLC ("NuDevco Retail" and, together with NuDevco Retail Holdings, "NuDevco");
- NuDevco Retail Holdings' transfer of Spark HoldCo Units to the Company in exchange for a $50,000 note issued by the Company to NuDevco Retail Holdings (the "NuDevco Note"), as well as the amendment of Spark HoldCo LLC Agreement to admit the Company as its sole managing member;
- the issuance of shares of the Company's Class B common stock to Spark HoldCo, and the subsequent distribution by Spark HoldCo to NuDevco Retail Holdings and NuDevco Retail of and shares of Class B common stock, respectively, received from the Company;

- the adjustments associated with the change in tax status to a corporation;
- the issuance of shares of the Company's Class A common stock to the public in connection with the Offering;
- the purchase by the Company of Spark HoldCo Units from NuDevco Retail Holdings using the net proceeds raised in connection with the Offering, and the repayment by the Company of the NuDevco Note;
- an estimate of the liability associated with the Tax Receivable Agreement (see "Certain Relationships and Related Party Transactions—Tax Receivable Agreement") the Company will enter into as part of the reorganization (see "Prospectus Summary—Corporate Reorganization") and the corresponding deferred tax asset (assuming the underwriters do not exercise the option to purchase additional shares of Class A common stock from the Company and there are no future exchanges);
- Spark HoldCo's entry into a new $70 million revolving credit facility, borrowing of $10 million and entry into $15 million in letters of credit under the new revolving credit facility, and the amortization of deferred financing costs and unused commitment fee associated with the revolving credit facility;
- the repayment by the Company of the $10 million of debt outstanding under the existing credit facility with the proceeds of the Company's new credit facility borrowings and the assumption pursuant to an interborrower agreement by one of the Company's affiliates, who is also a co-borrower under the agreement, of the remaining $24 million of debt outstanding under the existing credit facility; and
- the recognition of non-controlling interests in Spark HoldCo held by NuDevco Retail Holdings and NuDevco Retail.

The unaudited pro forma combined financial information presented assumes the underwriters do not exercise the option to purchase shares of Class A common stock from NuDevco.

The pro forma financial statements do not give effect to an estimated $3.0 million in incremental general and administrative expenses that the Company expects to incur annually as a result of being a separate publicly-traded company. The pro forma financial statements are presented for illustrative purposes only and do not purport to indicate the financial condition or results of operations that actually would have been realized had the Offering, and the related transactions, been consummated on the dates or for the periods presented.

The pro forma combined financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

SPARK ENERGY, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET AS OF MARCH 31, 2014
(in thousands)

	Spark Energy, Inc. Historical	Pro Forma Adjustments	Pro Forma Spark Energy Inc.
Assets			
Current assets			
Cash and cash equivalents	$ 4,755	$ (a)(c)(e)(g)	$
Accounts receivable, net of allowance for doubtful accounts	87,368	—	87,368
Accounts receivable-affiliates	7,329	—	7,329
Fair value of derivative assets	4,075	—	4,075
Customer acquisition costs	7,527	—	7,527
Prepaid assets	2,019	—	2,019
Other current assets	6,647	(d)(e)	
Total current assets	119,720		
Property, plant and equipment, net	4,614	—	4,614
Fair value of derivative assets	2	—	2
Customer acquisition costs	3,408	—	3,408
Deferred tax assets	—	(f)	
Other assets	89	(d)(e)	
Total assets	$ 127,833	$	$
Liabilities and Member's / Stockholders' Equity			
Current liabilities:			
Accounts payable	$ 54,796	$ —	$ 54,796
Accrued liabilities	7,347	—	7,347
Fair value of derivative liabilities	2,505	—	2,505
Note payable	34,000	(24,000) (d)	10,000
Other current liabilities	1,036	—	1,036
Total current liabilities	99,684	(24,000)	75,684
Long term liabilities:			
Tax receivable agreement liability	—	(f)	
Fair value of derivative liabilities	84	—	84
Total liabilities	99,768		
Member's / Stockholders' equity:			
Member's equity	28,065	(b)	—
Class A common stock, par value $0.01 per share; no shares authorized or issued and outstanding (actual); shares authorized (pro forma, as adjusted); shares issued and outstanding (pro forma, as adjusted)			
Class B common stock, par value $0.01 per share; no shares authorized or issued and outstanding (actual); shares authorized (pro forma, as adjusted); shares issued and outstanding (pro forma, as adjusted)	—		
Preferred stock, par value $0.01 per share; no shares authorized or issued and outstanding (actual); shares authorized (pro forma, as adjusted); no shares issued and outstanding (pro forma, as adjusted)	—	—	—
Additional paid-in capital	—	(c)(f)(g)	
Total member's / stockholders' equity	28,065		
Non-controlling interest	—	(b)(d)(g)	
Total member's / stockholders' equity and non-controlling interest	28,065		
Total liabilities and member's / stockholders' equity and Non-controlling interest	$ 127,833	$	$

The accompanying notes are an integral part of these pro forma financial statements

SPARK ENERGY, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2014
(in thousands)

	Spark Energy, Inc. Historical	Pro Forma Adjustments	Pro Forma Spark Energy Inc.
Revenues			
Retail revenues (including retail revenues—affiliates of $1,489)	$ 104,352	$ —	$ 104,352
Net asset optimization revenues (including asset optimization revenues-affiliates of $2,500, and asset optimization revenues—affiliates costs of revenues of $7,900)	1,624	—	1,624
Total revenues	105,976	—	105,976
Operating expenses:			
Retail cost of revenues (including retail cost of revenues-affiliates of less than $0.1 million)	88,121	—	88,121
General and administrative	8,113	—	8,113
Depreciation and amortization	2,959	—	2,959
Total operating expenses	99,193	—	99,193
Operating income	6,783	—	6,783
Other (expense)/income			
Interest expense	(313)	17 [(h)(i)]	(296)
Interest and other income	70	—	70
Total other (expenses)/income	(243)	17	(226)
Income before income tax expense	6,540	17	6,557
Income tax expense	32	[(j)]	
Net income	$ 6,508	$	$
Less: Net income attributable to non-controlling interest	—	[(k)]	
Net income attributable to stockholders	$ 6,508	$	$
Pro forma net income per common share			
Basic [(l)]	$	$	$
Diluted [(l)]			
Weighted average pro forma common shares outstanding			
Basic [(l)]			
Diluted [(l)]			

The accompanying notes are an integral part of these pro forma financial statements

SPARK ENERGY, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2013
(in thousands)

	Spark Energy, Inc. Historical	Pro Forma Adjustments	Pro Forma Spark Energy Inc.
Revenues			
Retail revenues (including retail revenues—affiliates of $4,022)	$ 316,776	$ —	$ 316,776
Net asset optimization revenues (including asset optimization revenues-affiliates of $14,940 for 2013, and asset optimization revenues—affiliates costs of revenues of $15,928)	314	—	314
Total revenues	317,090	—	317,090
Operating expenses:			
Retail cost of revenues (including retail cost of revenues-affiliates of $55)	233,026	—	233,026
General and administrative	35,020	—	35,020
Depreciation and amortization	16,215	—	16,215
Total operating expenses	284,261	—	284,261
Operating income	32,829	—	32,829
Other (expense)/income			
Interest expense	(1,714)	531 (h)(i)	(1,183)
Interest and other income	353	—	353
Total other (expenses)/income	(1,361)	531	(830)
Income before income tax expense	31,468	531	31,999
Income tax expense	56	(j)	
Net income	$ 31,412	$	$
Less: Net income attributable to non-controlling interest	—	(k)	
Net income attributable to stockholders	$ 31,412	$	$
Pro forma net income per common share			
Basic (l)	$	$	$
Diluted (l)			
Weighted average pro forma common shares outstanding			
Basic (l)			
Diluted (l)			

The accompanying notes are an integral part of these pro forma financial statements

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS

(a) Represents the net pro forma adjustment to cash and cash equivalents related to the sources and uses of proceeds of the Offering and the borrowings under our new credit facility and payment under our existing credit facility.

(in thousands)		
Gross proceeds from Offering	$	see note c
Underwriting discount, structuring fees and other expenses and costs of the Offering		see note c
Repayment of the $50,000 due to Spark Energy Ventures under the NuDevco Note		see note c
Pro forma adjustment to Stockholders equity		see note g
Deferred financing costs paid		see note e
Borrowings under new credit facility		see note d
Repayment of borrowings under existing credit facility		see note d
	$	

(b) Reflects the elimination of Member's equity in connection with its reclassification to Stockholders' equity.

(c) Represents the net adjustment to Additional paid-in-capital from the offering proceeds and the repayment of the NuDevco Note:

(in thousands)	
Gross proceeds from the Offering	$
Underwriting discount, structuring fees and other expenses and costs of the Offering	
Repayment of the $50,000 due to NuDevco under the NuDevco Note	
Pro forma net adjustment to Additional paid-in-capital	$

(d) Reflects the Company's borrowing of $10 million under its new revolving credit facility to be executed at the closing of the Offering, the repayment of $10 million of borrowings under the existing credit facility with proceeds from borrowings under the new credit facility and assumption pursuant to an interborrower agreement of the remaining $24 million of borrowings outstanding under the existing credit facility by one of the Company's affiliates, who is also a co-borrower under the agreement, and the write off of related deferred financing costs upon the termination of our existing credit facility.

	As of March 31, 2014
(in thousands)	
Assumption of borrowings by affiliate	$
Other current assets—deferred financing cost (existing)	$
Other assets—deferred financing cost (existing)	$
Pro forma net adjustment to Non-controlling interest in Spark HoldCo	$

(e) Reflects deferred financing cost paid in connection with a new two-year revolving credit facility to be executed upon closing of the Offering.

	As of March 31, 2014
(in thousands)	
Other current assets—deferred financing cost (new)	$
Other assets—deferred financing cost (new)	$

(f) Reflects adjustments to give effect to the Tax Receivable Agreement (see "Certain Relationships and Related Party Transactions—Tax Receivable Agreement") based on the following assumptions:

- an increase of $ in Deferred tax assets for the estimated income tax effects of the increase in tax basis resulting from the purchase by the Company of Spark HoldCo Units from NuDevco Retail Holdings prior to or in connection with the offering, based on an effective income tax rate of % (which includes a provision for U.S. federal, state and local income taxes);
- the recognition of a $ Tax Receivable Agreement liability, representing 85% of the estimated net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the Offering as a result of (i) any tax basis increases resulting from the purchase by the Company of Spark HoldCo Units from NuDevco Retail Holdings prior to or in connection with the Offering, (ii) the tax basis increases resulting from the exchange of Spark HoldCo units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of Spark HoldCo Units for cash pursuant to the cash option), and (iii) certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, any payments the Company makes under the Tax Receivable Agreement; and
- an increase to Stockholders' equity of $, which is an amount equal to the difference between the increase in Deferred tax assets and the recognition of Tax Receivable Agreement liability due to NuDevco.

(g) Reflects the purchase by the Company of a % controlling interest in Spark HoldCo [(1)]

(in thousands)	
Impact to Additional paid-in-capital	$
Impact to Non-controlling interest	$
Pro forma adjustment to Stockholders' equity	$

(1) Following the consummation of this offering, NuDevco will hold Spark HoldCo Units, representing a % economic interest in Spark HoldCo, and we will hold Spark HoldCo Units, as well the managing member interest, representing a % economic interest in Spark HoldCo. We will control Spark HoldCo through our ownership of the managing member interest and hence consolidate Spark HoldCo's financial position and results of operations. For the purposes of these pro forma financial statements we have assumed the underwriters do not exercise their option to purchase shares of Class A common stock from the Company.

(h) Reflects amortization of deferred financing cost over a two-year period and unused commitment fees of approximately 0.5% related to the new revolving credit facility to be entered into at the closing of the Offering.

	Year Ended December 31, 2013 (in thousands)	Three Months Ended March 31, 2014 (in thousands)
Amortization of deferred financing cost (new)	$250	$63
Unused commitment fees (new)	$225	$56

(i) Reflects the adjustment to Interest expense, including letter of credit fees, on the existing credit facility and amortization of historical deferred financing cost, assuming the settlement in full of the existing credit facility on January 1, 2013, and estimated interest expense associated with the new revolving credit facility to be executed at the closing of the Offering based on the current interest rate of approximately 4.1%. The Company has assumed the new credit facility was drawn in the amount of $10 million for the pro forma period presented. The Company has also assumed outstanding letters of credit of $15 million for the pro forma period presented at a rate of approximately 2.0%. Interest expense would increase or decrease by approximately $63,000 and $16,000 if the interest rate and letter of credit fees increased or decreased by 25 basis points for the year ended December 31, 2013 and the three months ended March 31, 2014, respectively.

	Year Ended December 31, 2013	Three Months Ended March 31, 2014
	(in thousands)	(in thousands)
Interest expense and amortization of deferred financing cost (existing)	$(1,714)	$(313)
Estimated interest expense associated with the new revolving credit facility	$ 708	$ 177

(j) Reflects an increase of $ and $ for the year ended December 31, 2013 and the three months ended March 31, 2014, respectively in income tax expense resulting from the impact of the conversion from a disregarded entity for federal and state income tax purposes to a C corporation, including the tax impact of pro forma adjustment.

(k) Reflects the net income attributable to the non-controlling interest in Spark HoldCo of $ and $ for the year ended December 31, 2013 and the three months ended March 31, 2014, respectively.

(l) Reflects basic and diluted income per common share for issuance of shares of common stock in the corporate reorganization.

	Three months ended March 31, 2014	Year ended December 31, 2013
Pro Forma Earnings Per Share		
Basic EPS		
Numerator:		
Basic net income attributable to stockholders	$	$
Denominator:		
Basic weighted average shares outstanding		
Basic EPS attributable to stockholders	$ —	$ —
Diluted EPS		
Numerator:		
Net income attributable to stockholders	$	$
Effect of conversion		
Diluted net income attributable to stockholders	$ —	$ —
Denominator:		
Basic weighted average shares outstanding		
Effect of conversion		
Diluted weighted average shares outstanding		
Diluted EPS attributable to stockholders	$ —	$ —

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of Spark Energy, Inc.

We have audited the accompanying combined balance sheets of Spark Energy, Inc. (the Company) as of December 31, 2013 and 2012, and the related combined statements of operations and comprehensive income, member's equity, and cash flows for each of the years in the two-year period ended December 31, 2013. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Spark Energy, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Houston, Texas
April 25, 2014

SPARK ENERGY, INC.
COMBINED BALANCE SHEETS AS OF DECEMBER 31, 2013 AND 2012
(in thousands)

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 7,189	$ 6,559
Accounts receivable, net of allowance for doubtful accounts	62,678	72,119
Accounts receivable-affiliates	6,794	5,471
Inventory	4,322	3,723
Fair value of derivative assets (including derivative assets—affiliates of $292 as of December 31, 2012)	8,071	1,847
Customer acquisition costs	4,775	8,837
Prepaid assets	1,032	1,145
Other current assets	6,430	4,545
Total current assets	101,291	104,246
Property and equipment, net	4,817	9,424
Fair value of derivative assets	6	6
Customer acquisition costs	2,901	708
Other assets	58	202
Accounts receivable-affiliate	—	14,692
Total Assets	$109,073	$129,278
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	$ 36,971	$ 44,195
Accrued liabilities	6,838	7,493
Fair value of derivative liabilities (including derivative liabilities—affiliates of $21 as of December 31, 2012)	1,833	5,091
Note payable	27,500	10,000
Other current liabilities	—	518
Total current liabilities	73,142	67,297
Long-term liabilities:		
Fair value of derivative liabilities	18	679
Total liabilities	73,160	67,976
Members' equity:		
Accumulated other comprehensive loss	—	(2,536)
Member's equity	35,913	63,838
Total member's equity	35,913	61,302
Total Liabilities and Member's Equity	$109,073	$129,278

The accompanying notes are an integral part of the combined financial statements.

SPARK ENERGY, INC.
COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(in thousands)

	2013	2012
Revenues:		
Retail revenues (including retail revenues—affiliates of $4,022 and $1,382 for 2013 and 2012, respectively)	$316,776	$380,198
Net asset optimization revenues (including asset optimization revenues-affiliates of $14,940 and $8,334 for 2013 and 2012, respectively, and asset optimization revenues—affiliates costs of revenues of $15,928 and $568 for 2013 and 2012, respectively)	314	(1,136)
Total Revenues	317,090	379,062
Operating Expenses:		
Retail cost of revenues (including retail cost of revenues-affiliates of $55 and $254 for 2013 and 2012, respectively)	233,026	279,506
General and administrative	35,020	47,321
Depreciation and amortization	16,215	22,795
Total Operating Expenses	284,261	349,622
Operating income	32,829	29,440
Other (expense)/income:		
Interest expense	(1,714)	(3,363)
Interest and other income	353	62
Total other (expenses)/income	(1,361)	(3,301)
Income before income tax expense	31,468	26,139
Income tax expense	56	46
Net income	$ 31,412	$ 26,093
Other comprehensive income (loss):		
Deferred gain (loss) from cash flow hedges	2,620	(10,243)
Reclassification of deferred gain (loss) from cash flow hedges into net income (Note 6)	(84)	17,942
Comprehensive income	$ 33,948	$ 33,792

The accompanying notes are an integral part of the combined financial statements.

SPARK ENERGY, INC.
COMBINED STATEMENTS OF MEMBER'S EQUITY FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(in thousands)

	Member's equity	Accumulated other comprehensive income (loss)	Total member's equity
Balance—December 31, 2011	$ 48,180	$(10,235)	$ 37,945
Capital contributions from Member	10,060	—	10,060
Distributions to member	(20,495)	—	(20,495)
Net income	26,093	—	26,093
Deferred loss from cash flow hedges	—	(10,243)	(10,243)
Reclassification of deferred gain from cash flow hedges into net income	—	17,942	17,942
Balance—December 31, 2012	$ 63,838	$ (2,536)	$ 61,302
Capital contributions from Member	12,400	—	12,400
Distributions to member	(71,737)	—	(71,737)
Net income	31,412	—	31,412
Deferred gain from cash flow hedges	—	2,620	2,620
Reclassification of deferred loss from cash flow hedges into net income	—	(84)	(84)
Balance—December 31, 2013	$ 35,913	$ —	$ 35,913

The accompanying notes are an integral part of the combined financial statements.

SPARK ENERGY, INC.
COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(in thousands)

	2013	2012
Cash flows from operating activities:		
Net income	$ 31,412	$ 26,093
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization expense	16,215	22,795
Amortization and write off of deferred financing costs	678	919
Allowance for doubtful accounts and bad debt expense	3,101	1,835
(Gain) loss on derivatives, net (including (gain) loss on derivatives, net—affiliates of $1,509 and $506 for 2013 and 2012, respectively)	(6,567)	21,485
Current period cash settlements on derivatives, net	(1,040)	(26,801)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	6,338	12,019
(Increase) decrease in accounts receivable—affiliates	13,369	(7,787)
(Increase) decrease in inventory	(599)	3,442
(Increase) decrease in customer acquisition costs	(8,257)	(6,322)
(Increase) decrease in prepaid and other current assets	(1,917)	8,505
(Increase) decrease in other assets	144	345
Increase (decrease) in accounts payable	(7,224)	(13,733)
Increase (decrease) in accrued liabilities	(655)	2,339
Increase (decrease) in accounts payable—affiliates	—	(1,295)
Increase (decrease) in other liabilities	(518)	237
Net cash provided by operating activities	44,480	44,076
Cash flows from investing activities:		
Purchases of property and equipment	(1,481)	(2,220)
Sale of property, plant and equipment—affiliates	—	577
Net cash used in investing activities	(1,481)	(1,643)
Cash flows from financing activities:		
Borrowings on notes payable	80,000	39,500
Payments on notes payable	(62,500)	(68,528)
Deferred financing costs	(532)	(441)
Member contributions (distributions), net	(59,337)	(10,435)
Net cash used in financing activities	(42,369)	(39,904)
Increases in cash and cash equivalents	630	2,529
Cash and cash equivalents—beginning of period	6,559	4,030
Cash and cash equivalents—end of period	$ 7,189	$ 6,559
Cash paid during the period for:		
Interest	$ 879	$ 2,686
Income taxes	$ 195	$ 318

The accompanying notes are an integral part of the combined financial statements.

SPARK ENERGY, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS

1. Formation and Organization

The accompanying combined financial statements of Spark Energy, Inc. (the "Company") have been prepared in connection with the initial public offering (the "Offering") of shares of its Class A common stock, par value $0.01 per share (the "Class A common stock"). The Company is a Delaware corporation formed on April 22, 2014 by Spark Energy Ventures, LLC ("Spark Energy Ventures") for the purpose of succeeding to Spark Energy Ventures' ownership in Spark Energy, LLC ("SE") and Spark Energy Gas, LLC ("SEG") which are Spark Energy Ventures' operating subsidiaries for its retail natural gas and asset optimization and retail electricity businesses. Prior to the Offering, Spark Energy Ventures will contribute SE and SEG to NuDevco Retail Holdings, LLC ("NuDevco"), a single member Texas limited liability company formed by Spark Energy Ventures on May 19, 2014 under the Texas Business Organizations Code ("TBOC"). NuDevco was formed by Spark Energy Ventures to hold the investment in Spark HoldCo and the Company. Spark Energy Ventures is a single member limited liability company formed on October 8, 2007 under the TBOC. NuDevco is wholly-owned by Spark Energy Ventures. Spark Energy Ventures is wholly owned by NuDevco Partners Holdings, LLC ("NuDevco Holdings"), which is wholly owned by NuDevco Partners, LLC, which is wholly owned by W. Keith Maxwell III. This Offering will be implemented through a series of exchanges and transfers of interests in entities all under the common control of W. Keith Maxwell III.

The contribution of the interest in SE and SEG to the Company is not considered a business combination accounted for under the purchase method, as it will be a transfer of assets and operations under common control and, accordingly, balances will be transferred at their historical cost. The Company's combined financial statements were prepared using SE's and SEG's historical basis in the assets and liabilities, and include all revenues, costs, assets and liabilities attributed to the retail natural gas and asset optimization and retail electricity businesses of SE and SEG for the periods presented.

SEG is a retail natural gas provider and asset optimization business competitively serving residential, commercial and industrial customers in multiple states. SEG is independent from utility and pipeline affiliates. SEG was formed on January 17, 2001 under the Texas Revised Limited Partnership Act (as recodified by the TBOC) and was converted to a Texas limited liability company on May 21, 2014.

SE is a licensed retail electric provider in multiple states. SE provides retail electricity services to end-use retail customers, ranging from residential and small commercial customers to large commercial and industrial users. SE was formed on February 5, 2002 under the Texas Revised Limited Partnership Act (as recodified by the TBOC) and was converted to a Texas limited liability company on May 21, 2014.

2. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). All significant intercompany transactions and balances have been eliminated in the combined financial statements.

The accompanying combined financial statements have been prepared in accordance with Regulation S-X, Article 3, *General Instructions as to Financial Statements* and Staff Accounting Bulletin ("SAB") Topic 1-B, *Allocations of Expenses and Related Disclosures in Financial Statements of Subsidiaries, Divisions or Lesser Business Components of Another Entity* on a stand-alone basis and are derived from SE's and SEG's historical basis in the

assets and liabilities, and include all revenues, costs, assets and liabilities attributable to the retail natural gas and asset optimization and retail electricity businesses of SE and SEG for the periods presented that are specifically identifiable or have been allocated to the Company. Management has made certain assumptions and estimates in order to allocate a reasonable share of expenses to the Company, such that the Company's combined financial statements reflect substantially all of its costs of doing business. The Company also enters into transactions with and pays certain costs on behalf of affiliates under common control in order to reduce risk, create strategic alliances and supply goods and services to these related parties. The Company direct bills certain expenses incurred on behalf of affiliates or allocates certain overhead expenses to affiliates associated with general and administrative services based on services provided, departmental usage, or headcount, which are considered reasonable by management. The allocations and related estimates and assumptions are described more fully in Note 8 "Transactions with Affiliates". These costs are not necessarily indicative of the cost that the Company would have incurred had it operated as an independent stand-alone entity. Affiliates have also relied upon Spark Energy Ventures as a participant in the credit facility for the periods presented as described more fully in Note 4 "Long-Term Debt". As such, the Company's combined financial statements do not fully reflect what the Company's financial position, results of operations and cash flows would have been had the Company operated as an independent stand-alone company during the periods presented. As a result, historical financial information is not necessarily indicative of what the Company's results of operations, financial position and cash flows will be in the future.

Cash and Cash Equivalents

Cash and cash equivalents consist of all unrestricted demand deposits and funds invested in highly liquid instruments with original maturities of three months or less. The Company periodically assesses the financial condition of the institutions where these funds are held and believes that its credit risk is minimal with respect to these institutions.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Accounts receivable in the combined balance sheets are net of allowance for doubtful accounts of $1.2 million and $0.6 million as of December 31, 2013 and 2012, respectively.

The Company accrues an allowance for doubtful accounts based upon estimated uncollectible accounts receivable considering historical collections, accounts receivable aging analysis, credit risk and other factors. The Company writes off accounts receivable balances against the allowance for doubtful accounts when the accounts receivable is deemed to be uncollectible. Allowance for doubtful accounts and bad debt expense of $3.1 million and $1.8 million was recorded in general and administrative expense in the combined statements of operations for the years ended December 31, 2013 and 2012, respectively.

The Company conducts business in many utility service markets where the local regulated utility is responsible for billing the customer, collecting payment from the customer and remitting payment to the Company ("POR programs"). This POR service results in substantially all of the Company's credit risk being linked to the applicable utility, which generally has an investment-grade rating, and not to the end-use customer. The Company monitors the financial condition of each utility and currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those utilities is remote. Trade accounts receivable that are part of a local regulated utility's POR program are recorded on a gross basis in accounts receivable in the combined balance sheets. The discount paid to the local regulated utilities is recorded in general and administrative expense in the combined statements of operations.

In markets that do not offer POR services or when the Company chooses to directly bill its customers, certain receivables are billed and collected by the Company. The Company bears the credit risk on these accounts and records an appropriate allowance for doubtful accounts to reflect any losses due to non-payment by customers. The Company's customers are individually insignificant and geographically dispersed in these markets. The Company writes off customer balances when it believes that amounts are no longer collectible and when it has exhausted all means to collect these receivables.

Inventory

Inventory consists of natural gas used to fulfill and manage seasonality for fixed and variable-price retail customer load requirements and is valued at the lower of weighted average cost or market. Purchased natural gas costs are recognized in the combined statements of operations, within retail cost of revenues, when the natural gas is sold and delivered out of the storage facility. There were no inventory impairments recorded for the years ended December 31, 2013 and 2012. When natural gas is sold costs are recognized in the combined statements of operations, within retail cost of revenues, at the weighted average cost value at the time of the sale.

Customer Acquisition Costs

The Company has retail natural gas and electricity customer acquisition costs, net of $4.8 million and $8.8 million recorded in current assets and $2.9 million and $0.7 million recorded in noncurrent assets representing direct response advertising costs as of December 31, 2013 and 2012, respectively. Amortization of customer acquisition cost, recorded in depreciation and amortization in the combined statements of operations, was $10.1 million and $16.4 million for the years ended December 31, 2013 and 2012, respectively. Capitalized direct response advertising costs consist primarily of hourly and commission based telemarketing costs, door-to-door agent commissions and other direct advertising costs associated with proven customer generation, and are capitalized and amortized over the estimated two-year average life of a customer in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 340-20, *Capitalized Advertising Costs* .

Recoverability of customer acquisition costs is evaluated based on a comparison of the carrying amount of the customer acquisition costs to the future net cash flows expected to be generated by the customers acquired, considering specific assumptions for customer attrition, per unit gross profit, and operating costs. These assumptions are based on forecasts and historical experience. There were no impairments of customer acquisition costs for the years ended December 31, 2013 and 2012.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense using the straight-line method over the life of the related long-term debt due to the variable nature of the Company's long-term debt.

Property and Equipment

The Company records property and equipment at historical cost. Depreciation expense is recorded on a straight-line method based on estimated useful lives. When assets are placed into service, management makes estimates with respect to useful lives and salvage values of the assets.

When items of property and equipment are sold or otherwise disposed of, any gain or loss is recorded currently in the combined statements of operations.

The Company capitalizes costs associated with internal-use software projects in accordance with FASB ASC Topic 350-40, *Internal-Use Software* . Capitalized costs are the costs incurred during the application development stage of the internal-use software project such as software configuration, coding, installation of hardware and testing. Costs incurred during the preliminary or post-implementation stage of the internal-use software project are expensed in the period incurred. These types of costs include formulation of ideas and alternatives, training and application maintenance. After internal-use software projects are completed, the associated capitalized costs are depreciated over the estimated useful life of the related asset. Interest costs incurred while developing internal-use software projects are capitalized in accordance with FASB ASC Topic 835-20, *Capitalization of Interest* . Capitalized interest costs for the years ended December 31, 2013 and 2012 were not material.

Segment Reporting

The FASB ASC Topic 280, *Segment Reporting* , established standards for entities to report information about the operating segments and geographic areas in which they operate. The Company operates two segments, retail natural gas and retail electricity, and all of its operations are located in the United States.

Revenues and Cost of Revenues

The Company's revenues are derived primarily from the sale of natural gas and electricity to retail customers. The company also records revenue from sales of natural gas and electricity to wholesale counterparties, including affiliates. Revenues are recognized by the Company using the following criteria: (1) persuasive evidence of an exchange arrangement exists, (2) delivery has occurred or services have been rendered, (3) the buyer's price is fixed or determinable and (4) collection is reasonably assured. Utilizing these criteria, revenue is recognized when the natural gas or electricity is delivered. Similarly, cost of revenues is recognized when the commodity is delivered.

Revenues for natural gas and electricity sales are recognized upon delivery under the accrual method. Natural gas and electricity sales that have been delivered but not billed by period end are estimated. Accrued unbilled revenues are based on estimates of customer usage since the date of the last meter read provided by the utility. Volume estimates are based on forecasted volumes and estimated customer usage by class. Unbilled revenues are calculated by multiplying these volume estimates by the applicable rate by customer class. Estimated amounts are adjusted when actual usage is known and billed.

The Company records gross receipts taxes on a gross basis in retail revenues and retail cost of revenues. During the years ended December 31, 2013 and 2012, the Company's retail revenues and retail cost of revenues included gross receipts taxes of $3.5 million and $5.1 million, respectively.

Costs for natural gas and electricity sales are recognized as the commodity is delivered to the customer under the accrual method. Natural gas and electricity costs that have not been billed to the Company by suppliers but have been incurred by period end are estimated. The Company estimates volumes for natural gas and electricity delivered based on the forecasted revenue volumes, estimated transportation cost volumes and estimation of other costs associated with retail load which varies by commodity utility territory. These costs include items like ISO fees, ancillary services and renewable energy credits. Estimated amounts are adjusted when actual usage is known and billed.

The Company's asset optimization activities, which primarily include natural gas physical arbitrage and other short term storage and transportation opportunities, meet the definition of trading activities and are recorded on a net basis in the combined statements of operations in net asset optimization revenues pursuant to FASB ASC 815,

Derivatives and Hedging. The net asset optimization revenues of the Company recorded asset optimization revenues, primarily related to physical sales or purchases of commodities, of $192.4 million and $248.6 million for the years ended December 31, 2013 and 2012, respectively, and recorded asset optimization costs of revenues of $192.1 million and $249.7 million for the years ended December 31, 2013 and 2012, respectively, which are presented on a net basis in asset optimization revenues.

Natural Gas Imbalances

The combined balance sheets include natural gas imbalance receivables and payables, which primarily results when customers consume more or less gas than has been delivered by the Company to local distribution companies ("LDCs"). The settlement of natural gas imbalances varies by LDC, but typically the natural gas imbalances are settled in cash or in kind on a monthly, quarterly, semi-annual or annual basis. The imbalances are valued at an estimated net realizable value. The Company recorded an imbalance receivable of $0.7 million and $0.6 million recorded in other current assets on the combined balance sheets as of December 31, 2013 and 2012, respectively.

Fair Value

FASB ASC 820, Fair Value Measurement, established a single authoritative definition of fair value, set out a framework for measuring fair value, and requires disclosures about fair value measurements. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The standard utilizes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value into three broad levels based on quoted prices in active market, observable market prices, and unobservable market prices.

When the Company is required to measure fair value, and there is not a quoted or observable market price for a similar asset or liability, the Company utilizes the cost, income, or market valuation approach depending on the quality of information available to support management's assumptions.

Derivative Instruments

The Company uses derivative instruments such as futures, swaps, forwards and options to manage the commodity price risks of its business operations.

All derivatives, other than those for which an exception applies, are recorded in the combined balance sheets at fair value. Derivative instruments representing unrealized gains are reported as derivative assets while derivative instruments representing unrealized losses are reported as derivative liabilities. The Company has elected to offset amounts in the combined balance sheets for derivative instruments executed with the same counterparty under a master netting arrangement. One of the exceptions to fair value accounting, normal purchases and normal sales, has been elected by the Company for certain derivative instruments when the contract satisfies certain criteria, including a requirement that physical delivery of the underlying commodity is probable and is expected to be used in normal course of business. Retail revenues and retail cost of revenues resulting from deliveries of commodities under normal purchase contracts and normal sales contracts are included in earnings at the time of contract settlement.

To manage commodity price risk, the Company holds certain derivative instruments that are not held for trading purposes and are not designated as hedges for accounting purposes. However, to the extent the Company does not hold offsetting positions for such derivatives, they believe these instruments represent economic hedges that

mitigate their exposure to fluctuations in commodity prices. As part of the Company's strategy to optimize its assets and manage related commodity risks, it also manages a portfolio of commodity derivative instruments held for trading purposes. The Company uses established policies and procedures to manage the risks associated with price fluctuations in these energy commodities and uses derivative instruments to reduce risk by generally creating offsetting market positions.

Changes in the fair value of and amounts realized upon settlement of derivative instruments not held for trading purposes are recognized currently in earnings in retail revenues or retail costs of revenues, respectively.

Changes in the fair value of and amounts realized upon settlement of derivative instruments held for trading purposes are recognized currently in earnings in net asset optimization revenues.

The Company has historically designated a portion of its derivative instruments as cash flow hedges for accounting purposes. For all hedging transactions, the Company formally documents the hedging transaction and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method used to measure ineffectiveness. The Company also formally assesses, both at the inception of the hedging transaction and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged transactions. For derivative instruments that are designated and qualify as part of a cash flow hedging transaction, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (OCI) and reclassified into earnings in the same period or periods during when the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. Hedge accounting is discontinued prospectively for derivatives that cease to be highly effective hedges or if the occurrence of the forecasted transaction is no longer probable.

Effective July 1, 2013, the Company elected to discontinue hedge accounting prospectively and began to record the changes in fair value recognized in the combined statement of operations in the period of change. Because the underlying transactions were still probable of occurring, the related accumulated OCI was frozen and recognized in earnings as the underlying hedged item was delivered. As of December 31, 2013, the Company has no gains or losses on derivatives that were designated as qualifying cash flow hedging transactions recorded as a component of accumulated OCI, as all previously deferred gains and losses on qualifying hedge transactions were reclassified into earnings during the year ended December 31, 2013 when the associated hedged transactions were recorded into earnings.

Income Taxes

SE and SEG are not taxable entities for U.S. federal income tax purposes or for the majority of states that impose an income tax. Therefore, income taxes are not levied at the entity level, but rather on the individual owners of SE and SEG. Accordingly, the accompanying combined financial statements do not include a provision for federal income taxes. The Company is subject to the Revised Texas Franchise Tax ("Texas Margin Tax"). The Texas Margin Tax is computed on modified gross margin and is recorded in income tax expense in the combined statements of operations. The Company does not do business in any other state where a similar tax is applied. As of December 31, 2013 and 2012, the Company had no liability reported for unrecognized tax benefits.

Net Income per Unit

The Company has omitted earnings per share because the Company has operated under a sole member equity structure for the periods presented.

Commitments and Contingencies

The Company enters into various firm purchase and sale commitments for natural gas, storage, transportation, and electricity that do not meet the definition of a derivative instrument or for which the Company has elected the normal purchase or normal sales exception. Management does not anticipate that such commitments will result in any significant gains or losses based on current market conditions.

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Transactions with Affiliates

The Company enters into transactions with and incurs certain costs on behalf of affiliates that are commonly controlled by NuDevco Holdings in order to reduce administrative expense, create economies of scale and supply goods and services to these related parties. These transactions include, but are not limited to, certain services to the affiliated companies associated with the Company's debt facility, employee benefits provided through the Company's benefit plans, insurance plans, leased office space, and administrative salaries for accounting, tax, legal, or technology services. As such, the accompanying combined financial statements include costs that have been incurred by the Company and then directly billed or allocated to affiliates and are recorded net in general and administrative expense on the combined statements of operations with a corresponding accounts receivable—affiliates recorded in the combined balance sheets. Additionally, the Company enters into transactions with certain affiliates for sales or purchases of natural gas and electricity, which are recorded in retail revenues, retail cost of revenues, and net asset optimization revenues in the combined statements of operations with a corresponding accounts receivable—affiliate or accounts payable—affiliate in the combined balance sheets. Please read Note 8 "Transactions with Affiliates" for further discussion.

Use of Estimates and Assumptions

The preparation of the Company's combined financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Significant items subject to such estimates by the Company's management include provisions for uncollectible receivables, valuation of customer acquisition costs, estimated useful lives of property and equipment, valuation of derivatives, and reserves for contingencies.

Subsequent Events

The Company evaluated subsequent events, if any, that would require adjustment to or disclosure in the Company's combined financial statements and notes to the combined financial statements through the date the combined financial statements are issued. See Note 10 "Subsequent Events" for further discussion.

Recent Accounting Pronouncements

In February 2013 the FASB issued Accounting Standards Update ("ASU") No. 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date* ("ASU 2013-04"), regarding accounting for obligations resulting from joint and several liability arrangements. ASU 2013-04 is effective for interim and annual periods beginning January 1, 2014.

Early adoption is permitted with retrospective application. The Company adopted this standard upon issuance and has applied the requirements to its 2013 and 2012 combined financial statements. Please read Note 4 “Long-Term Debt” to the combined financial statements for further discussion.

In December 2011, the FASB issued ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities* (“ASU 2011-11”). ASU 2011-11 retains the existing offsetting requirements and enhances the disclosure requirements to allow investors to better compare financial statements prepared under GAAP with those prepared under International Financial Reporting Standards (“IFRS”). On January 31, 2013, the FASB issued ASU No. 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* (“ASU 2013-01”). ASU 2013-01 limits the scope of the new balance sheet offsetting disclosures to derivatives, repurchase agreements and securities lending transactions. Both standards are effective for interim and annual periods beginning January 1, 2013 and should be applied retrospectively. The Company adopted this standard upon issuance and has applied the requirements to its 2013 and 2012 combined financial statements. Please read Note 6 “Accounting for Derivative Instruments” to the combined financial statements for further discussion.

In February 2013, the FASB issued Accounting Standards Update ASU No. 2013-02, *Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income* (“ASU 2013-02”), related to the reporting of amounts reclassified out of accumulated other comprehensive income. This guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the financial statements or in the related notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. The guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2012. The Company adopted this standard upon issuance and has applied the requirements to its 2013 and 2012 combined financial statements.

3. Property and Equipment

Property and equipment consist of the following as of December 31, (in thousands):

	Estimated useful lives (years)	2013	2012
Information technology	2 – 5	$ 22,529	$ 21,048
Leasehold improvements	2 – 5	4,568	4,568
Furniture and Fixtures	2 – 5	998	998
Total		28,095	26,614
Accumulated depreciation		(23,278)	(17,190)
Property and equipment—net		$ 4,817	$ 9,424

Information technology assets include software and consultant time used in the application, development and implementation of various systems including customer billing and resource management systems. As of December 31, 2013 and 2012, information technology includes $1.3 million and $0.1 million of costs associated with assets not yet placed into service.

Depreciation expense recorded in the combined statements of operations was $6.1 million and $6.4 million for the years ended December 31, 2013 and 2012, respectively.

4. Long-Term Debt

In October 2007, Spark Energy Ventures and all of its subsidiaries (collectively, the "Borrowers"), entered into a credit agreement, consisting of a working capital facility, a term loan and a revolving credit facility (the "Credit Agreement"), with SE and SEG as co-borrowers under which they were jointly and severally liable for amounts Borrowers borrowed under the Credit Agreement. The Credit Agreement was secured by substantially all of the assets of Spark Energy Ventures and its subsidiaries.

The Credit Agreement was amended on May 30, 2008 to provide for a $177.5 million working capital facility, a $100.0 million term loan, and a $35.0 million revolving credit facility. On January 24, 2011, the Borrowers amended and restated the Credit Agreement (the "Fifth Amended Credit Agreement") to decrease the working capital facility to $150.0 million, to increase the term loan to $130.0 million and to eliminate the revolving credit facility.

On December 17, 2012, the Borrowers amended and restated the Fifth Amended Credit Agreement to decrease the working capital facility to $70.0 million, to decrease the term loan to $125.0 million and to reinstate the revolving credit facility in the amount of $30.0 million (the "Sixth Amended Credit Agreement"). The Sixth Amended Credit Agreement was scheduled to mature on December 17, 2014.

On July 31, 2013 and in conjunction with the initial public offering of Marlin Midstream Partners, LP ("Marlin"), which was formerly wholly owned by Spark Energy Ventures, the Sixth Amended Credit Agreement was amended and restated to increase the working capital facility to $80.0 million and eliminated the term loan and revolving credit facility (the "Seventh Amended Credit Agreement") and to remove Marlin as a party to the Credit Agreement. The Seventh Amended Credit Agreement matures on July 31, 2015. The Credit Agreement continues to be secured by the assets of Spark Energy Ventures and its subsidiaries.

Although SE and SEG, as wholly owned subsidiaries of Spark Energy Ventures, were jointly and severally liable for Marlin's borrowing under the Credit Agreement prior to the Marlin initial public offering, SE and SEG did not historically have access to or use the term loan and the revolving credit facility utilized by Marlin. SE and SEG were the primary recipients of the proceeds from the working capital facility.

The Company adopted ASU 2013-04, which prescribes the accounting for joint and several liability arrangements. The Company has elected to early adopt ASU 2013-04 and has applied the accounting guidance retrospectively to its 2013 and 2012 combined financial statements as required by the standard. This guidance requires an entity to measure its obligation resulting from joint and several liability arrangements for which the total amount under the arrangement is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. Based on the Sixth Amended Credit Agreement prior to the Marlin initial public offering and understanding among the Borrowers, the term loan and the revolving credit facility were assigned specifically to Marlin. The Company has recognized the proceeds from the working capital facility in its combined balance sheets, which represented the amounts the Company with the other Borrowers agreed to pay, and the amounts the Company expected to pay.

Working Capital Facility

The working capital facility was $150.0 million in 2012 under the Fifth Amended Credit Agreement and was later amended to $70.0 million on December 17, 2012 under the Sixth Amended Credit Agreement. On July 31, 2013

and in conjunction with the Seventh Amended Credit Agreement the working capital facility was increased to $80.0 million and is scheduled to mature on July 31, 2015.

The working capital facility is available for use by Spark Energy Ventures and its affiliates to finance the working capital requirements related to the purchase and sale of natural gas, electricity, and other commodity products not related to the retail natural gas and asset optimization and retail electricity businesses of the Company. The Company's combined financial statements include the total amounts outstanding under the working capital facility of $27.5 million and $10.0 million as of December 31, 2013 and 2012, respectively, and are classified as current in the combined balances sheets as the working capital facility is drawn on and repaid on a monthly basis to fund working capital needs. The total amounts outstanding under the facility as of December 31, 2013 and 2012 include amounts used to fund equity distributions to the sole member of the Company to fund unrelated operations of an affiliate under the common control of the sole member, which was a co-borrower under the facility.

Further, through the issuance of letters of credit, the Company is able to secure payment to suppliers. No obligation is recorded for such outstanding letters of credit unless they are drawn upon by the suppliers and in the event a supplier draws on a letter of credit, repayment is due by the earlier of demand by the bank or at the expiration of the Credit Agreement. As of December 31, 2013 and 2012, the Company did not have any amounts outstanding related to outstanding drawn letters of credit. Letters of credit issued and outstanding as of December 31, 2013 and 2012 were $10.0 million and $26.2 million, respectively.

Under the working capital facility, the Company pays a fee with respect to each letter of credit issued and outstanding. For the years ended December 31, 2013 and 2012, the Company incurred fees on letters of credit issued and outstanding totaling $0.5 million and $0.6 million, respectively, which is recorded in interest expense in the combined statements of operations.

Under the Fifth Amended Credit Agreement, the Company may elect to have loans under the credit facility bear interest either (i) at a Eurodollar-based rate plus a margin ranging from 2.50% to 3.25% depending on the Company's consolidated funded indebtedness ratio then in effect, or (ii) at a base rate loan plus a margin ranging from 1.50% to 2.25% depending on the Company's consolidated funded indebtedness ratio then in effect. The Company also pays a nonutilization fee equal to 0.50% per annum.

Under the Sixth Amended Credit Agreement, the Company may elect to have loans under the credit facility bear interest either (i) at a Eurodollar-based rate plus a margin ranging from 3.00% to 3.75% depending on the Company's consolidated funded indebtedness ratio then in effect, or (ii) at a base rate loan plus a margin ranging from 2.00% to 2.75% depending on the Company's consolidated funded indebtedness ratio then in effect. The Company also pays a nonutilization fee equal to 0.50% per annum.

Under the Seventh Amended Credit Agreement, the Company may elect to have loans under the working capital facility bear interest (i) at a Eurodollar-based rate plus a margin ranging from 3.00% to 3.25%, depending on the Spark Energy Ventures' aggregate amount outstanding then in effect, (ii) at a base rate loan plus a margin ranging from 2.00% to 2.25%, depending on Spark Energy Ventures' aggregate amount outstanding then in effect or (iii) a cost of funds rate loan plus a margin ranging from 2.50% to 2.75%, depending on Spark Energy Ventures' aggregate amount outstanding then in effect. Each working capital loan made as a result of a drawing under a letter of credit bears interest on the outstanding principal amount thereof from the date funded at a floating rate per annum equal to the cost of funds rate plus the applicable margin until such loan has been outstanding for more than two business days and, thereafter, bears interest on the outstanding principal amount thereof at a floating rate per annum equal to the base rate plus the applicable margin, plus two percent 2.0% per annum. The Company incurred interest expense of $0.3 million and $1.3 million for the years ended December 31, 2013 and 2012, respectively, which is recorded in interest expense in the combined statements of operations.

The Company also pays a commitment fee equal to 0.50% per annum. The Company incurred commitment fees totaling $0.2 million and $0.5 million for the years ended December 31, 2013 and 2012, respectively, which is recorded in interest expense in the combined statements of operations.

Deferred Financing Costs

Deferred financing costs were $0.5 million and $0.6 million as of December 31, 2013 and 2012, respectively. Of these amounts, $0.4 million and $0.4 million are recorded in other current assets in the combined balance sheets as of December 31, 2013 and 2012, respectively, and $0.1 million and $0.2 million are recorded in other assets in the combined balance sheets as of December 31, 2013 and 2012, respectively, based on the term of the working capital facility.

Amortization of deferred financing costs was $0.6 million and $0.7 million for the years ended December 31, 2013 and 2012, respectively, which is recorded in interest expense in the combined statements of operations.

In conjunction with executing the Sixth Amended Credit Agreement in 2012, the Company paid $0.4 million of financing costs, all of which were capitalized, and the Company wrote off $0.3 million of existing unamortized deferred financing costs related to the Fifth Amended Credit Agreement, which is recorded in interest expense in the combined statements of operations for the year ended December 31, 2013.

In conjunction with executing the Seventh Amended Credit Agreement in 2013, the Company paid $0.5 million of financing costs, all of which were capitalized. Simultaneously, the Company wrote off $0.1 million of existing unamortized deferred financing costs related to the Sixth Amended Credit Agreement, which is recorded in interest expense in the combined statements of operations for the year ended December 31, 2013.

5. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. This includes not only the credit standing of counterparties involved and the impact of credit enhancements but also the impact of the Company’s own nonperformance risk on its liabilities.

The Company applies fair value measurements to its commodity derivative instruments based on the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1—Quoted prices in active markets for identical assets and liabilities. Instruments categorized in Level 1 primarily consist of financial instruments such as exchange-traded derivative instruments.
- Level 2—Inputs other than quoted prices recorded in Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include non-exchange traded derivatives such as over-the-counter commodity forwards and swaps and options.
- Level 3—Unobservable inputs for the asset or liability, including situations where there is little, if any, observable market activity for the asset or liability.

As the fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3), the Company maximizes the use of observable inputs and minimizes the

use of unobservable inputs when measuring fair value. In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In these cases, the lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy.

Non-Derivative Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts receivable-affiliates, accounts payable, and accrued liabilities recorded in the combined balance sheets approximate fair value due to the short-term nature of these items. The carrying amount of long-term debt recorded in the combined balance sheets approximates fair value because of the variable rate nature of the Company's long-term debt.

Derivative Instruments

The following table presents assets and liabilities measured and recorded at fair value in the Company's combined balance sheets on a recurring basis by and their level within the fair value hierarchy as of (in thousands):

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Non-trading commodity derivative assets	$ —	$ 4,672	$ —	$ 4,672
Trading commodity derivative assets	—	3,405	—	3,405
Total commodity derivative assets	$ —	$ 8,077	$ —	$ 8,077
Non-trading commodity derivative liabilities	$(563)	$ (854)	$ —	$(1,417)
Trading commodity derivative liabilities	147	(581)	—	(434)
Total commodity derivative liabilities	$(416)	$(1,435)	$ —	$(1,851)

	Level 1	Level 2	Level 3	Total
December 31, 2012				
Non-trading commodity derivative assets	$ 456	$ 30	$ —	$ 486
Trading commodity derivative assets (including trading commodity derivative assets—affiliates of $292)	721	646	—	1,367
Total commodity derivative assets	$1,177	$ 676	$ —	$ 1,853
Non-trading commodity derivative liabilities	$ (17)	$(2,216)	$ —	$(2,233)
Trading commodity derivative liabilities (including trading derivative liabilities—affiliates of $21)	(94)	(3,443)	—	(3,537)
Total commodity derivative liabilities	$ (111)	$(5,659)	$ —	$(5,770)

The Company had no financial instruments measured using level 3 at December 31, 2013 and 2012. The Company had no transfers of assets or liabilities between any of the above levels during the years ended December 31, 2013 and 2012.

The Company's derivative contracts include exchange-traded contracts fair valued utilizing readily available quoted market prices and non-exchange-traded contracts fair valued using market price quotations available through brokers or over-the-counter and on-line exchanges. In addition, in determining the fair value of the Company's derivative contracts, the Company applies a credit risk valuation adjustment to reflect credit risk which

is calculated based on the Company's or the counterparty's historical credit risks. As of December 31, 2013 and 2012, the credit risk valuation adjustment was not material.

6. Accounting for Derivative Instruments

The Company is exposed to the impact of market fluctuations in the price of electricity and natural gas and basis costs, storage and ancillary capacity charges from independent system operators. The Company uses derivative instruments to manage exposure to these risks, and historically designated certain derivative instruments as cash flow hedges for accounting purposes. For derivatives designated in a qualifying cash flow hedging relationship, the effective portion of the change in fair value is recognized in accumulated OCI and reclassified to earnings in the period in which the hedged item affects earnings. Any ineffective portion of the derivative's change in fair value is recognized currently in earnings.

The Company also holds certain derivative instruments that are not held for trading purposes but are also not designated as hedges for accounting purposes. These derivative instruments represent economic hedges that mitigate the Company's exposure to fluctuations in commodity prices. For these derivative instruments, changes in the fair value are recognized currently in earnings in retail revenues or retail cost of revenues.

As part of the Company's strategy to optimize its assets and manage related risks, it also manages a portfolio of commodity derivative instruments held for trading purposes. The Company's commodity trading activities are subject to limits within the Company's Risk Management Policy. For these derivative instruments, changes in the fair value are recognized currently in earnings in net asset optimization revenues.

Derivative assets and liabilities are presented net in the Company's combined balance sheets when the derivative instruments are executed with the same counterparty under a master netting arrangement. The Company's derivative contracts include transactions that are executed both on an exchange and centrally cleared as well as over-the-counter, bilateral contracts that are transacted directly with a third party. To the extent the Company has paid or received collateral related to the derivative assets or liabilities, such amounts would be presented net against the related derivative asset or liability's fair value. As of December 31, 2013 and 2012 the Company had not paid or received any collateral amounts. The specific types of derivative instruments the Company may execute to manage the commodity price risk include the following:

- Forward contracts, which commit the Company to purchase or sell energy commodities in the future;
- Futures contracts, which are exchange-traded standardized commitments to purchase or sell a commodity or financial instrument;
- Swap agreements, which require payments to or from counterparties based upon the differential between two prices for a predetermined notional quantity; and
- Option contracts, which convey to the option holder the right but not the obligation to purchase or sell a commodity.

The Company has entered into other energy-related contracts that do not meet the definition of a derivative instrument or qualify for the normal purchase or normal sale exception and are therefore not accounted for at fair value including the following:

- Forward electricity and natural gas purchase contracts for retail customer load, and
- Natural gas transportation contracts and storage agreements.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of the Company's open derivative financial instruments accounted for at fair value, broken out, by commodity as of December 31:

Non-trading

Commodity	Notional	2013	2012
Designated as hedges:			
Natural Gas	MMBtu	—	596
Electricity	MWh	—	377
Not qualifying or not designated as hedges:			
Natural Gas	MMBtu	3,513	1,892
Natural Gas Basis	MMBtu	373	714
Electricity	MWh	465	366

Trading

Commodity	Notional	2013	2012
Not qualifying or not designated as hedges			
Natural Gas	MMBtu	2,259	2,989
Natural Gas Basis	MMBtu	1,443	233
Electricity	MWh	—	—

Gains (Losses) on Derivative Instruments

Gains (losses) on derivative instruments, net and current period settlements on derivative instruments were as follows for the years ended December 31 (in thousands):

	2013	2012
Gain (loss) on non-trading derivatives—cash flow hedges, net (including ineffectiveness gain (loss) of $(288) and $930 for 2013 and 2012, respectively)	$ 84	$(17,942)
Gain (loss) on non-trading derivatives, net	1,345	(1,074)
Gain (loss) on trading derivatives, net (including gain (loss) on trading derivatives—affiliates, net of $1,509 and $506 for 2013 and 2012, respectively)	5,138	(2,469)
Gain (loss) on derivatives, net	$ 6,567	$(21,485)
Current period settlements on non-trading derivatives—cash flow hedges	$(1,180)	$ 18,707
Current period settlements on non-trading derivatives	1,833	7,782
Current period settlements on trading derivatives (including current period settlements on trading derivatives—affiliates of ($1,780) and $87 for 2013 and 2012, respectively)	387	312
Total current period settlements on derivatives	$ 1,040	$ 26,801

Gains (losses) on trading derivative instruments are recorded in net asset optimization revenues and gains (losses) on non-trading derivative instruments are recorded in retail revenues or retail cost of revenues on the combined statements of operations.

Fair Value of Derivative Instruments

The following tables summarize the fair value and offsetting amounts of the Company's derivative instruments by counterparty and collateral received or paid as of (in thousands):

	December 31, 2013				
		Gross Amounts		Cash Collateral	Net Amount
Description	Gross Assets	Offset	Net Assets	Offset	Presented
Non-trading commodity derivatives	$ 11,564	$ (6,898)	$ 4,666	$ —	$ 4,666
Trading commodity derivatives	3,949	(544)	3,405	—	3,405
Total Current Derivative Assets	$ 15,513	$ (7,442)	$ 8,071	—	$ 8,071
Non-trading commodity derivatives	$ 100	$ (94)	$ 6	$ —	$ 6
Trading commodity derivatives	14	(14)	—	—	—
Total Non-current Derivative Assets	$ 114	$ (108)	$ 6	—	$ 6
Total Derivative Assets	$ 15,627	$ (7,550)	$ 8,077	$ —	$ 8,077

	December 31, 2013				
		Gross Amounts		Cash Collateral	Net Amount
Description	Gross Liabilities	Offset	Net Liabilities	Offset	Presented
Non-trading commodity derivatives	$ (8,289)	$ 6,898	$ (1,391)	$ —	$ (1,391)
Trading commodity derivatives	(986)	544	(442)	—	(442)
Total Current Derivative Liabilities	$ (9,275)	$ 7,442	$ (1,833)	$ —	$ (1,833)
Non-trading commodity derivatives	$ (120)	$ 94	$ (26)	$ —	$ (26)
Trading commodity derivatives	(6)	14	8	—	8
Total Non-current Derivative Liabilities	$ (126)	$ 108	$ (18)	$ —	$ (18)
Total Derivative Liabilities	$ (9,401)	$ 7,550	$ (1,851)	$ —	$ (1,851)

Description	December 31, 2012 Gross Assets	Gross Amounts Offset	Net Assets	Cash Collateral Offset	Net Amount Presented
Non-trading commodity derivatives—cash flow hedges	$ 1,295	$ (1,192)	$ 103	$ —	$ 103
Non-trading commodity derivatives	3,223	(2,846)	377	—	377
Trading commodity derivatives (including trading commodity derivatives-affiliates of $292)	2,570	(1,203)	1,367	—	1,367
Total Current Derivative Assets	$ 7,088	$ (5,241)	$1,847	$ —	$ 1,847
Non-trading commodity derivatives—cash flow hedges	$ 58	$ (58)	$ —	$ —	$ —
Non-trading commodity derivatives	464	(458)	6	—	6
Trading commodity derivatives	39	(39)	—	—	—
Total Non-current Derivative Assets	$ 561	$ (555)	$ 6	$ —	$ 6
Total Derivative Assets	$ 7,649	$ (5,796)	$1,853	$ —	$ 1,853

Description	December 31, 2012 Gross Liabilities	Gross Amounts Offset	Net Liabilities	Cash Collateral Offset	Net Amount Presented
Non-trading commodity derivatives—cash flow hedges	$ (2,237)	$ 1,192	$ (1,045)	$ —	$ (1,045)
Non-trading commodity derivatives	(3,465)	2,846	(619)	—	(619)
Trading commodity derivatives (including trading commodity derivatives-affiliates of $21)	(4,630)	1,203	(3,427)	—	(3,427)
Total Current Derivative Liabilities	$(10,332)	$ 5,241	$ (5,091)	$ —	$ (5,091)
Non-trading commodity derivatives—cash flow hedges	$ (196)	$ 58	$ (138)	$ —	$ (138)
Non-trading commodity derivatives	(889)	458	(431)	—	(431)
Trading commodity derivatives	(149)	39	(110)	—	(110)
Total Non-current Derivative Liabilities	$ (1,234)	$ 555	$ (679)	$ —	$ (679)
Total Derivative Liabilities	$(11,566)	$ 5,796	$ (5,770)	$ —	$ (5,770)

Accumulated Other Comprehensive Income

The following table summarizes the effects on the Company's accumulated OCI balance attributable to cash flow hedge derivative instruments, for the years ended December (in thousands):

	2013	2012
Accumulated OCI balance, beginning of period	$(2,536)	$(10,235)
Deferred gain (loss) on cash flow hedge derivative instruments	2,620	(10,243)
Reclassification of accumulated OCI net to income	(84)	17,942
Accumulated OCI balance, end of period	$ —	$ (2,536)

The amounts reclassified from accumulated OCI into income and any amounts recognized in income from the ineffective portion of cash flow hedges are recorded in retail cost of revenues. In June 2013, the Company elected to discontinue cash flow hedge accounting.

7. Commitments and Contingencies

The Company's minimum required payments for certain long-term agreements and unconditional purchase obligations are as follows as of December 31, 2013 (in thousands):

	Off-Balance Sheet Arrangements and Contractual Obligations by Year						
	Total	2014	2015	2016	2017	2018	>5 Years
Natural gas and electricity related purchase contracts	$19,102	$11,686	$ 3,708	$3,708	$ —	$ —	$ —
Pipeline transportation agreements	21,313	6,326	2,788	2,629	2,629	1,050	5,891
Other purchase obligations	5,593	781	2,447	2,365	—	—	—
Operating leases	2,731	1,619	1,079	33	—	—	—
Total commitments	$48,739	$20,412	$10,022	$8,735	$2,629	$1,050	$5,891

Natural Gas and Electricity Purchase Contracts

The Company is party to numerous natural gas and electricity related purchase contracts that have varying quantity and price terms as well as varying durations which are not accounted for as derivative financial instruments at fair value as the Company has elected the normal purchase exception for such derivative financial instruments.

Pipeline Transportation Agreements

The Company is party to various natural gas pipeline transportation agreements which require the payment of reservation fees or demand charges whether or not the pipeline transportation is utilized. Future commitments of $17.3 million is related to pipeline transportation agreements with two individual counterparties which expire in 2018 and 2028, respectively.

Other purchase obligations

The Company is party to certain agreements for billing services and software agreements.

Operating leases

The Company is party to non-cancelable operating leases for office space and equipment expiring at various dates. Total lease expense recorded for the years ended December 31, 2013 and 2012 was $1.8 million and $2.0 million, respectively.

Legal Matters

From time to time, the Company may be involved in legal, tax, regulatory and other proceedings in the ordinary course of business. Management does not believe that we are a party to any litigation that will have a material impact on the Company's combined financial condition or results of operations.

8. Transactions with Affiliates

The Company enters into transactions with and pays certain costs on behalf of affiliates that are commonly controlled in order to reduce administrative expense, create economies of scale and supply goods and services to these related parties. The Company also sells and purchases natural gas and electricity with affiliates. The Company presents receivables and payables with affiliates on a net basis on the combined balance sheets as all affiliate activity is with parties under common control.

Accounts Receivable-Affiliates

The Company recorded current accounts receivable—affiliates of $6.8 million and $5.5 million as of December 31, 2013 and 2012, respectively, for certain direct billings and cost allocations for services the Company provided to affiliates and sales or purchases of natural gas and electricity to affiliates.

The Company also recorded non-current accounts receivable—affiliate of $14.7 million, including a non-interest bearing loan of $1.1 million, as of December 31, 2012 for such goods and services. On April 8, 2013, the Company and Marlin entered into an Acknowledgement and Agreement, whereby the Company and Marlin agreed that: (i) $14.7 million of the Company's accounts receivable—affiliate balance attributable to Marlin as of March 31, 2013 (the "Outstanding Amount") was not required to be paid sooner than March 31, 2014, (ii) the Outstanding Amount or any future accounts receivable affiliates balances owed by Marlin would not accrue interest, and (iii) payment of the Outstanding Amount by Marlin prior to March 31, 2014 was not precluded. Accordingly, $14.7 million was reclassified to long-term accounts receivable-affiliate as of December 31, 2012.

On April 26, 2013, Marlin paid $3.0 million of the Outstanding Amount, reducing the Outstanding Amount to $11.7 million (the "Remaining Outstanding Amount"). On June 3, 2013, the Company and Marlin entered into a revised Acknowledgement and Agreement, whereby the Company and Marlin agreed that (i) the Remaining Outstanding Amount was not required to be paid sooner than July 31, 2014, (ii) the Remaining Outstanding Amount or any future accounts receivable affiliates balances owed by Marlin would not accrue interest, and (iii) payment of the Remaining Outstanding Amount prior to July 31, 2014 was not precluded. In July 2013, in connection with the closing of Marlin's initial public offering, NuDevco Midstream Development assumed the Remaining Outstanding Amount of $11.7 million accounts payable affiliates balance and Marlin was released from such obligation. As of December 31, 2013, the receivable due to the Company from NuDevco Midstream Development related to the assumption of the Remaining Outstanding Amount was $3.4 million and is recorded in current accounts receivable-affiliates.

Revenues and Cost of Revenues-Affiliates

Prior to Marlin's IPO on July 31, 2013, the Company provided natural gas to Marlin, who is a processing service provider, whereby Marlin gathered natural gas from the Company and other third parties, extracted NGLs, and redelivered the processed natural gas to the Company and other third parties. Marlin replaced energy used in processing due to the extraction of liquids, compression and transportation of natural gas, and fuel by making a payment to the Company at market prices. Revenues-affiliates, recorded in net asset optimization revenues in the

combined statements of operations, related to Marlin's payments to the Company for replaced energy for the years ended December 31, 2013 and 2012 were $3.0 million and $8.3 million , respectively.

Beginning on August 1, 2013, the Marlin processing agreement was terminated and the Company and another affiliate entered into an agreement whereby the Company purchases natural gas from the affiliate at the tailgate of the Marlin plant. Cost of revenues-affiliates, recorded in net asset optimization revenues in the combined statements of operations for the year ended December 31, 2013 related to this agreement were $17.7 million. Additionally, from August 2, 2013 to September 30, 2013 the Company purchased natural gas under third-party contracts and sold the natural gas to the affiliate at the Marlin inlet while the affiliate worked to have the third-party contracts assigned to it. The Company also purchased natural gas at a nearby third party plant inlet which was then sold to the affiliate. Revenues-affiliates, recorded in net asset optimization revenues in the combined statements of operations, for the year ended December 31, 2013 related to these sales were $11.9 million.

Additionally, the Company entered into a natural gas transportation agreement with Marlin, at Marlin's pipeline, whereby the Company transports retail natural gas and pays the higher of (i) a minimum monthly payment or (ii) a transportation fee per MMBtu times actual volumes transported. The current transportation agreement was set to expire on February 28, 2013, but was extended for three additional years at a fixed rate per MMBtu without a minimum monthly payment. Included in the Company's results are cost of revenues-affiliates, recorded in retail cost of revenues in the combined statements of operations related to this activity of $0.1 million and $0.3 million for the years ended December 31, 2013 and 2012, respectively.

The Company also purchases electricity for an affiliate and sells the electricity to the affiliate at the same market price that the company paid to purchase the electricity. Sales of electricity to the affiliate were $4.0 million and $1.4 million for the years ended December 31, 2013 and 2012, respectively, which is recorded in retail revenues-affiliate in the combined statements of operations.

Also included in the Company's results are cost of revenues-affiliates related to derivative instruments, recorded in net asset optimization revenues in the combined statements of operations, is a gain of $1.8 million and loss of $0.6 million as of December 31, 2013 and 2012, respectively. The Company has no outstanding derivative instruments with affiliates as of December 31, 2013.

Cost allocations

The Company paid certain expenses on behalf of affiliates, which are reimbursed by the affiliates to the Company, including costs that can be specifically identified and certain allocated overhead costs associated with general and administrative services, including executive management, facilities, banking arrangements, professional fees, insurance, information services, human resources and other support department's to the affiliates. Where costs incurred on behalf of the affiliate could not be determined by specific identification for direct billing, the costs were primarily allocated to the affiliated entities based on percentage of departmental usage, wages or headcount. The total amount direct billed and allocated to affiliates for the years ended December 31, 2013 and 2012 was $7.4 million and $4.1 million respectively, and is recorded as a reduction in general and administrative expenses in the combined statements of operations.

The Company pays residual commissions to an affiliate for all customers enrolled by the affiliate who pay their monthly retail gas or retail electricity bill. Commission paid to the affiliate was $0.1 million and $0.8 million for the years ended December 31, 2013 and 2012, respectively, which is recorded in general and administrative expense in the combined statements of operations.

Member Distributions and Contributions

During the years ended December 31, 2013 and 2012, the Company made net capital distributions to W. Keith Maxwell III of $59.3 million and $10.4 million, respectively. In contemplation of the Company's Offering, in April 2014, the Company entered into an agreement with an affiliate to permanently forgive all net outstanding accounts receivable balances from the affiliate. As such, the accounts receivable balances from the affiliate have been eliminated and presented as a distribution to W. Keith Maxwell III for 2013 and 2012.

Property and Equipment Sold

In 2012, the Company sold a field office facility, vehicles and computer and other equipment to affiliates for $0.6 million. The assets were sold at the Company's historical cost basis at the time of the sale, as the transactions were between affiliates under common control.

9. Segment Reporting

The Company's determination of reportable business segments considers the strategic operating units under which the Company makes financial decisions, allocates resources and assesses performance of its retail and asset optimization businesses.

The Company's reportable business segments are retail natural gas and retail electricity. The retail natural gas segment consists of natural gas sales to, and natural gas transportation and distribution for, residential and commercial customers. Asset optimization activities, considered an integral part of securing the lowest price natural gas to serve retail gas load, are part of the retail natural gas segment. The retail electricity segment consists of electricity sales and transmission to residential and commercial customers. Corporate and other consists of expenses and assets of the retail natural gas and retail electricity segments that are managed at a consolidated level such as general and administrative expenses.

To assess the performance of the Company's operating segments, the chief operating decision maker analyzes retail gross margin. The Company defines retail gross margin as operating income plus (i) depreciation and amortization expenses and (ii) general and administrative expenses, less (i) net asset optimization revenues, (ii) net gains (losses) on derivative instruments, and (iii) net current period cash settlements on derivative instruments. The Company deducts net gains (losses) on derivative instruments, excluding current period cash settlements, from the retail gross margin calculation in order to remove the non-cash impact of net gains and losses on derivative instruments.

Retail gross margin is a primary performance measure used by our management to determine the performance of our retail natural gas and electricity business by removing the impacts of our asset optimization activities and net non-cash income (loss) impact of our economic hedging activities. As an indicator of our retail energy business' operating performance, retail gross margin should not be considered an alternative to, or more meaningful than, operating income, as determined in accordance with GAAP. Below is a reconciliation of retail gross margin to income before income tax expense.

	2013	2012
Reconciliation of Retail Gross Margin to Income before taxes		
Income before income tax expense	$31,468	$ 26,139
Interest and other income	(353)	(62)
Interest expense	1,714	3,363
Operating Income	32,829	29,440
Depreciation and amortization	16,215	22,795
General and administrative	35,020	47,321
Less:		
Net asset optimization revenue	314	(1,136)
Net, Gains (losses) on derivative instruments	1,429	(19,016)
Net, Cash settlements on derivative instruments	653	26,489
Retail Gross Margin	$81,668	$ 93,219

The accounting policies of the business segments are the same as those described in the summary of significant accounting policies. The Company uses gross margin and net asset optimization revenues as the measure of profit or loss for its business segments. This measure represents the lowest level of information that is provided to the chief operating decision maker for our reportable segments.

Financial data for business segments are as follows (in thousands):

Year ended December 31, 2013	Retail Electricity	Retail Natural Gas	Corporate and Other	Eliminations	Spark Retail
Total Revenues	$191,872	$125,218	$ —	$ —	$317,090
Retail cost of revenues	149,885	83,141	—	—	233,026
Less:					
Net asset optimization revenues	—	314	—	—	314
Gains (losses) on retail derivative instruments	1,336	93	—	—	1,429
Current period settlements on non-trading derivatives	1,349	(696)	—	—	653
Retail gross margin	$ 39,302	$ 42,366	$ —	$ —	$ 81,668
Total Assets	$ 41,879	$ 87,985	$953	$(21,744)	$109,073

Year ended December 31, 2012	Retail Electricity	Retail Natural Gas	Corporate and Other	Eliminations	Spark Retail
Total revenues	$256,357	$122,705	$ —	$ —	$379,062
Retail cost of revenues	202,440	77,066	—	—	279,506
Less:					
Net asset optimization revenues	—	(1,136)		—	(1,136)
Gains (losses) on retail derivative instruments	(17,400)	(1,616)		—	(19,016)
Current period settlements on non-trading derivatives	18,577	7,912	—	—	26,489
Retail gross margin	$ 52,740	$ 40,479	$ —	$ —	$ 93,219
Total Assets	$ 51,034	$100,433	$998	$(23,187)	$129,278

Significant Customers

For the year ended December 31, 2013 and 2012, we had one significant customer that individually accounted for more than 10% of the Company's combined net asset optimization revenues.

Significant Suppliers

For the year ended December 31, 2013 and 2012, we had one significant supplier that individually accounted for more than 10% of the Company's combined net asset optimization revenues.

For the year ended December 31, 2013, the Company had one significant supplier that individually accounted for more than 10% of the Company's combined retail electricity retail cost of revenues. There were no significant suppliers for retail electricity in 2012.

10. Subsequent Events

Subsequent to December 31, 2013, the Company made net capital distributions to W. Keith Maxwell III of $1.0 million.

SPARK ENERGY, INC.
CONDENSED COMBINED BALANCE SHEETS AS OF MARCH 31, 2014 AND DECEMBER 31, 2013
(in thousands)
(unaudited)

	March 31, 2014 (restated)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 4,755	$ 7,189
Accounts receivable, net of allowance for doubtful accounts	87,368	62,678
Accounts receivable-affiliates	7,329	6,794
Inventory	—	4,322
Fair value of derivative assets	4,075	8,071
Customer acquisition costs	7,527	4,775
Prepaid assets	2,019	1,032
Other current assets	6,647	6,430
Total current assets	119,720	101,291
Property and equipment, net	4,614	4,817
Fair value of derivative assets	2	6
Customer acquisition costs	3,408	2,901
Other assets	89	58
Total Assets	$127,833	$109,073
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	$ 54,796	$ 36,971
Accrued liabilities	7,347	6,838
Fair value of derivative liabilities	2,505	1,833
Note payable	34,000	27,500
Other current liabilities	1,036	—
Total current liabilities	99,684	73,142
Long-term liabilities:		
Fair value of derivative liabilities	84	18
Total liabilities	99,768	73,160
Members' equity:		
Member's equity	28,065	35,913
Total member's equity	28,065	35,913
Total Liabilities and Member's Equity	$127,833	$109,073

The accompanying notes are an integral part of the condensed combined financial statements.

SPARK ENERGY, INC.
CONDENSED COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(in thousands)
(unaudited)

	March 31,	
	2014	2013
	(restated)	
Revenues:		
Retail revenues (including retail revenues—affiliates of $1,489 and $199 for the three months ended March 31, 2014 and 2013, respectively)	$104,352	$100,453
Net asset optimization revenues (including asset optimization revenues-affiliates of $2,500 and $1,500 for the three months ended March 31, 2014 and 2013, respectively, and asset optimization revenues—affiliates costs of revenues of $7,900 and less than $0.1 million for the three months ended March 31, 2014 and 2013, respectively)	1,624	(1,157)
Total Revenues	105,976	99,296
Operating Expenses:		
Retail cost of revenues (including retail cost of revenues-affiliates of less than $0.1 million for the three months ended March 31, 2014 and 2013, respectively)	88,121	69,993
General and administrative	8,113	9,275
Depreciation and amortization	2,959	5,030
Total Operating Expenses	99,193	84,298
Operating income	6,783	14,998
Other (expense)/income:		
Interest expense	(313)	(384)
Interest and other income	70	11
Total other (expenses)/income	(243)	(373)
Income before income tax expense	6,540	14,625
Income tax expense	32	14
Net income	$ 6,508	$ 14,611
Other comprehensive income (loss):		
Deferred gain (loss) from cash flow hedges	—	3,211
Reclassification of deferred gain (loss) from cash flow hedges into net income (Note 6)	—	(282)
Comprehensive income	$ 6,508	$ 17,540

The accompanying notes are an integral part of the condensed combined financial statements.

SPARK ENERGY, INC.
CONDENSED COMBINED STATEMENTS OF MEMBER'S EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2014
(in thousands)
(unaudited)

	Member's equity
Balance—December 31, 2013	$ 35,913
Capital contributions from member	19,701
Distributions to member	(34,057)
Net income (restated)	6,508
Balance—March 31, 2014 (restated)	$ 28,065

The accompanying notes are an integral part of the condensed combined financial statements.

SPARK ENERGY, INC.
CONDENSED COMBINED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(in thousands)
(unaudited)

	March 31,	
	2014	2013
	(restated)	
Cash flows from operating activities:		
Net income	$ 6,508	$ 14,611
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization expense	2,959	5,030
Amortization and write off of deferred financing costs	113	120
Allowance for doubtful accounts and bad debt expense	565	513
(Gain) loss on derivatives, net	(5,460)	(2,242)
Current period cash settlements on derivatives, net	10,197	1,471
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(25,257)	2,603
(Increase) decrease in accounts receivable—affiliates	(535)	4,420
Decrease in inventory	4,322	3,411
Increase in customer acquisition costs	(5,227)	(220)
(Increase) in prepaid and other current assets	(1,316)	(532)
(Increase) decrease in other assets	(31)	31
Increase (decrease) in accounts payable	17,825	(8,339)
Increase (decrease) in accrued liabilities	510	(2,672)
Increase (decrease) in other liabilities	1,036	(337)
Net cash provided by operating activities	6,209	17,868
Cash flows from investing activities:		
Purchases of property and equipment	(787)	(93)
Net cash used in investing activities	(787)	(93)
Cash flows from financing activities:		
Borrowings on notes payable	24,500	9,500
Payments on notes payable	(18,000)	(17,500)
Member contributions (distributions), net	(14,356)	(14,239)
Net cash used in financing activities	(7,856)	(22,239)
Decreases in cash and cash equivalents	(2,434)	(4,464)
Cash and cash equivalents—beginning of period	7,189	6,559
Cash and cash equivalents—end of period	$ 4,755	$ 2,095
Cash paid during the period for:		
Interest	$ 267	$ 219

The accompanying notes are an integral part of the condensed combined financial statements.

SPARK ENERGY, INC.
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS
(UNAUDITED)

1. Formation and Organization

The accompanying interim unaudited condensed combined financial statements of Spark Energy, Inc. (the "Company") have been prepared in connection with the initial public offering (the "Offering") of shares of its Class A common stock, par value $0.01 per share (the "Class A common stock"). The Company is a Delaware corporation formed on April 22, 2014 by Spark Energy Ventures, LLC ("Spark Energy Ventures") for the purpose of succeeding to Spark Energy Ventures' ownership in Spark Energy, LLC ("SE") and Spark Energy Gas, LLC ("SEG") which are Spark Energy Ventures' operating subsidiaries for its retail natural gas and asset optimization and retail electricity businesses. Prior to the Offering, Spark Energy Ventures will contribute SE and SEG to NuDevco Retail Holdings, LLC ("NuDevco"), a single member Texas limited liability company formed by Spark Energy Ventures on May 19, 2014 under the Texas Business Organizations Code ("TBOC"). NuDevco was formed by Spark Energy Ventures to hold the investment in Spark HoldCo and the Company. Spark Energy Ventures is a single member limited liability company formed on October 8, 2007 under the TBOC. NuDevco is wholly owned by Spark Energy Ventures. Spark Energy Ventures is wholly owned by NuDevco Partners Holdings, LLC, which is wholly owned by NuDevco Partners, LLC, which is wholly owned by W. Keith Maxwell III. This Offering will be implemented through a series of exchanges and transfers of interests in entities all under the common control of W. Keith Maxwell III.

The contribution of the interest in SE and SEG to the Company is not considered a business combination accounted for under the purchase method, as it will be a transfer of assets and operations under common control and, accordingly, balances will be transferred at their historical cost. The Company's interim unaudited condensed combined financial statements were prepared using SE's and SEG's historical basis in the assets and liabilities, and include all revenues, costs, assets and liabilities attributed to the retail natural gas and asset optimization and retail electricity businesses of SE and SEG for the periods presented.

SEG is a retail natural gas provider and asset optimization business competitively serving residential, commercial and industrial customers in multiple states. SEG is independent from utility and pipeline affiliates. SEG was formed on January 17, 2001 under the Texas Revised Limited Partnership Act (as recodified by the TBOC) and was converted to a Texas limited liability company on May 21, 2014.

SE is a licensed retail electric provider in multiple states. SE provides retail electricity services to end-use retail customers, ranging from residential and small commercial customers to large commercial and industrial users. SE was formed on February 5, 2002 under the Texas Revised Limited Partnership Act (as recodified by the TBOC) and was converted to a Texas limited liability company on May 21, 2014.

Restatement

The Company has restated its financial statements as of and for the three months ended March 31, 2014. The Company identified errors in the Company's recorded retail revenues and retail cost of revenues due to inaccurate data and assumptions used in estimating the recorded amounts of retail revenues, retail cost of revenues and the related natural gas imbalances as of and for the three months ended March 31, 2014. In addition, the Company identified that a reclass from other current assets to other current liabilities was needed to properly classify a natural gas imbalance liability that was previously recorded net within other current assets. Refer to the schedules

below for the impact of these adjustments on the condensed combined balance sheet as of March 31, 2014 and on the condensed combined statements of operations for the three months ended March 31, 2014. The identified errors had no impact on cash flows from operating activities, investing activities, and/or financing activities of the Company. The following schedules reconcile the amounts as originally reported to the corresponding restated amounts (in thousands):

Restated Condensed Combined Balance Sheet Amounts

	As of March 31, 2014		
	As Previously Reported	Restatement Adjustments	Restated
Accounts receivable, net of allowance for doubtful accounts	$ 89,568	$(2,200)	$ 87,368
Other current assets	5,254	1,393	6,647
Total current assets	120,527	(807)	119,720
Total assets	128,640	(807)	127,833
Accounts payable	53,450	1,346	54,796
Other current liabilities	—	1,036	1,036
Total current liabilities	97,302	2,382	99,684
Total liabilities	97,386	2,382	99,768
Member's equity	31,254	(3,189)	28,065
Total member's equity	31,254	(3,189)	28,065
Total Liabilities and Member's Equity	$128,640	$ (807)	$127,833

Restated Condensed Combined Statements of Operations and Comprehensive Income Amounts

	As of March 31, 2014		
	As Previously Reported	Restatement Adjustments	Restated
Retail revenues	$106,552	$(2,200)	$104,352
Total Revenues	108,176	(2,200)	105,976
Retail cost of revenues	87,132	989	88,121
Total Operating Expenses	98,204	989	99,193
Operating income	9,972	(3,189)	6,783
Income before income tax expense	9,729	(3,189)	6,540
Net income	9,697	(3,189)	6,508
Comprehensive income	$ 9,697	$(3,189)	$ 6,508

2. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying interim unaudited condensed combined financial statements ("interim statements") of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X issued by the U.S. Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for annual financial statements. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim financial statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying interim unaudited condensed combined financial statements have been prepared in accordance with Regulation S-X, Article 3, *General Instructions as to Financial Statements and Staff Accounting Bulletin ("SAB") Topic 1-B, Allocations of Expenses and Related Disclosures in Financial Statements of Subsidiaries, Divisions or Lesser Business Components of Another Entity* on a stand-alone basis and are derived from SE's and SEG's historical basis in the assets and liabilities, and include all revenues, costs, assets and liabilities attributable to the retail natural gas and asset optimization and retail electricity businesses of SE and SEG for the periods presented that are specifically identifiable or have been allocated to the Company. Management has made certain assumptions and estimates in order to allocate a reasonable share of expenses to the Company, such that the Company's combined financial statements reflect substantially all of its costs of doing business. The Company also enters into transactions with and pays certain costs on behalf of affiliates under common control in order to reduce risk, create strategic alliances and supply goods and services to these related parties. The Company direct bills certain expenses incurred on behalf of affiliates or allocates certain overhead expenses to affiliates associated with general and administrative services based on services provided, departmental usage, or headcount, which are considered reasonable by management. The allocations and related estimates and assumptions are described more fully in Note 8 "Transactions with Affiliates". These costs are not necessarily indicative of the cost that the Company would have incurred had it operated as an independent stand-alone entity. Affiliates have also relied upon Spark Energy Ventures as a participant in the credit facility for the periods presented as described more fully in Note 4 "Long-Term Debt". As such, the Company's interim unaudited condensed combined financial statements do not fully reflect what the Company's financial position, results of operations and cash flows would have been had the Company operated as an independent stand-alone company during the periods presented. As a result, historical financial information is not necessarily indicative of what the Company's results of operations, financial position and cash flows will be in the future.

Net Income per Unit

The Company has omitted earnings per share because the Company has operated under a sole member equity structure for the periods presented.

Subsequent Events

The Company evaluated subsequent events, if any, that would require adjustment to or disclosure in the Company's condensed combined financial statements and notes to the condensed combined financial statements through the date the condensed combined financial statements are issued. See Note 10 "Subsequent Events" for further discussion.

3. Property and Equipment

Property and equipment consist of the following as of (in thousands):

	Estimated useful lives (years)	March 31, 2014	December 31, 2013
Information technology	2 – 5	$ 23,316	$ 22,529
Leasehold improvements	2 – 5	4,568	4,568
Furniture and Fixtures	2 – 5	998	998
Total		28,882	28,095
Accumulated depreciation		(24,268)	(23,278)
Property and equipment—net		$ 4,614	$ 4,817

Information technology assets include software and consultant time used in the application, development and implementation of various systems including customer billing and resource management systems. As of March 31, 2014 and December 31, 2013, information technology includes $2.1 million and $1.3 million, respectively, of costs associated with assets not yet placed into service.

Depreciation expense recorded in the combined statements of operations was $0.9 million and $1.6 million for the three months ended March 31, 2014 and 2013, respectively.

4. Long-Term Debt

In October 2007, Spark Energy Ventures and all of its subsidiaries (collectively, the “Borrowers”), entered into a credit agreement, consisting of a working capital facility, a term loan and a revolving credit facility (the “Credit Agreement”), with SE and SEG as co-borrowers under which they were jointly and severally liable for amounts Borrowers borrowed under the Credit Agreement. The Credit Agreement was secured by substantially all of the assets of Spark Energy Ventures and its subsidiaries.

The Credit Agreement was amended on May 30, 2008 to provide for a $177.5 million working capital facility, a $100.0 million term loan, and a $35.0 million revolving credit facility. On January 24, 2011, the Borrowers amended and restated the Credit Agreement (the “Fifth Amended Credit Agreement”) to decrease the working capital facility to $150.0 million, to increase the term loan to $130.0 million and to eliminate the revolving credit facility.

On December 17, 2012, the Borrowers amended and restated the Fifth Amended Credit Agreement to decrease the working capital facility to $70.0 million, to decrease the term loan to $125.0 million and to reinstate the revolving credit facility in the amount of $30.0 million (the “Sixth Amended Credit Agreement”). The Sixth Amended Credit Agreement was scheduled to mature on December 17, 2014.

On July 31, 2013 and in conjunction with the initial public offering of Marlin Midstream Partners, LP (“Marlin”), which was formerly wholly owned by Spark Energy Ventures, the Sixth Amended Credit Agreement was amended and restated to increase the working capital facility to $80.0 million and eliminated the term loan and revolving credit facility (the “Seventh Amended Credit Agreement”) and to remove Marlin as a party to the Credit Agreement. The Seventh Amended Credit Agreement matures on July 31, 2015. The Credit Agreement continues to be secured by the assets of Spark Energy Ventures and its subsidiaries.

Although SE and SEG, as wholly owned subsidiaries of Spark Energy Ventures, were jointly and severally liable for Marlin's borrowing under the Credit Agreement prior to the Marlin initial public offering, SE and SEG did not historically have access to or use the term loan and the revolving credit facility utilized by Marlin. SE and SEG were the primary recipients of the proceeds from the working capital facility.

The Company adopted Accounting Standards Update ("ASU") 2013-04, which prescribes the accounting for joint and several liability arrangements early and applied the accounting guidance retrospectively to its 2013 condensed combined financial statements as required by the standard. This guidance requires an entity to measure its obligation resulting from joint and several liability arrangements for which the total amount under the arrangement is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. Based on the Sixth Amended Credit Agreement prior to the Marlin initial public offering and understanding among the Borrowers, the term loan and the revolving credit facility were assigned specifically to Marlin. The Company has recognized the proceeds from the working capital facility in its combined balance sheets, which represented the amounts the Company with the other Borrowers agreed to pay, and the amounts the Company expected to pay.

Working Capital Facility

The working capital facility was $150.0 million in 2012 under the Fifth Amended Credit Agreement and was later amended to $70.0 million on December 17, 2012 under the Sixth Amended Credit Agreement. On July 31, 2013 and in conjunction with the Seventh Amended Credit Agreement the working capital facility was increased to $80.0 million and is scheduled to mature on July 31, 2015.

The working capital facility is available for use by Spark Energy Ventures and its affiliates to finance the working capital requirements related to the purchase and sale of natural gas, electricity, and other commodity products not related to the retail natural gas and asset optimization and retail electricity businesses of the Company. The Company's combined financial statements include the total amounts outstanding under the working capital facility of $34.0 million and $27.5 million as of March 31, 2014 and December 31, 2013, respectively, and are classified as current in the combined balances sheets as the working capital facility is drawn on and repaid on a monthly basis to fund working capital needs. The total amounts outstanding under the facility as of March 31, 2014 and December 31, 2013 include amounts used to fund equity distributions to the sole member of the Company to fund unrelated operations of an affiliate under the common control of the sole member, which was a co-borrower under the facility.

Further, through the issuance of letters of credit, the Company is able to secure payment to suppliers. No obligation is recorded for such outstanding letters of credit unless they are drawn upon by the suppliers and in the event a supplier draws on a letter of credit, repayment is due by the earlier of demand by the bank or at the expiration of the Credit Agreement. Letters of credit issued and outstanding as of March 31, 2014 and December 31, 2013 were $13.9 million and $10.0 million, respectively.

Under the working capital facility, the Company pays a fee with respect to each letter of credit issued and outstanding. For the three months ended March 31, 2014 and 2013, the Company incurred fees on letters of credit issued and outstanding totaling $0.1 million and $0.1 million, respectively, which is recorded in interest expense in the combined statements of operations.

Under the Fifth Amended Credit Agreement, the Company may elect to have loans under the credit facility bear interest either (i) at a Eurodollar-based rate plus a margin ranging from 2.50% to 3.25% depending on the Company's consolidated funded indebtedness ratio then in effect, or (ii) at a base rate loan plus a margin ranging

from 1.50% to 2.25% depending on the Company's consolidated funded indebtedness ratio then in effect. The Company also pays a nonutilization fee equal to 0.50% per annum.

Under the Sixth Amended Credit Agreement, the Company may elect to have loans under the credit facility bear interest either (i) at a Eurodollar-based rate plus a margin ranging from 3.00% to 3.75% depending on the Company's consolidated funded indebtedness ratio then in effect, or (ii) at a base rate loan plus a margin ranging from 2.00% to 2.75% depending on the Company's consolidated funded indebtedness ratio then in effect. The Company also pays a nonutilization fee equal to 0.50% per annum.

Under the Seventh Amended Credit Agreement, the Company may elect to have loans under the working capital facility bear interest (i) at a Eurodollar-based rate plus a margin ranging from 3.00% to 3.25%, depending on the Spark Energy Ventures' aggregate amount outstanding then in effect, (ii) at a base rate loan plus a margin ranging from 2.00% to 2.25%, depending on Spark Energy Ventures' aggregate amount outstanding then in effect or (iii) a cost of funds rate loan plus a margin ranging from 2.50% to 2.75%, depending on Spark Energy Ventures' aggregate amount outstanding then in effect. Each working capital loan made as a result of a drawing under a letter of credit bears interest on the outstanding principal amount thereof from the date funded at a floating rate per annum equal to the cost of funds rate plus the applicable margin until such loan has been outstanding for more than two business days and, thereafter, bears interest on the outstanding principal amount thereof at a floating rate per annum equal to the base rate plus the applicable margin, plus two percent 2.0% per annum. The Company incurred interest expense of $0.05 million and $0.1 million for the three months ended March 31, 2014 and 2013, respectively, which is recorded in interest expense in the combined statements of operations.

The Company also pays a commitment fee equal to 0.50% per annum. The Company incurred commitment fees totaling less than $0.1 million for the three months ended March 31, 2014 and 2013, respectively, which is recorded in interest expense in the condensed combined statements of operations.

Deferred Financing Costs

Deferred financing costs were $0.1 million and $0.5 million as of March 31, 2014 and December 31, 2013, respectively. Of these amounts, less than $0.1 million and $0.4 million are recorded in other current assets in the combined balance sheets as of March 31, 2014 and December 31, 2013, respectively, and $0.1 million and $0.1 million are recorded in other assets in the combined balance sheets as of March 31, 2014 and December 31, 2013, respectively, based on the term of the working capital facility.

Amortization of deferred financing costs was $0.1 million and $0.1 million for the three months ended March 31, 2014 and 2013, respectively, which is recorded in interest expense in the condensed combined statements of operations.

5. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. This includes not only the credit standing of counterparties involved and the impact of credit enhancements but also the impact of the Company's own nonperformance risk on its liabilities.

The Company applies fair value measurements to its commodity derivative instruments based on the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1—Quoted prices in active markets for identical assets and liabilities. Instruments categorized in Level 1 primarily consist of financial instruments such as exchange-traded derivative instruments.
- Level 2—Inputs other than quoted prices recorded in Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include non-exchange traded derivatives such as over-the-counter commodity forwards and swaps and options.
- Level 3—Unobservable inputs for the asset or liability, including situations where there is little, if any, observable market activity for the asset or liability.

As the fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3), the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In these cases, the lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy.

Non-Derivative Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts receivable-affiliates, accounts payable, and accrued liabilities recorded in the combined balance sheets approximate fair value due to the short-term nature of these items. The carrying amount of long-term debt recorded in the condensed combined balance sheets approximates fair value because of the variable rate nature of the Company's long-term debt.

Derivative Instruments

The following table presents assets and liabilities measured and recorded at fair value in the Company's condensed combined balance sheets on a recurring basis by and their level within the fair value hierarchy as of (in thousands):

	Level 1	Level 2	Level 3	Total
March 31, 2014				
Non-trading commodity derivative assets (including non-trading derivative assets—affiliates of $157)	$1,042	$ 2,794	$—	$ 3,836
Trading commodity derivative assets	(75)	316	—	241
Total commodity derivative assets	$ 967	$ 3,110	$—	$ 4,077
Non-trading commodity derivative liabilities	$ (46)	$(1,989)	$—	$(2,035)
Trading commodity derivative liabilities	—	(554)	—	(554)
Total commodity derivative liabilities	$ (46)	$(2,543)	$—	$(2,589)

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Non-trading commodity derivative assets	$ —	$ 4,672	$—	$ 4,672
Trading commodity derivative assets	—	3,405	—	3,405
Total commodity derivative assets	$ —	$ 8,077	$—	$ 8,077
Non-trading commodity derivative liabilities	$(563)	$ (854)	$—	$(1,417)
Trading commodity derivative liabilities	147	(581)	—	(434)
Total commodity derivative liabilities	$(416)	$(1,435)	$—	$(1,851)

The Company had no financial instruments measured using level 3 at March 31, 2014 and December 31, 2013. The Company had no transfers of assets or liabilities between any of the above levels during the three months ended March 31, 2014 and the year ended December 31, 2013.

The Company's derivative contracts include exchange-traded contracts fair valued utilizing readily available quoted market prices and non-exchange-traded contracts fair valued using market price quotations available through brokers or over-the-counter and on-line exchanges. In addition, in determining the fair value of the Company's derivative contracts, the Company applies a credit risk valuation adjustment to reflect credit risk which is calculated based on the Company's or the counterparty's historical credit risks. As of March 31, 2014 and December 31, 2013, the credit risk valuation adjustment was not material.

6. Accounting for Derivative Instruments

The Company is exposed to the impact of market fluctuations in the price of electricity and natural gas and basis costs, storage and ancillary capacity charges from independent system operators. The Company uses derivative instruments to manage exposure to these risks, and historically designated certain derivative instruments as cash flow hedges for accounting purposes. For derivatives designated in a qualifying cash flow hedging relationship, the effective portion of the change in fair value is recognized in accumulated OCI and reclassified to earnings in the period in which the hedged item affects earnings. Any ineffective portion of the derivative's change in fair value is recognized currently in earnings.

The Company also holds certain derivative instruments that are not held for trading purposes but are also not designated as hedges for accounting purposes. These derivative instruments represent economic hedges that mitigate the Company's exposure to fluctuations in commodity prices. For these derivative instruments, changes in the fair value are recognized currently in earnings in retail revenues or retail cost of revenues.

As part of the Company's strategy to optimize its assets and manage related risks, it also manages a portfolio of commodity derivative instruments held for trading purposes. The Company's commodity trading activities are subject to limits within the Company's Risk Management Policy. For these derivative instruments, changes in the fair value are recognized currently in earnings in net asset optimization revenues.

Derivative assets and liabilities are presented net in the Company's condensed combined balance sheets when the derivative instruments are executed with the same counterparty under a master netting arrangement. The Company's derivative contracts include transactions that are executed both on an exchange and centrally cleared as well as over-the-counter, bilateral contracts that are transacted directly with a third party. To the extent the Company has paid or received collateral related to the derivative assets or liabilities, such amounts would be presented net against the related derivative asset or liability's fair value. As of March 31, 2014 and December 31, 2013, the Company had

not paid or received any collateral amounts. The specific types of derivative instruments the Company may execute to manage the commodity price risk include the following:

- Forward contracts, which commit the Company to purchase or sell energy commodities in the future;
- Futures contracts, which are exchange-traded standardized commitments to purchase or sell a commodity or financial instrument;
- Swap agreements, which require payments to or from counterparties based upon the differential between two prices for a predetermined notional quantity; and
- Option contracts, which convey to the option holder the right but not the obligation to purchase or sell a commodity.

The Company has entered into other energy-related contracts that do not meet the definition of a derivative instrument or qualify for the normal purchase or normal sale exception and are therefore not accounted for at fair value including the following:

- Forward electricity and natural gas purchase contracts for retail customer load, and
- Natural gas transportation contracts and storage agreements.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of the Company's open derivative financial instruments accounted for at fair value, broken out, by commodity as of:

Non-trading

		March 31,	December 31,
Commodity	Notional	2014	2013
Natural Gas	MMBtu	4,373	3,513
Natural Gas Basis	MMBtu	—	373
Electricity	MWh	637	465

Trading

		March 31,	December 31,
Commodity	Notional	2014	2013
Natural Gas	MMBtu	940	2,259
Natural Gas Basis	MMBtu	770	1,443

Gains (Losses) on Derivative Instruments

Gains (losses) on derivative instruments, net and current period settlements on derivative instruments were as follows for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2014	2013
Gain on non-trading derivatives—cash flow hedges, net (including ineffectiveness (loss) of $(848) for the three months ended March 31, 2013)	$ —	$ (172)
Gain (loss) on non-trading derivatives, net (including gains (loss) on non-trading derivatives—affiliates, net of $157 for the three months ended March 31, 2014)	11,448	832
Gain (loss) on trading derivatives, net (including gain (loss) on trading derivatives—affiliates, net of $217 and $216 for the three months ended March 31, 2014 and 2013, respectively)	(5,988)	1,582
Gain on derivatives, net	$ 5,460	$ 2,242
Current period settlements on non-trading derivatives—cash flow hedges	$ —	$(1,378)
Current period settlements on non-trading derivatives	(12,901)	(562)
Current period settlements on trading derivatives (including current period settlements on trading derivatives—affiliates, net of $217 and $37 for the three months ended March 31, 2014 and 2013, respectively)	2,704	469
Total current period settlements on derivatives	$(10,197)	$(1,471)

Gains (losses) on trading derivative instruments are recorded in net asset optimization revenues and gains (losses) on non-trading derivative instruments are recorded in retail revenues or retail cost of revenues on the condensed combined statements of operations.

Fair Value of Derivative Instruments

The following tables summarize the fair value and offsetting amounts of the Company's derivative instruments by counterparty and collateral received or paid as of (in thousands):

	March 31, 2014				
Description	Gross Assets	Gross Amounts Offset	Net Assets	Cash Collateral Offset	Net Amount Presented
Non-trading commodity derivatives (including non-trading derivatives—affiliates, net of $157)	$5,541	$(1,707)	$3,834	$ —	$3,834
Trading commodity derivatives	1,230	(989)	241	—	241
Total Current Derivative Assets	$6,771	$(2,696)	$4,075	$ —	$4,075
Non-trading commodity derivatives	$ 44	$ (42)	$ 2	$ —	$ 2
Total Non-current Derivative Assets	$ 44	$ (42)	$ 2	$ —	$ 2
Total Derivative Assets	$6,815	$(2,738)	$4,077	$ —	$4,077

	March 31, 2014				
Description	Gross Liabilities	Gross Amounts Offset	Net Liabilities	Cash Collateral Offset	Net Amount Presented
Non-trading commodity derivatives	$(3,658)	$1,707	$(1,951)	$ —	$(1,951)
Trading commodity derivatives	(1,543)	989	(554)	—	(554)
Total Current Derivative Liabilities	$(5,201)	$2,696	$(2,505)	$ —	$(2,505)
Non-trading commodity derivatives	$ (126)	$ 42	$ (84)	$ —	$ (84)
Total Non-current Derivative Liabilities	$ (126)	$ 42	$ (84)	$ —	$ (84)
Total Derivative Liabilities	$(5,327)	$2,738	$(2,589)	$ —	$(2,589)

	December 31, 2013				
Description	Gross Assets	Gross Amounts Offset	Net Assets	Cash Collateral Offset	Net Amount Presented
Non-trading commodity derivatives	$11,564	$(6,898)	$4,666	$ —	$4,666
Trading commodity derivatives	3,949	(544)	3,405	—	3,405
Total Current Derivative Assets	$15,513	$(7,442)	$8,071	$ —	$8,071
Non-trading commodity derivatives	$ 100	$ (94)	$ 6	$ —	$ 6
Trading commodity derivatives	14	(14)	—	—	—
Total Non-current Derivative Assets	$ 114	$ (108)	$ 6	$ —	$ 6
Total Derivative Assets	$15,627	$(7,550)	$8,077	$ —	$8,077

	December 31, 2013				
Description	Gross Liabilities	Gross Amounts Offset	Net Liabilities	Cash Collateral Offset	Net Amount Presented
Non-trading commodity derivatives	$(8,289)	$6,898	$(1,391)	$ —	$(1,391)
Trading commodity derivatives	(986)	544	(442)	—	(442)
Total Current Derivative Liabilities	$(9,275)	$7,442	$(1,833)	$ —	$(1,833)
Non-trading commodity derivatives	$ (120)	$ 94	$ (26)	$ —	$ (26)
Trading commodity derivatives	(6)	14	8	—	8
Total Non-current Derivative Liabilities	$ (126)	$ 108	$ (18)	$ —	$ (18)
Total Derivative Liabilities	$(9,401)	$7,550	$(1,851)	$ —	$(1,851)

Accumulated Other Comprehensive Income

The following table summarizes the effects on the Company's accumulated OCI balance attributable to cash flow hedge derivative instruments for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2014	2013
Accumulated OCI balance, beginning of period	$ —	$(2,536)
Deferred gain (loss) on cash flow hedge derivative instruments	—	3,211
Reclassification of accumulated OCI net to income	—	(282)
Accumulated OCI balance, end of period	$ —	$ 393

The amounts reclassified from accumulated OCI into income and any amounts recognized in income from the ineffective portion of cash flow hedges are recorded in retail cost of revenues. In June 2013, the Company elected to discontinue cash flow hedge accounting.

7. Commitments and Contingencies

From time to time, the Company may be involved in legal, tax, regulatory and other proceedings in the ordinary course of business. Management does not believe that we are a party to any litigation that will have a material impact on the Company's combined financial condition or results of operations.

8. Transactions with Affiliates

The Company enters into transactions with and pays certain costs on behalf of affiliates that are commonly controlled in order to reduce administrative expense, create economies of scale and supply goods and services to these related parties. The Company also sells and purchases natural gas and electricity with affiliates. The Company presents receivables and payables with affiliates on a net basis on the combined balance sheets as all affiliate activity is with parties under common control.

Accounts Receivable-Affiliates

The Company recorded current accounts receivable—affiliates of $7.3 million and $6.8 million as of March 31, 2014 and December 31, 2013, respectively, for certain direct billings and cost allocations for services the Company provided to affiliates and sales or purchases of natural gas and electricity to affiliates.

Revenues and Cost of Revenues-Affiliates

Prior to Marlin's IPO on July 31, 2013, the Company provided natural gas to Marlin, who is a processing service provider, whereby Marlin gathered natural gas from the Company and other third parties, extracted NGLs, and redelivered the processed natural gas to the Company and other third parties. Marlin replaced energy used in processing due to the extraction of liquids, compression and transportation of natural gas, and fuel by making a payment to the Company at market prices. Revenues-affiliates, recorded in net asset optimization revenues in the combined statements of operations, related to Marlin's payments to the Company for replaced energy for the three months ended March 31, 2013 was $1.5 million.

Beginning on August 1, 2013, the Marlin processing agreement was terminated and the Company and another affiliate entered into an agreement whereby the Company purchased natural gas from the affiliate at the tailgate of the Marlin plant. Cost of revenues-affiliates, recorded in net asset optimization revenues in the combined statements of operations for the three months ended March 31, 2014 related to this agreement were $8.1 million. The Company also purchased natural gas at a nearby third party plant inlet which was then sold to the affiliate. Revenues-affiliates, recorded in net asset optimization revenues in the combined statements of operations for the three months ended March 31, 2014 were related to these sales were $2.5 million.

Additionally, the Company entered into a natural gas transportation agreement with Marlin, at Marlin's pipeline, whereby the Company transports retail natural gas and pays the higher of (i) a minimum monthly payment or (ii) a transportation fee per MMBtu times actual volumes transported. The current transportation agreement was set to expire on February 28, 2013, but was extended for three additional years at a fixed rate per MMBtu without a minimum monthly payment. Included in the Company's results are cost of revenues-affiliates, recorded in retail cost of revenues in the condensed combined statements of operations related to this activity is less than $0.1 million and $0.1 million for the three months ended March 31, 2014 and 2013, respectively.

The Company also purchases electricity for an affiliate and sells the electricity to the affiliate at the same market price that the company paid to purchase the electricity. Sales of electricity to the affiliate were $1.5 million and $0.2 million for the three months ended March 31, 2014 and 2013, respectively, which is recorded in retail revenues-affiliate in the condensed combined statements of operations.

Also included in the Company's results are cost of revenues-affiliates related to derivative instruments, recorded in net asset optimization revenues in the combined statements of operations, is a gain of $0.2 million and a loss of less than $0.1 million as of March 31, 2014 and 2013, respectively.

Cost allocations

The Company paid certain expenses on behalf of affiliates, which are reimbursed by the affiliates to the Company, including costs that can be specifically identified and certain allocated overhead costs associated with general and administrative services, including executive management, facilities, banking arrangements, professional fees, insurance, information services, human resources and other support departments to the affiliates. Where costs incurred on behalf of the affiliate could not be determined by specific identification for direct billing, the costs were primarily allocated to the affiliated entities based on percentage of departmental usage, wages or headcount. The total amount direct billed and allocated to affiliates for the three months ended March 31, 2014 and 2013 was $1.9 million and $1.7 million, respectively, and is recorded as a reduction in general and administrative expenses in the condensed combined statements of operations.

The Company pays residual commissions to an affiliate for all customers enrolled by the affiliate who pay their monthly retail gas or retail electricity bill. Commission paid to the affiliate was less than $0.1 million for the three months ended March 31, 2014 and 2013, respectively, which is recorded in general and administrative expense in the condensed combined statements of operations.

Member Distributions and Contributions

During the three months ended March 31, 2014 and 2013, the Company made net capital distributions to W. Keith Maxwell III of $14.4 million and $14.2 million, respectively. In contemplation of the Company's Offering, in April 2014, the Company entered into an agreement with an affiliate to permanently forgive all net outstanding accounts receivable balances from the affiliate. As such, the accounts receivable balances from the affiliate have been eliminated and presented as a distribution to W. Keith Maxwell III for 2014 and 2013.

9. Segment Reporting

The Company's determination of reportable business segments considers the strategic operating units under which the Company makes financial decisions, allocates resources and assesses performance of its retail and asset optimization businesses.

The Company's reportable business segments are retail natural gas and retail electricity. The retail natural gas segment consists of natural gas sales to, and natural gas transportation and distribution for, residential and commercial customers. Asset optimization activities, considered an integral part of securing the lowest price natural gas to serve retail gas load, are part of the retail natural gas segment. The Company recorded asset optimization revenues of $132.9 million and $91.3 million and asset optimization cost of revenues of $131.3 million and $92.4 million for the three months ended March 31, 2014 and 2013, respectively, which are presented on a net basis in asset optimization revenues. The retail electricity segment consists of electricity sales and transmission to residential and commercial customers. Corporate and other consists of expenses and assets of the retail natural gas and retail electricity segments that are managed at a consolidated level such as general and administrative expenses.

To assess the performance of the Company's operating segments, the chief operating decision maker analyzes retail gross margin. The Company defines retail gross margin as operating income plus (i) depreciation and amortization expenses and (ii) general and administrative expenses, less (i) net asset optimization revenues, (ii) net gains (losses) on derivative instruments, and (iii) net current period cash settlements on derivative instruments. The Company deducts net gains (losses) on derivative instruments, excluding current period cash settlements, from the retail gross margin calculation in order to remove the non-cash impact of net gains and losses on derivative instruments.

Retail gross margin is a primary performance measure used by our management to determine the performance of our retail natural gas and electricity business by removing the impacts of our asset optimization activities and net non-cash income (loss) impact of our economic hedging activities. As an indicator of our retail energy business' operating performance, retail gross margin should not be considered an alternative to, or more meaningful than, operating income, as determined in accordance with GAAP. Below is a reconciliation of retail gross margin to income before income tax expense.

	Three Months Ended March 31,	
	2014	2013
Reconciliation of Retail Gross Margin to Income before taxes		
Income before income tax expense	$ 6,540	$14,625
Interest and other income	(70)	(11)
Interest expense	313	384
Operating Income	6,783	14,998
Depreciation and amortization	2,959	5,030
General and administrative	8,113	9,275
Less:		
Net asset optimization revenue	1,624	(1,157)
Net, Gains (losses) on derivative instruments	11,448	660
Net, Cash settlements on derivative instruments	(12,901)	(1,940)
Retail Gross Margin	$ 17,864	$31,740

The accounting policies of the business segments are the same as those described in the summary of significant accounting policies. The Company uses gross margin and net asset optimization revenues as the measure of profit or loss for its business segments. This measure represents the lowest level of information that is provided to the chief operating decision maker for our reportable segments.

Financial data for business segments are as follows (in thousands):

Three Months Ended March 31, 2014	Retail Electricity	Retail Natural Gas	Corporate and Other	Eliminations	Spark Retail
Total Revenues	$ 43,448	$ 62,528	$ —	$ —	$105,976
Retail cost of revenues	37,499	50,622	—	—	88,121
Less:					
Net asset optimization revenues	—	1,624	—	—	1,624
Gains (losses) on retail derivative instruments	9,889	1,559	—	—	11,448
Current period settlements on non-trading derivatives	(11,034)	(1,867)	—	—	(12,901)
Retail gross margin	$ 7,094	$ 10,590	$ —	$ —	$ 17,684
Total Assets	$ 46,364	$111,472	$1,080	$(31,083)	$127,833

Three Months Ended March 31, 2013	Retail Electricity	Retail Natural Gas	Corporate and Other	Eliminations	Spark Retail
Total revenues	$47,439	$51,857	$ —	$ —	$ 99,296
Retail cost of revenues	34,457	35,536	—	—	69,993
Less:					
Net asset optimization revenues	—	(1,157)	—	—	(1,157)
Gains (losses) on retail derivative instruments	1,953	(1,293)	—	—	660
Current period settlements on non-trading derivatives	(1,424)	(516)	—		(1,940)
Retail gross margin	$12,453	$19,287	$ —	$ —	$ 31,740
Total Assets	$42,391	$95,110	$883	$(29,803)	$108,581

Significant Customers

For the three months ended March 31, 2014, we had one significant customer that individually accounted for more than 10% of the Company's combined net asset optimization revenues.

Significant Suppliers

For the three months ended March 31, 2014, we had one significant supplier that individually accounted for more than 10% of the Company's combined net asset optimization revenues.

For the three months ended March 31, 2014 the Company had one significant supplier that individually accounted for more than 10% of the Company's combined retail electricity retail cost of revenues.

10. Subsequent Events

Subsequent to March 31, 2014, the Company made net capital distributions to W. Keith Maxwell III of $10.6 million.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of Spark Energy, Inc.

We have audited the accompanying balance sheet of Spark Energy, Inc. (“SEI”) as of April 22, 2014. This financial statement is the responsibility of SEI’s management. Our responsibility is to express an opinion this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Spark Energy, Inc. as of April 22, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Houston, Texas
April 25, 2014

SPARK ENERGY, INC.
BALANCE SHEET AS OF APRIL 22, 2014

Assets:	
Accounts receivable-affiliate	$ 10
Total Assets	$ 10
Liabilities and Stockholder's Equity:	
Liabilities	$ —
Stockholder's Equity:	
Common stock, $0.01 par value per share; authorized 1,000 shares; 1,000 shares issued and outstanding	10
Total Liabilities and Stockholder's Equity	$ 10

The accompanying notes are an integral part of this financial statements.

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SPARK ENERGY, INC.
NOTES TO THE FINANCIAL STATEMENT

1. Nature of Operations

Spark Energy, Inc. ("SEI") is a Delaware corporation formed on April 22, 2014. SEI was formed by Spark Energy Ventures, LLC ("Spark Energy Ventures"). Spark Energy Ventures is wholly owned by NuDevco Partners Holdings, LLC ("NuDevco Holdings"), which is wholly owned by NuDevco Partners, LLC, which is wholly owned by W. Keith Maxwell III.

On April 22, 2014, Spark Energy Ventures committed to contribute $10 to SEI in exchange for all of SEI's issued common stock.

2. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the balance sheet. Any material subsequent events that have occurred during this time have been properly recognized or disclosed in the balance sheet or notes to the financial statement.

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APPENDIX A

CFTC. The Commodity Futures Trading Commission.

ERCOT . The Electric Reliability Council of Texas, the independent system operator and the regional coordinator of various electricity systems within Texas.

FERC. The Federal Energy Regulatory Commission, a regulatory body which regulates, among other things, the distribution and marketing of electricity and the transportation by interstate pipelines of natural gas in the United States.

ISO. An independent system operator. An ISO is similar to an RTO in that it manages and controls transmission infrastructure in a particular region.

MMBtu: One million British Thermal Units, a standard unit of heating equivalent measure for natural gas. A unit of heat equal to 1,000,000 Btus, or 1 MMBtu, is the thermal equivalent of approximately 1,000 cubic feet of natural gas.

MWh. One megawatt hour, a unit of electricity equal to 1,000 kilowatt hours (kWh), or the amount of energy equal to one megawatt of constant power expended for one hour of time.

Non-POR Market. A non-purchase of accounts receivable market.

POR Market. A purchase of accounts receivable market.

RCE. A residential customer equivalent. A RCE refers to a natural gas customer with a standard consumption of 100 MMBtus per year or an electricity customer with a standard consumption of 10 MWhs per year.

REP . A retail electricity provider.

RTO. A regional transmission organization. A RTO is a third party entity that manages transmission infrastructure in a particular region.

Shares Class A Common Stock

SPARK ENERGY, INC.

PROSPECTUS

Baird
Janney Montgomery Scott
BB&T Capital Markets
SOCIETE GENERALE

J.J.B. Hilliard, W.L. Lyons, LLC
Natixis

Stifel
Wunderlich
U.S. Capital Advisors
RB International Markets (USA) LLC

You should rely only on the information contained in this prospectus or in any free writing prospectus Spark Energy, Inc. may authorize to be delivered to you. Until , 2014 (25 days after the date of this prospectus), federal securities laws may require all dealers that effect transactions in the trust units, whether or not participating in this offering, to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

, 2014

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution***

The following table sets forth an itemized statement of the amounts of all expenses (excluding underwriting discounts and commissions) payable in connection with the registration of the Class A common stock offered hereby. With the exception of the SEC registration fee and the FINRA filing fee, the amounts set forth below are estimates.

SEC registration fee	$ 11,850
FINRA filing fee	14,990
NASDAQ listing fee	150,000
Accountants' fees and expenses	1,600,000
Legal fees and expenses	1,200,000
Printing and engraving expenses	250,000
Transfer agent and registrar fees	2,500
Miscellaneous	270,660
Total	$3,500,000

* To be provided by amendment

Item 14. ***Indemnification of Directors and Officers***

Section 145 of the DGCL provides that a corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. A similar standard is applicable in the case of derivative actions (i.e., actions by or in the right of the corporation), except that indemnification extends only to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation.

Our certificate of incorporation and bylaws will contain provisions that limit the liability of our directors and officers for monetary damages to the fullest extent permitted by the DGCL. Consequently, our directors will not be personally liable to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except liability:

- for any breach of the director's duty of loyalty to our company or our shareholders;
- for any act or omission not in good faith or that involve intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL regarding unlawful dividends and stock purchases; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the DGCL is amended to provide for further limitations on the personal liability of directors or officers of corporations, then the personal liability of our directors and officers will be further limited to the fullest extent permitted by the DGCL.

In addition, we have entered into indemnification agreements with our current directors and officers containing provisions that are in some respects broader than the specific indemnification provisions contained in the DGCL. The indemnification agreements require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and officers.

We intend to maintain liability insurance policies that indemnify our directors and officers against various liabilities, including certain liabilities under arising under the Securities Act and the Exchange Act, which may be incurred by them in their capacity as such.

The proposed form of Underwriting Agreement filed as Exhibit 1.1 to this registration statement provides for indemnification of our directors and officers by the underwriters against certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 15. ***Recent Sales of Unregistered Securities***

In connection with our incorporation on April 22, 2014 under the laws of the State of Delaware, we issued 1,000 shares of our common stock, par value $0.01 per share, to Spark Energy Ventures for an aggregate purchase price of $10.00. These securities were offered and sold by us in reliance upon the exemption from the registration requirements provided by Section 4(a)(2) of the Securities Act. These shares will be redeemed for nominal value in connection with our reorganization.

Item 16. ***Exhibits and Financial Statement Schedules***

(a) Exhibits

Exhibit number	Description
*1.1	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of Spark Energy, Inc.
3.2	Form of Amended and Restated Bylaws of Spark Energy, Inc.
4.1	Form of Class A Common Stock Certificate
4.2	Form of Transaction Agreement II
5.1	Form of Opinion of Vinson & Elkins L.L.P. as to the legality of the securities being registered
10.1	Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013, among Spark Energy Ventures, LLC, as parent, Spark Energy Holdings, LLC, Spark Energy, L.P., Spark Energy Gas, LP and Associated Energy Services, LP, as co-borrowers and the lenders and other parties thereto.

Exhibit number	Description
10.2	Form of Credit Agreement among Spark Energy, Inc., as parent, Spark HoldCo, LLC, Spark Energy, LLC and Spark Energy Gas, LLC, as co-borrowers and the lenders and other parties thereto.
10.3†	Form of Long-Term Incentive Plan
10.4†	Form of Restricted Stock Unit Agreement
10.5†	Form of Notice of Grant of Restricted Stock Unit
10.6	Form of Tax Receivable Agreement
10.7	Form of Spark HoldCo, LLC Second Amended and Restated Limited Liability Agreement
10.8	Form of Indemnification Agreement
10.9	Form of Registration Rights Agreement
**21.1	List of Subsidiaries of Spark Energy, Inc.
23.1	Consent of KPMG LLP
23.2	Consent of Vinson & Elkins L.L.P. (included as part of Exhibit 5.1 hereto)
**24.1	Power of Attorney (included on the signature page of this Registration Statement)
**99.1	Consent of DNV GL—Energy
**99.2	Consent of James G. Jones II, as director nominee
**99.3	Consent of John Eads, as director nominee
**99.4	Consent of Kenneth M. Hartwick, as director nominee

* To be filed by amendment.

** Previously filed.

† Compensatory plan or arrangement.

(b) Financial Statement Schedules. Financial statement schedules are omitted because the required information is not applicable, not required or included in the financial statements or the notes thereto included in the prospectus that forms a part of this registration statement.

Item 17. ***Undertakings***

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

The undersigned registrant hereby undertakes that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time

of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

The undersigned registrant hereby undertakes that, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on June 27, 2014.

SPARK ENERGY, INC.

By: /s/ Nathan Kroeker
Nathan Kroeker
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities on June 27, 2014.

Signature	Title
*	Chairman of the Board, Director
W. Keith Maxwell III	
*	Director, President and Chief Executive Officer (Principal Executive Officer)
Nathan Kroeker	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Georganne Hodges	

*By: /s/ Nathan Kroeker
Nathan Kroeker
Attorney-in-fact

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INDEX TO EXHIBITS

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**99.3	Consent of John Eads, as director nominee
**99.4	Consent of Kenneth M. Hartwick, as director nominee

* To be filed by amendment.

** Previously filed.

† Compensatory plan or arrangement.

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

SPARK ENERGY, INC.

Spark Energy, Inc. (the " Corporation "), a corporation organized and existing under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the " DGCL "), hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation (the " Original Certificate of Incorporation ") was filed with the Secretary of State of the State of Delaware on April 22, 2014.

2. This Amended and Restated Certificate of Incorporation (this " Amended and Restated Certificate of Incorporation "), which restates and amends the Original Certificate of Incorporation, has been declared advisable by the board of directors of the Corporation (the " Board "), duly adopted by the stockholders of the Corporation and duly executed and acknowledged by the officers of the Corporation in accordance with Sections 103, 228, 242 and 245 of the DGCL.

3. The Original Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

FIRST: The name of the Corporation is Spark Energy, Inc.

SECOND: The address of its registered office in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 in New Castle County, Delaware. The name of its registered agent at such address is Corporation Service Company.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL as it currently exists or may hereafter be amended.

FOURTH: The total number of shares of stock that the Corporation shall have the authority to issue is 200,000,000 shares of stock, classified as (i) 20,000,000 shares of preferred stock, par value $0.01 per share (" Preferred Stock "), (ii) 120,000,000 shares of Class A common stock, par value $0.01 per share (" Class A Common Stock "), and (iii) 60,000,000 shares of Class B common stock, par value $0.01 per share (" Class B Common Stock " and, together with the Class A Common Stock, the " Common Stock ").

1. Provisions Relating to Preferred Stock.

(a) Preferred Stock may be issued from time to time in one or more classes or series, the shares of each series to have such designations and powers, preferences and rights, and qualifications, limitations and restrictions thereof, as are stated and expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board as hereafter prescribed (a " Preferred Stock Designation ").

(b) Authority is hereby expressly granted to and vested in the Board to authorize the issuance of Preferred Stock from time to time in one or more classes or series, and with respect to each series of Preferred Stock, to fix and state by the resolution or resolutions from time to time adopted by the Board providing for the issuance thereof the designation and the powers, preferences, rights, qualifications, limitations and restrictions relating to each series of Preferred Stock, including, but not limited to, the following:

(i) whether or not the series is to have voting rights, full, special or limited, or is to be without voting rights, and whether or not such series is to be entitled to vote as a separate class either alone or together with the holders of one or more other classes or series of stock;

(ii) the number of shares to constitute the series and the designations thereof;

(iii) the preferences, and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, with respect to any series;

(iv) whether or not the shares of any series shall be redeemable at the option of the Corporation or the holders thereof or upon the happening of any specified event, and, if redeemable, the redemption price or prices (which may be payable in the form of cash, notes, securities or other property), and the time or times at which, and the terms and conditions upon which, such shares shall be redeemable and the manner of redemption;

(v) whether or not the shares of a series shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such shares for retirement, and, if such retirement or sinking fund or funds are to be established, the annual amount thereof, and the terms and provisions relative to the operation thereof;

(vi) the dividend rate, whether dividends are payable in cash, stock of the Corporation or other property, the conditions upon which and the times when such dividends are payable, the preference to or the relation to the payment of dividends payable on any other class or classes or series of stock, whether or not such dividends shall be cumulative or noncumulative, and if cumulative, the date or dates from which such dividends shall accumulate;

(vii) the preferences, if any, and the amounts thereof which the holders of any series thereof shall be entitled to receive upon the voluntary or involuntary liquidation, dissolution or winding up of, or upon any distribution of the assets of, the Corporation;

(viii) whether or not the shares of any series, at the option of the Corporation or the holder thereof or upon the happening of any specified event, shall be convertible into or exchangeable for, the shares of any other class or classes or of any other series of the same or any other class or classes of stock, securities or other property of the Corporation and the conversion price or prices or ratio or ratios or the rate or rates at which such exchange may be made, with such adjustments, if any, as shall be stated and expressed or provided for in such resolution or resolutions; and

(ix) such other powers, preferences, rights, qualifications, limitations and restrictions with respect to any series as may to the Board seem advisable.

(c) The shares of each series of Preferred Stock may vary from the shares of any other series thereof in any or all of the foregoing respects.

2. Provisions Relating to Common Stock.

(a) Except as may otherwise be provided in this Amended and Restated Certificate of Incorporation, each share of Common Stock shall have identical rights and privileges in every respect. Common Stock shall be subject to the express terms of Preferred Stock and any series thereof. Except as may otherwise be provided in this Amended and Restated Certificate of Incorporation, in a Preferred Stock Designation or by applicable law, the holders of shares of Common Stock shall be entitled to one vote for each such share upon all questions presented to the stockholders, the holders of shares of Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and the holders of Preferred Stock shall not be entitled to vote at or receive notice of any meeting of stockholders. Each holder of Common Stock shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation (as in effect at the time in question) and applicable law on all matters put to a vote of the stockholders of the Corporation. Except as otherwise required in this Amended and Restated Certificate of Incorporation or by applicable law, the holders of Common Stock shall vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, the holders of Common Stock and the Preferred Stock shall vote together as a single class).

(b) Notwithstanding the foregoing, except as otherwise required by applicable law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.

(c) Subject to the prior rights and preferences, if any, applicable to shares of Preferred Stock or any series thereof, the holders of shares of Class A Common Stock shall be entitled to receive ratably in proportion to the number of shares of Class A Common Stock held by them such dividends and distributions (payable in cash, stock or otherwise), if any, as may be declared thereon by the Board at any time and from time to time out of any funds of the

Corporation legally available therefor. Dividends and other distributions shall not be declared or paid on the Class B Common Stock unless (i) the dividend consists of shares of Class B Common Stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B Common Stock paid proportionally with respect to each outstanding share of Class B Common Stock and (ii) a dividend consisting of shares of Class A Common Stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class A Common Stock on equivalent terms is simultaneously paid to the holders of Class A Common Stock. If dividends are declared on the Class A Common Stock or the Class B Common Stock that are payable in shares of Common Stock, or securities convertible into, or exercisable or exchangeable for Common Stock, the dividends payable to the holders of Class A Common Stock shall be paid only in shares of Class A Common Stock (or securities convertible into, or exercisable or exchangeable for Class A Common Stock), the dividends payable to the holders of Class B Common Stock shall be paid only in shares of Class B Common Stock (or securities convertible into, or exercisable or exchangeable for Class B Common Stock), and such dividends shall be paid in the same number of shares (or fraction thereof) on a per share basis of the Class A Common Stock and Class B Common Stock, respectively (or securities convertible into, or exercisable or exchangeable for the same number of shares (or fraction thereof) on a per share basis of the Class A Common Stock and Class B Common Stock, respectively). In no event shall the shares of either Class A Common Stock or Class B Common Stock be split, divided, or combined unless the outstanding shares of the other class shall be proportionately split, divided or combined.

(d) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of shares of Preferred Stock or any series thereof, the holders of shares of Class A Common Stock shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Class A Common Stock held by them. The holders of shares of Class B Common Stock, as such, shall not be entitled to receive any assets of the Corporation in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation. A dissolution, liquidation or winding-up of the Corporation, as such terms are used in this paragraph (d), shall not be deemed to be occasioned by or to include any consolidation or merger of the Corporation with or into any other corporation or corporations or other entity or a sale, lease, exchange or conveyance of all or a part of the assets of the Corporation

(e) Shares of Class B Common Stock shall be exchangeable for shares of Class A Common Stock on the terms and subject to the conditions set forth in the Amended and Restated Limited Liability Agreement of Spark HoldCo, LLC dated as of [•], 2014, (the " LLC Agreement "). The Corporation will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of issuance upon exchange of the outstanding shares of Class B Common Stock for Class A Common Stock pursuant to the LLC Agreement, such number of shares of Class A Common Stock that shall be issuable upon any such exchange pursuant to the LLC Agreement; provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of any such exchange of shares of Class B Common Stock pursuant to the LLC Agreement by delivering to the holder of shares of Class B Common Stock upon such exchange, cash in lieu of shares of Class A Common Stock in the amount permitted by and provided in the LLC Agreement or

shares of Class A Common Stock which are held in the treasury of the Corporation. All shares of Class A Common Stock that shall be issued upon any such exchange will, upon issuance in accordance with the LLC Agreement, be validly issued, fully paid and non-assessable. All shares of Class B Common Stock exchanged shall be cancelled.

(f) The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of either Common Stock or Preferred Stock voting separately as a class shall be required therefor.

(g) No stockholder shall, by reason of the holding of shares of any class or series of capital stock of the Corporation, have any preemptive or preferential right to acquire or subscribe for any shares or securities of any class, whether now or hereafter authorized, which may at any time be issued, sold or offered for sale by the Corporation, unless specifically provided for in the terms of a series of Preferred Stock.

FIFTH: The business and affairs of the Corporation shall be managed by or under the direction of the Board. The directors, other than those who may be elected by the holders of any series of Preferred Stock specified in the related Preferred Stock Designation, shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the initial term of office of the first class to expire at the 2015 annual meeting (the " Class I Directors "), the initial term of office of the second class to expire at the 2016 annual meeting (the " Class II Directors "), and the initial term of office of the third class to expire at the 2017 annual meeting (the " Class III Directors "), with each director to hold office until his successor shall have been duly elected and qualified. At each annual meeting of stockholders, directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his successor shall have been duly elected and qualified. The Board is authorized to assign members of the Board already in office to Class I, Class II or Class III at the time such classification becomes effective. Subject to applicable law and the rights of the holders of any series of Preferred Stock, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, disability, resignation, disqualification or removal of any director or from any other cause shall be filled solely by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his predecessor. No decrease in the number of authorized directors constituting the Board shall shorten the term of any incumbent director.

Subject to the rights of the holders of shares of any series of Preferred Stock, if any, to elect additional directors pursuant to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation thereunder), any director may be removed, with or without cause, upon the affirmative vote of the holders of at least 66 $^{2}/_{3}$ % of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, this Amended and Restated Certificate of Incorporation and the bylaws of the Corporation.

Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, if any, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Board. Unless and except to the extent that the bylaws of the Corporation so provide, the election of directors need not be by written ballot. There shall be no cumulative voting in the election of directors.

SIXTH: Prior to the first date (the " Trigger Date ") upon which W. Keith Maxwell III no longer beneficially owns in the aggregate more than fifty percent (50%) of the outstanding Common Stock of the Corporation, and subject to the rights of holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken at any annual meeting or special meeting of the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. On and after the Trigger Date, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly held annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders.

SEVENTH: Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of stockholders of the Corporation may be called only by the Chief Executive Officer, the Chairman of the Board or the Board pursuant to a resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies; *provided, however* , that prior to the Trigger Date, special meetings of the stockholders of the Corporation may also be called by the Secretary of the Corporation at the request of the holders of record of more than 50% of the outstanding shares of Common Stock. On and after the Trigger Date, and subject to the rights of holders of any series of Preferred Stock, the stockholders of the Corporation do not have the power to call a special meeting of stockholders of the Corporation.

EIGHTH: In furtherance of, and not in limitation of, the powers conferred by the laws of the State of Delaware, the Board is expressly authorized to adopt, amend or repeal the bylaws of the Corporation without any action on the part of the stockholders of the Corporation; *provided* that any bylaw adopted or amended by the Board, and any powers thereby conferred, may be amended, altered or repealed by the stockholders of the Corporation by the vote of holders of not less than 66 $^{2}/_{3}$% in voting power of the then-outstanding shares of stock entitled to vote thereon, voting together as a single class. No bylaws hereafter made or adopted, nor any repeal of or amendment thereto, shall invalidate any prior act of the Board that was valid at the time it was taken.

NINTH: No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as it now exists. In addition to the circumstances in which a director of the Corporation is not personally liable as set forth in the preceding sentence, a director of the Corporation shall not be liable to the fullest extent permitted by any amendment to the DGCL hereafter enacted that further limits the liability of a director.

Any amendment, repeal or modification of this Article Ninth shall be prospective only and shall not affect any limitation on liability of a director for acts or omissions occurring prior to the date of such amendment, repeal or modification.

TENTH: To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, any business opportunities that are from time to time presented to NuDevco Partners, LLC, NuDevco Partners Holdings, LLC and W. Keith Maxwell III (collectively, the " Sponsors ") or any of their respective affiliates or any of their respective agents, shareholders, members, partners, directors, officers, employees, affiliates or subsidiaries (other than the Corporation and its subsidiaries), including any director or officer of the Corporation who is also an agent, shareholder, member, partner, director, officer, employee, affiliate or subsidiary of any Sponsor (each, a " Business Opportunities Exempt Party "), even if the business opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no Business Opportunities Exempt Party shall have any duty to communicate or offer any such business opportunity to the Corporation or be liable to the Corporation or any of its subsidiaries or any stockholder, including for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, and the Corporation shall indemnify each Business Opportunities Exempt Party against any claim that such person is liable to the Corporation or its stockholders for breach of any fiduciary duty, by reason of the fact that such person (i) participates in, pursues or acquires any such business opportunity, (ii) directs any such business opportunity to another person or (iii) fails to present any such business opportunity, or information regarding any such business opportunity, to the Corporation or its subsidiaries, unless, in the case of a person who is a director or officer of the Corporation, such business opportunity is expressly offered to such director or officer in writing solely in his capacity as a director or officer of the Corporation.

Neither the amendment nor repeal of this Article Tenth, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation or the bylaws of the Corporation, nor, to the fullest extent permitted by Delaware law, any modification of law, shall eliminate, reduce or otherwise adversely affect any right or protection of any person granted pursuant hereto existing at, or arising out of or related to any event, act or omission that occurred prior to, the time of such amendment, repeal, adoption or modification (regardless of when any proceeding (or part thereof) relating to such event, act or omission arises or is first threatened, commenced or completed).

If any provision or provisions of this Article Tenth shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever, (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Tenth (including, without limitation, each portion of any paragraph of this Article Tenth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby

and (b) to the fullest extent possible, the provisions of this Article Tenth (including, without limitation, each such portion of any paragraph of this Article Tenth containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by applicable law.

This Article Tenth shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Corporation under this Amended and Restated Certificate of Incorporation, the bylaws of the Corporation or applicable law. Any person or entity purchasing or otherwise acquiring any interest in any securities of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article Tenth.

ELEVENTH: Prior to the first date (the " Section 203 Trigger Date ") upon which W. Keith Maxwell III no longer beneficially owns in the aggregate more than fifteen percent (15%) of the outstanding Common Stock of the Corporation, the provisions of Section 203 of the DGCL shall not be applicable to the Corporation. On and after the Section 203 Trigger Date, the provisions of Section 203 of the DGCL shall be applicable to the Corporation.

TWELFTH: The Corporation shall have the right, subject to any express provisions or restrictions contained in this Amended and Restated Certificate of Incorporation or bylaws of the Corporation, from time to time, to amend this Amended and Restated Certificate of Incorporation or any provision hereof in any manner now or hereafter provided by applicable law, and all rights and powers of any kind conferred upon a director or stockholder of the Corporation by this Amended and Restated Certificate of Incorporation or any amendment hereof are subject to such right of the Corporation.

THIRTEENTH: Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or the bylaws of the Corporation (and in addition to any other vote that may be required by applicable law, this Amended and Restated Certificate of Incorporation or the bylaws of the Corporation), the affirmative vote of the holders of at least 66 $^{2}/_{3}$% in voting power of the outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend, alter or repeal any provision of this Amended and Restated Certificate of Incorporation.

FOURTEENTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL, this Amended and Restated Certificate of Incorporation or the Corporation's bylaws, or (iv) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article Fourteenth.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation as of this [•] day of [•], 2014.

SPARK ENERGY, INC.

By: _____
Name:
Title:

[*Signature Page to Amended and Restated Certificate of Incorporation*]

Exhibit 3.2

AMENDED AND RESTATED BYLAWS

OF

SPARK ENERGY, INC.

Incorporated under the Laws of the State of Delaware

Date of Adoption: [•], 2014

ARTICLE I
OFFICES AND RECORDS

SECTION 1.1. Registered Office . The registered office of Spark Energy, Inc. (the " Corporation ") in the State of Delaware shall be located at 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, and the name of the Corporation's registered agent at such address is Corporation Service Company. The registered office and registered agent of the Corporation may be changed from time to time by the board of directors of the Corporation (the " Board ") in the manner provided by applicable law.

SECTION 1.2. Other Offices . The Corporation may have such other offices, either within or without the State of Delaware, as the Board may designate or as the business of the Corporation may from time to time require.

SECTION 1.3. Books and Records . The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board.

ARTICLE II
STOCKHOLDERS

SECTION 2.1. Annual Meeting . If required by applicable law, an annual meeting of the stockholders of the Corporation shall be held at such date, time and place, if any, either within or without the State of Delaware, and time as may be fixed by resolution of the Board. Any other proper business may be transacted at the annual meeting. The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

SECTION 2.2. Special Meeting . Except as otherwise required by law and subject to the rights of the holders of any series of preferred stock of the Corporation (the " Preferred Stock "), special meetings of stockholders of the Corporation may be called only by the Chief Executive Officer, the Chairman of the Board or the Board pursuant to a resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies; *provided, however* , that prior to the first date (the " Trigger Date ") upon which W. Keith Maxwell III no longer beneficially owns in the aggregate more than fifty percent (50%) of the outstanding shares of Class A common stock of the Corporation, par value $0.01 per share (the " Class A Common Stock "), and Class B common stock of the Corporation, par value $0.01

per share (the " Class B Common Stock " and, together with the Class A Common Stock, the " Common Stock "), special meetings of the stockholders of the Corporation may also be called by the Secretary of the Corporation at the request of the holders of record of 50% of the outstanding shares of Common Stock. On and after the Trigger Date, and subject to the rights of holders of any series of Preferred Stock, the stockholders of the Corporation do not have the power to call a special meeting of stockholders of the Corporation. The Board may postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board.

SECTION 2.3. Record Date .

(A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by applicable law, not be more than 60 nor less than ten days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however* , that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than 60 days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

(C) Unless otherwise restricted by the Amended and Restated Certificate of Incorporation of the Corporation, as it may be amended from time to time (the " Certificate of Incorporation "), in order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board, (i) when no prior action of the Board is required by applicable law, the record date

for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board is required by applicable law, the record date for such purpose shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

SECTION 2.4. Stockholder List . The officer who has charge of the stock ledger shall prepare and make, at least ten days before every meeting of stockholders, a complete list of stockholders entitled to vote at any meeting of stockholders (*provided, however* , if the record date for determining the stockholders entitled to vote is less than ten days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the 10 th day before the meeting date), arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in the name of such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either on a reasonably accessible electronic network (provided that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. The stock list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by applicable law, the stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of the stockholders.

SECTION 2.5. Place of Meeting . The Board, the Chairman of the Board or the Chief Executive Officer, as the case may be, may designate the place of meeting for any annual meeting or for any special meeting of the stockholders. If no designation is so made, the place of meeting shall be the principal executive offices of the Corporation. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the Delaware General Corporation Law (the " DGCL ") and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

SECTION 2.6. Notice of Meeting . Written or printed notice, stating the place, if any, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten days nor more than 60 days before the date of the meeting, in a manner pursuant to Section 7.7 hereof, to each stockholder of record entitled to vote at such meeting. The notice shall specify (i) the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the

meeting), (ii) the place, if any, date and time of such meeting, (iii) the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, (iv) in the case of a special meeting, the purpose or purposes for which such meeting is called and (v) such other information as may be required by applicable law or as may be deemed appropriate by the Board, the Chairman of the Board or the Chief Executive Officer or the Secretary of the Corporation. If the stockholder list referred to in Section 2.4 of these Bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. The Corporation may provide stockholders with notice of a meeting by electronic transmission provided such stockholders have consented to receiving electronic notice in accordance with the DGCL. Such further notice shall be given as may be required by applicable law. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the notice of meeting. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 7.4 of these Bylaws.

SECTION 2.7. Quorum and Adjournment of Meetings .

(A) Except as otherwise provided by applicable law or by the Certificate of Incorporation, the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote at the meeting (the " Voting Stock "), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The chairman of the meeting or a majority of the shares so represented may adjourn the meeting from time to time, whether or not there is such a quorum. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

(B) Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken; *provided, however* , that if the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

SECTION 2.8. Proxies . At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such other manner prescribed by the DGCL) by the stockholder or by his duly authorized attorney-in-fact. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original

writing or transmission could be used, *provided* that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission. No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary of the Corporation.

SECTION 2.9. Notice of Stockholder Business and Nominations .

(A) Annual Meetings of Stockholders .

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders at an annual meeting of stockholders may be made only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or any committee thereof or (c) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in these Bylaws as to such business or nomination; Section 2.9(A)(1)(c) of these Bylaws shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting) before an annual meeting of the stockholders.

(2) For any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.9(A)(1)(c) of these Bylaws, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action under the Delaware General Corporation Law (the "DGCL"). To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120 th day and not later than the close of business on the 90 th day prior to the first anniversary of the preceding year's annual meeting (which anniversary, in the case of the first annual meeting of stockholders following the close of the Corporation's initial public offering, shall be deemed to be [May] 1, 2015; *provided , however* , that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120 th day prior to the date of such annual meeting and not later than the close of business on the later of the 90 th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10 th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice (whether given pursuant to this Section 2.9(A)(2) or Section 2.9(B)) to the Secretary of the Corporation must:

(a) set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, if any, (ii) (A) the class or series and number of shares of the Corporation that are, directly or indirectly, owned beneficially and of record by such stockholder and such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of stock of the Corporation or otherwise (a " Derivative Instrument "), directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) a description of any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder has a right to vote any shares of any security of the Corporation, (D) any short interest in any security of the Corporation (for purposes of these Bylaws a person shall be deemed to have a "short interest" in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (G) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than ten days after the record date for the meeting to disclose such ownership as of the record date), (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such nomination or

other business before the meeting, and (v) a representation as to whether such stockholder or any such beneficial owner intends or is part of a group that intends to (x) deliver a proxy statement or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding stock required to approve or adopt the proposal or to elect each such nominee or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination. If requested by the Corporation, the information required under clauses (a)(i) and (ii) of the preceding sentence of this Section 2.9(A)(2) shall be supplemented by such stockholder and any such beneficial owner not later than ten days after the record date for notice of the meeting to disclose such information as of such record date;

(b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and beneficial owner, if any, in such business and (ii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(c) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(d) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement required by Section 2.9(A)(2) of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may

reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(3) Notwithstanding anything in the second sentence of Section 2.9(A)(2) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by these Bylaws shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10 th day following the day on which such public announcement is first made by the Corporation.

(4) The foregoing notice requirements of this Section 2.9(A) shall be deemed satisfied by a stockholder with respect to business or a nomination if such stockholder has notified the Corporation of his intention to present a proposal or make a nomination at an annual meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal or nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(B) Special Meetings of Stockholders .

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to a notice of meeting (a) by or at the direction of the Board or any committee thereof or (b) *provided* that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the notice procedures set forth in these Bylaws. In the event a special meeting of stockholders is called for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 2.9(A)(2) of these Bylaws with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 2.9(A)(2) of these Bylaws) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120 th day prior to such special meeting and not later than the close of business on the later of the 90 th day prior to such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10 th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(C) General .

(1) Only such persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible to serve as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of these Bylaws, " public announcement " shall mean disclosure in a press release reported by Dow Jones News Service, the Associated Press, or any other national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; *provided* , *however* , that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2.9(A)(1)(c) or Section 2.9(B) of these Bylaws. Nothing in these Bylaws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under applicable law, the Certificate of Incorporation or these Bylaws.

(4) The Corporation may require any proposed stockholder nominee for director to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation. Unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 2.9 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 2.9 , to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

SECTION 2.10. Conduct of Business . The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the person presiding over any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 2.11. Required Vote . Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at any meeting at which directors are to be elected, so long as a quorum is present, the directors shall be elected by a plurality of the votes validly cast in such election. Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited. Except as otherwise provided by applicable law, the rules and regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors and certain non-binding advisory votes described below, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. In non-binding advisory matters with more than two possible vote choices, the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the recommendation of the stockholders.

SECTION 2.12. Treasury Stock . The Corporation shall not vote, directly or indirectly, shares of its own stock owned by it or any other corporation, if a majority of shares entitled to vote in the election of directors of such corporation is held, directly or indirectly by the Corporation, and such shares will not be counted for quorum purposes; *provided, however* , that the foregoing shall not limit the right of the Corporation or such other corporation, to vote stock of the Corporation held in a fiduciary capacity.

SECTION 2.13. Inspectors of Elections; Opening and Closing the Polls . At any meeting at which a vote is taken by ballots, the Board by resolution may, and when required by applicable law, shall, appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders and the appointment of an inspector is required by applicable law, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his ability. The inspectors shall have the duties prescribed by applicable law.

SECTION 2.14. Stockholder Action by Written Consent . Prior to the Trigger Date, and subject to the rights of holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken at any annual meeting or special meeting of the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. On and after the Trigger Date, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly held annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders.

ARTICLE III
BOARD OF DIRECTORS

SECTION 3.1. General Powers . The business and affairs of the Corporation shall be managed by or under the direction of the Board elected in accordance with these Bylaws. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders. The directors shall act only as a Board, and the individual directors shall have no power as such.

SECTION 3.2. Number, Tenure and Qualifications . Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Board. The election and term of directors shall be as set forth in the Certificate of Incorporation.

SECTION 3.3. Regular Meetings . Subject to Section 3.5 , regular meetings of the Board shall be held on such dates, and at such times and places, as are determined from time to time by resolution of the Board.

SECTION 3.4. Special Meetings . Special meetings of the Board shall be called at the request of the Chairman of the Board, the Chief Executive Officer or a majority of the Board then in office. The person or persons authorized to call special meetings of the Board may fix the place, if any, and time of the meetings. Any business may be conducted at a special meeting of the Board.

SECTION 3.5. Notice . Notice of any meeting of directors shall be given to each director at his business or residence in writing by hand delivery, first-class or overnight mail, courier service or facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 24 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 24 hours prior to the time set for the meeting and shall be confirmed by facsimile or electronic transmission that is sent promptly thereafter. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these Bylaws, as provided under Section 8.1 . A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 7.4 of these Bylaws.

SECTION 3.6. Action by Consent of Board . Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, including by electronic transmission, and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of the State of Delaware.

SECTION 3.7. Conference Telephone Meetings . Members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting, except where such person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

SECTION 3.8. Quorum . Subject to Section 3.9 , a whole number of directors equal to at least a majority of the Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice unless (i) the date, time

and place, if any, of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 3.5 of these Bylaws shall be given to each director, or (ii) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (i) shall be given to those directors not present at the announcement of the date, time and place of the adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 3.9. Vacancies. Subject to applicable law and the rights of holders of any series of Preferred Stock, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, disability, resignation, disqualification or removal of any director or from any other cause shall be filled solely by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his predecessor. No decrease in the number of authorized directors constituting the Board shall shorten the term of any incumbent director.

SECTION 3.10. Removal. Subject to the rights of the holders of shares of any series of Preferred Stock, if any, to elect additional directors pursuant to the Certificate of Incorporation (including any certificate of designation thereunder), any director may be removed, with or without cause, upon the affirmative vote of the holders of at least 66 $^{2}/_{3}$% of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, the Certificate of Incorporation and these Bylaws.

SECTION 3.11. Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

SECTION 3.12. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have authority to fix the compensation of directors, including fees and reimbursement of expenses. The Corporation will cause each non-employee director serving on the Board to be reimbursed for all reasonable out-of-pocket costs and expenses incurred by him in connection with such service.

SECTION 3.13. Regulations. To the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate.

ARTICLE IV
COMMITTEES

SECTION 4.1. Designation; Powers . The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent permitted by applicable law and to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

SECTION 4.2. Procedure; Meetings; Quorum . Any committee designated pursuant to Section 4.1 shall choose its own chairman by a majority vote of the members then in attendance in the event the chairman has not been selected by the Board, shall keep regular minutes of its proceedings and report the same to the Board when requested, and shall meet at such times and at such place or places as may be provided by the charter of such committee or by resolution of such committee or resolution of the Board. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations or stock exchange rules, may adopt a charter for any other committee, and may adopt other rules and regulations for the governance of any committee not inconsistent with the provisions of these Bylaws or any such charter, and each committee may adopt its own rules and regulations of governance, to the extent not inconsistent with these Bylaws or any charter or other rules and regulations adopted by the Board.

SECTION 4.3. Substitution of Members . The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

ARTICLE V
OFFICERS

SECTION 5.1. Officers . The officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a Secretary, a Treasurer and such other officers as the Board from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article V . Such officers shall also have such powers and duties as from time to time may be conferred by the Board or by any committee thereof. The Board or any committee thereof may from time to time elect, or the Chairman of the Board or Chief Executive Officer may appoint, such other officers (including one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board or such committee thereof or by the Chairman of the Board or Chief Executive Officer, as the case may be.

SECTION 5.2. Election and Term of Office . The officers of the Corporation shall be elected or appointed from time to time by the Board. Each officer shall hold office until his successor shall have been duly elected or appointed and shall have qualified or until his death or until he shall resign, but any officer may be removed from office at any time by the affirmative vote of a majority of the Board or, except in the case of an officer or agent elected by the Board, by the Chairman of the Board or Chief Executive Officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

SECTION 5.3. Chairman of the Board . The Chairman of the Board shall preside at all meetings of the stockholders and of the Board. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office that may be required by law and all such other duties as are properly required of him by the Board. He shall make reports to the Board and the stockholders, and shall see that all orders and resolutions of the Board and of any committee thereof are carried into effect. The Chairman of the Board may also serve as Chief Executive Officer, if so elected by the Board.

SECTION 5.4. Chief Executive Officer . The Chief Executive Officer shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The Chief Executive Officer shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of stockholders and of the Board. The Chief Executive Officer shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation.

SECTION 5.5. President . The President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board.

SECTION 5.6. Senior Vice Presidents and Vice Presidents . Each Senior Vice President and Vice President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board.

SECTION 5.7. Treasurer . The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board. He shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board, the Chairman of the Board or the Chief Executive Officer.

SECTION 5.8. Secretary . The Secretary shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by applicable law; he shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board or the Chief Executive Officer.

SECTION 5.9. Vacancies . A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board. Any vacancy in an office appointed by the Chairman of the Board or the Chief Executive Officer because of death, resignation, or removal may be filled by the Chairman of the Board or the Chief Executive Officer.

SECTION 5.10. Action with Respect to Securities of Other Corporations . Unless otherwise directed by the Board, the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which the Corporation may hold securities and otherwise to exercise any and all rights and powers that the Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE VI
STOCK CERTIFICATES AND TRANSFERS

SECTION 6.1. Stock Certificates and Transfers . The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated or electronic shares. The shares of the stock of the Corporation shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares. Subject to the provisions of the Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation, which may be maintained by a third-party registrar or transfer agent, by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require or upon receipt of proper transfer instructions from the registered holder of uncertificated shares and upon compliance with appropriate procedures for transferring shares in uncertificated form, at which time the Corporation shall issue a new certificate to the person entitled thereto (if the stock is then represented by certificates), cancel the old certificate and record the transaction upon its books.

Each certificated share of stock shall be signed, countersigned and registered in such manner as the Board may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 6.2. Lost, Stolen or Destroyed Certificates . No certificate for shares or uncertificated shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board or any financial officer may in its or his discretion require.

SECTION 6.3. Ownership of Shares . The Corporation shall be entitled to treat the holder of record of any share or shares of stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

SECTION 6.4. Regulations Regarding Certificates . The Board shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of stock of the Corporation. The Corporation may enter into additional agreements with stockholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

ARTICLE VII
MISCELLANEOUS PROVISIONS

SECTION 7.1. Fiscal Year . The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

SECTION 7.2. Dividends . Except as otherwise provided by law or the Certificate of Incorporation, the Board may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of stock, which dividends may be paid in either cash, property or shares of stock of the Corporation. A member of the Board, or a member of any committee designated by the Board, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the director reasonably believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

SECTION 7.3. Seal . The seal of the Corporation, if any, shall be in such form as the Board may adopt.

SECTION 7.4. Waiver of Notice . Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, including by electronic transmission, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7.5. Resignations . Any director or any officer, whether elected or appointed, may resign at any time by giving written notice, including by electronic transmission, of such resignation to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board or the stockholders to make any such resignation effective.

SECTION 7.6. Indemnification and Advancement of Expenses .

(A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a " proceeding ") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (a " Covered Person "), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, against all expenses, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection with such proceeding.

(B) The Corporation shall, to the fullest extent not prohibited by applicable law as it presently exists or may hereafter be amended, pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition; provided, however, that to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Section 7.6 or otherwise.

(C) The rights to indemnification and advancement of expenses under this Section 7.6 shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 7.6 , except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to a Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(D) If a claim for indemnification under this Section 7.6 (following the final disposition of such proceeding) is not paid in full within 60 days after the Corporation has received a claim therefor by the Covered Person, or if a claim for any advancement of expenses under this Section 7.6 is not paid in full within 30 days after the Corporation has received a statement or statements requesting such amounts to be advanced, the Covered Person shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim. If successful in whole or in part, the Covered Person shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by applicable law. In any such action, the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

(E) The rights conferred on any Covered Person by this Section 7.6 shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under any statute, any provision of the Certificate of Incorporation, these Bylaws, any agreement or vote of stockholders or disinterested directors or otherwise.

(F) This Section 7.6 shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

(G) Any Covered Person entitled to indemnification and/or advancement of expenses, in each case pursuant to this Section 7.6 , may have certain rights to indemnification, advancement and/or insurance provided by one or more persons with whom or which such Covered Person may be associated. The Corporation hereby acknowledges and agrees that (i) the Corporation shall be the indemnitor of first resort with respect to any proceeding, expense, liability or matter that is the subject of this Section 7.6 , (ii) the Corporation shall be primarily liable for all such obligations and any indemnification afforded to a Covered Person in respect of a proceeding, expense, liability or matter that is the subject of this Section 7.6 , whether created by law, organizational or constituent documents, contract or otherwise, (iii) any obligation of any persons with whom or which a Covered Person may be associated to indemnify such Covered Person and/or advance expenses or liabilities to such Covered Person in respect of any proceeding shall be secondary to the obligations of the Corporation hereunder, (iv) the Corporation shall be required to indemnify each Covered Person and advance expenses to each Covered Person hereunder to the fullest extent provided herein without regard to any rights such Covered Person may have against any other person with whom or which such Covered Person

may be associated or insurer of any such person, and (v) the Corporation irrevocably waives, relinquishes and releases any other person with whom or which a Covered Person may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Corporation hereunder.

SECTION 7.7. Notices . Except as otherwise specifically provided herein or required by applicable law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by commercial courier service, or by facsimile or other electronic transmission, *provided* that notice to stockholders by electronic transmission shall be given in the manner provided in Section 232 of the DGCL. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his last known address as the same appears on the books of the Corporation. Without limiting the manner by which notice otherwise may be given effectively, notice to any stockholder shall be deemed given: (1) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; (4) if by any other form of electronic transmission, when directed to the stockholder; and (5) if by mail, when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

SECTION 7.8. Facsimile Signatures . In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof.

SECTION 7.9. Time Periods . In applying any provision of these Bylaws that require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

SECTION 7.10. Reliance Upon Books, Reports and Records . Each director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE VIII
AMENDMENTS

SECTION 8.1. Amendments . Subject to the provisions of the Certificate of Incorporation, these Bylaws may be amended, altered or repealed (a) by resolution adopted by a majority of the directors present at any special or regular meeting of the Board at which a quorum is present if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting or (b) at any regular or special meeting of the stockholders upon the affirmative vote of at least 66 2/3% of the shares of the Corporation entitled to vote in the election of directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, Sections 3.9 and 3.10 and this paragraph of Section 8.1 may only be amended, altered or repealed at any regular or special meeting of the stockholders upon the affirmative vote of at least 66 2/3% of the shares of the Corporation entitled to vote thereon if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, no amendment, alteration or repeal of Section 7.6 shall adversely affect any right or protection existing under these Bylaws immediately prior to such amendment, alteration or repeal, including any right or protection of a present or former director, officer or employee thereunder in respect of any act or omission occurring prior to the time of such amendment.


SPKE
CLASS A
COMMON STOCK
SPARK ENERGY, INC.
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE
SEE REVERSE FOR CERTAIN DEFINITIONS
CUSIP 846511 10 3
THIS CERTIFIES THAT
SPECIMEN
IS THE RECORD HOLDER OF
FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK, $0.01 PAR VALUE PER SHARE, OF
SPARK ENERGY, INC.
transferable on the books of the Corporation in person or by duly authorized attorney, upon surrender of the Certificate properly endorsed.
This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.
WITNESS, the facsimile signatures of the Corporation's duly authorized officers.
Dated:
PRESIDENT AND CHIEF EXECUTIVE OFFICER
SPARK ENERGY, INC. CORPORATE SEAL 2014 DELAWARE
VICE PRESIDENT, GENERAL COUNSEL AND CORPORATE SECRETARY
COUNTERSIGNED AND REGISTERED
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
TRANSFER AGENT AND REGISTRAR
AUTHORIZED SIGNATURE

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties
JT TEN – as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT–.....Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act.....
(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING ZIP CODE OF ASSIGNEE

_____

_____

_____ Shares

of the Class A common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE(S) GUARANTEED:

_____

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

Exhibit 4.2

TRANSACTION AGREEMENT II

This Transaction Agreement II, dated as of July [•], 2014 (this " ***Agreement*** "), is entered into by and among Spark Energy, Inc., a Delaware corporation (" ***Spark Energy*** "), Spark HoldCo, LLC, a Delaware limited liability company (" ***Spark HoldCo*** "), NuDevco Retail, LLC, a Delaware limited liability company (" ***NuDevco Retail*** "), NuDevco Retail Holdings, LLC, a Delaware limited liability company (" ***NuDevco Retail Holdings*** ") and Associated Energy Services, LP, a Texas limited partnership (" ***AES*** "). The above-named entities are sometimes referred to herein as a " ***Party*** " and collectively as the " ***Parties*** ."

RECITALS

WHEREAS , on June 18, 2014, the Parties, Spark Energy Ventures, LLC, a Texas limited liability company (" ***SEV*** ") and Spark Energy Holdings, LLC, a Texas limited liability company (" ***SEH*** "), completed the transactions contemplated by that certain Transaction Agreement, dated June 18, 2014; and

WHEREAS , Spark Energy expects to enter into an underwriting agreement (the " ***IPO Underwriting Agreement*** ") with the several underwriters named therein (the " ***Underwriters*** "), providing for the initial public offering (the " ***IPO*** ") of shares of Class A Common Stock, par value $0.01 per share of Spark Energy (the " ***Class A Common Stock*** ") and the grant of an option to the Underwriters to purchase additional shares of Class A Common Stock (the " ***Additional Shares*** ") within 30 days of the IPO (the " ***Option*** ").

NOW THEREFORE , in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties hereto hereby agree as follows:

ARTICLE I

IPO TRANSACTIONS AND AGREEMENTS

Section 1.1 *Transactions*

The following transactions are to occur in the following order and be effective as of the closing date of the IPO (the " ***Effective Date*** "):

(a) Spark Energy will adopt and file the Amended and Restated Certificate of Incorporation, substantially in the form attached hereto as **Annex A** (the " ***Amended Charter*** ") and adopt the Amended and Restated Bylaws, substantially in the form attached hereto as **Annex B** (the " ***Amended Bylaws*** "), and the 1,000 shares of Spark Energy common stock, par value $0.01, held by NuDevco Retail Holdings will be cancelled and the $10.0 cash contribution returned.

(b) Upon filing of the Amended Charter and the adoption of the Amended Bylaws, Spark Energy will issue to Spark HoldCo [•] shares of newly issued Class B common stock, par value $0.01 per share (the " ***Class B Common Stock*** "), and Spark HoldCo hereby accepts such contribution of the Class B Common Stock.

(c) Immediately upon completion of the transactions in Section 1.1(b) above, Spark HoldCo hereby distributes (1) to NuDevco Retail Holdings [•] shares of Class B Common Stock, constituting approximately 99% of the outstanding Class B Common Stock and (2) to NuDevco Retail [•] shares of Class B Common Stock, constituting approximately 1% of the outstanding Class B Common Stock, and each of NuDevco Retail Holdings and NuDevco Retail hereby accepts such distribution of the Class B Common Stock.

(d) In recognition of the transactions in Section 1.1(b) and (c), NuDevco Retail Holdings, NuDevco Retail and Spark Energy will enter into the Second Amended and Restated Limited Liability Company Agreement of Spark HoldCo, substantially in the form attached hereto as **Annex C** (the " ***LLC Agreement*** ") and the outstanding membership interest in Spark HoldCo held by Spark Energy, NuDevo Retail and NuDevco Retail Holdings will be converted into units of Spark HoldCo (the " ***Spark HoldCo Units*** ").

(e) Following the execution of the LLC Agreement as provided in Section 1.1(d) above, Spark Energy will purchase [•] Spark HoldCo Units from NuDevco Retail Holdings using proceeds from the IPO, constituting approximately [•]% of the outstanding Spark HoldCo Units, and repay the previously issued $50,000 note payable held by NuDevco Retail Holdings, for an aggregate cash purchase price of $[•]. Upon completion of the steps in Section 1.1(c) and this Section 1.1(e) and subject to adjustment as provided in Article II, Spark Energy, Inc. will own [•] Spark HoldCo Units, NuDevco Retail Holdings will own [•] Spark HoldCo Units and [•] shares of Class B Stock and NuDevco Retail will own [•] Spark HoldCo Units and [•] shares of Class B Common Stock.

(f) Immediately upon completion of the transactions in Section 1.1(e) above, (1) Spark HoldCo will execute and enter into its new credit facility (the " ***New Credit Facility*** ") and borrow $[•] million under the New Credit Facility and use such borrowings to repay the portion of the Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013, among Spark Energy Ventures, LLC, as parent, Spark Energy Holdings, LLC, Spark Energy, LP, Spark Energy Gas, LP and AES, as co-borrowers and the lenders and other parties thereto (the " ***Existing Credit Facility*** ") allocated to Spark Energy, LLC, a Texas limited liability company (" ***SE*** "), and Spark Energy Gas, LLC, a Texas limited liability company (" ***SEG*** "), pursuant to the Interborrower Agreement, dated as of May 31, 2014, by and among SE, SEG and AES (the " ***Interborrower Agreement*** "); and (2) AES will repay the portion of the Existing Credit Facility allocated to AES pursuant to the Interborrower Agreement.

Section 1.2 *Agreements* . Upon completion of the transaction in Section 1.1, NuDevco Retail Holdings, NuDevco Retail and Spark Energy shall enter into:

(a) a Registration Rights Agreement, substantially in the form attached here as **Annex D** ; and

(b) a Tax Receivable Agreement, substantially in the form attached hereto as **Annex E** .

ARTICLE II

OVERALLOTMENT OPTION

In the event that the Option is exercised, Spark Energy shall issue the Additional Shares to the Underwriters at a price per share equal to the per share initial public offering price of the Class A Common Stock (less underwriting discounts and commissions as set forth in the Underwriting Agreement), Spark Energy shall transfer all of the net proceeds it receives from the exercise of the Option to NuDevco Retail Holdings in exchange for a number of Spark HoldCo units equal to the number of shares of Class A Common Stock sold by Spark Energy to the public pursuant to the Option, and a corresponding number of shares of Class B common stock shall be cancelled.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 *Due Organization* . Each Party represents and warrants that it is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, as applicable, and has power and authority to enter into this Agreement and to carry out its obligations hereunder.

Section 3.2 *Due Authorization* . Each Party represents and warrants that the execution and delivery of this Agreement by such Party have been duly authorized by all necessary action on its part and no other proceedings on its part are necessary to authorize this Agreement or any of the transactions contemplated hereby.

Section 3.3 *Due Execution* . Each Party represents and warrants that this Agreement has been duly executed and delivered by such Party and constitutes a valid and binding obligation of each of them, and is enforceable against each of them in accordance with its terms.

ARTICLE IV

MISCELLANEOUS

Section 4.1 *Further Assurances* . From time to time, and without any further consideration, the Parties agree to execute, acknowledge and deliver all such additional deeds, assignments, bills of sale, conveyances, instruments, notices, releases, acquittances, consents, resolutions and other documents, and to do all such other acts and things, all in accordance with applicable law, as may be necessary or appropriate to (a) assure that the applicable Parties own all of the properties, rights, titles, interests, estates, remedies, powers and privileges granted by this Agreement, or which are intended to be so granted, (b) fully and effectively vest in the applicable Parties and their respective successors and assigns beneficial and record title to the interests contributed and assigned by this Agreement or intended to be so and (c) fully and effectively carry out the purposes and intent of this Agreement.

Section 4.2 *Successors and Assigns* . The Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

Section 4.3 *No Third Party Rights* . The provisions of this Agreement are intended to bind the Parties to each other and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies and no person is or is intended to be a third party beneficiary of any of the provisions of this Agreement.

Section 4.4 *Severability* . If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and any necessary provision added so as to give effect to the intention of the Parties as expressed in this Agreement at the time of execution of this Agreement.

Section 4.5 *Entire Agreement* . This Agreement and the instruments referenced herein supersede all previous understandings or agreements among the Parties, whether oral or written, with respect to the subject matter of this Agreement and such instruments. This Agreement and such instruments contain the entire understanding of the Parties with respect to the subject matter hereof and thereof. No understanding, representation, promise or agreement, whether oral or written, is intended to be or shall be included in or form part of this Agreement unless it is contained in a written amendment hereto executed by the Parties after the date of this Agreement.

Section 4.6 *Amendment or Modification* . This Agreement may be amended or modified at any time or from time to time only by a written instrument, specifically stating that such written instrument is intended to amend or modify this Agreement, signed by each of the Parties.

Section 4.7 *Applicable Law* . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 4.8 *Headings* . All Article and Section headings in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any of the provisions hereof. All references herein to Articles and Sections shall, unless the context requires a different construction, be deemed to be references to the Articles and Sections of this Agreement. The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, and not to any particular provision of this Agreement. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural and vice versa. The use herein of the word “including” following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.

Section 4.9 *Counterparts* . This Agreement may be executed in any number of counterparts with the same effect as if all Parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument. The delivery of an executed counterpart copy of this Agreement by facsimile or electronic transmission in PDF format shall be deemed to be the equivalent of delivery of the originally executed copy thereof.

Section 4.10 *Deed; Bill of Sale; Assignment* . To the extent required and permitted by applicable law, this Agreement shall also constitute a "deed," "bill of sale" or "assignment" of the assets and interests referenced herein.

Section 4.11 *Termination* . This Agreement shall terminate and be of no further force and effect if the IPO has not been consummated by August 1, 2014.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties as of the date first written above.

NUDEVCO RETAIL HOLDINGS, LLC

By: _____
Name:
Title:

ADDRESS FOR NOTICES:

2105 CityWest Blvd., Suite 100
Houston, Texas 77042

NUDEVCO RETAIL, LLC

By: _____
Name:
Title:

ADDRESS FOR NOTICES:

2105 CityWest Blvd., Suite 100
Houston, Texas 77042

SPARK HOLDCO, LLC

By: _____
Name:
Title:

ADDRESS FOR NOTICES:

2105 CityWest Blvd., Suite 100
Houston, Texas 77042

SPARK ENERGY, INC.

By: _____
Name:
Title:

ADDRESS FOR NOTICES:

2105 CityWest Blvd., Suite 100
Houston, Texas 77042

ASSOCIATED ENERGY SERVICES, LP
By: Spark Energy Holdings, LLC
its general partner

By: _____
Name:
Title:

ADDRESS FOR NOTICES:

2105 CityWest Blvd., Suite 100
Houston, Texas 77042

ANNEX A

AMENDED CHARTER

(see attached)

ANNEX B

AMENDED BYLAWS

(see attached)

ANNEX C

LLC AGREEMENT

(see attached)

ANNEX D

REGISTRATION RIGHTS AGREEMENT

(see attached)

ANNEX E

TAX RECEIVABLE AGREEMENT

(see attached)

Exhibit 5.1

Vinson&Elkins

[•], 2014

Spark Energy, Inc.
2105 CityWest Blvd., Suite 100
Houston, Texas 77042

RE: Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as counsel for Spark Energy, Inc., a Delaware corporation (the " Company "), in connection with the proposed offer and sale (the " Offering ") by the Company, pursuant to a prospectus forming a part of a Registration Statement on Form S-1, Registration No. 333-196375, originally filed with the Securities and Exchange Commission on May 29, 2014 (such Registration Statement, as amended at the effective date thereof, being referred to herein as the " Registration Statement "), of up to [•] shares of Class A common stock, par value $0.01 per share, of the Company (the " Common Shares "), including up to [•] Common Shares issuable upon exercise of an option to purchase additional shares as described in the Registration Statement.

In connection with this opinion, we have assumed that (i) the Registration Statement, and any amendments thereto (including post-effective amendments), will have become effective, (ii) the Common Shares will be issued and sold in the manner described in the Registration Statement and the prospectus relating thereto and (iii) a definitive underwriting agreement, in the form filed as an exhibit to the Registration Statement, with respect to the sale of the Common Shares will have been duly authorized and validly executed and delivered by the Company and the other parties thereto.

In connection with the opinion expressed herein, we have examined, among other things, (i) the form of Amended and Restated Certificate of Incorporation of the Company and the form of Amended and Restated Bylaws of the Company, (ii) the records of corporate proceedings that have occurred prior to the date hereof with respect to the Offering, (iii) the Registration Statement and (iv) the form of underwriting agreement filed as an exhibit to the Registration Statement. We have also reviewed such questions of law as we have deemed necessary or appropriate. As to matters of fact relevant to the opinion expressed herein, and as to factual matters arising in connection with our examination of corporate documents, records and other documents and writings, we relied upon certificates and other communications of corporate officers of the Company, without further investigation as to the facts set forth therein.

Based upon the foregoing, we are of the opinion that when the Common Shares have been delivered in accordance with a definitive underwriting agreement approved by the Board of Directors of the Company and upon payment of the consideration therefor provided for therein (not less than the par value of the Common Shares), such Common Shares will be duly authorized, validly issued, fully paid and nonassessable.

The foregoing opinions are limited in all respects to the General Corporation Law of the State of Delaware (including the applicable provisions of the Delaware Constitution and the reported judicial decisions interpreting these laws) and the federal laws of the United States of America, and we do not express any opinions as to the laws of any other jurisdiction.

We hereby consent to the statements with respect to us under the heading "Legal Matters" in the prospectus forming a part of the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, and the rules and regulations thereunder.

Very truly yours,

Exhibit 10.1

Execution Version

SEVENTH AMENDED AND RESTATED CREDIT AGREEMENT

Among

SPARK ENERGY VENTURES, LLC,
as Parent,

SPARK ENERGY HOLDINGS, LLC,
SPARK ENERGY, L.P.,
SPARK ENERGY GAS, LP

and

ASSOCIATED ENERGY SERVICES, LP,
as Co-Borrowers,

SOCIÉTÉ GÉNÉRALE,
as Administrative Agent, an Issuing Bank and a Bank,

and

SG AMERICAS SECURITIES, LLC,
as Sole Lead Arranger and Sole Bookrunner,

NATIXIS, NEW YORK BRANCH,
COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK NEDERLAND," NEW YORK BRANCH, AND
RB INTERNATIONAL FINANCE (USA) LLC,
as Co-Documentation Agents,

COMPASS BANK,
as Senior Managing Agent,

and

THE OTHER FINANCIAL INSTITUTIONS WHICH
MAY BECOME PARTIES HERETO

Dated as of July 31, 2013

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SEVENTH AMENDED AND RESTATED
CREDIT AGREEMENT

THIS SEVENTH AMENDED AND RESTATED CREDIT AGREEMENT (this " Agreement ") is dated as of July 31, 2013, among **SPARK ENERGY, L.P. (**" Spark "), a Texas limited partnership, **SPARK ENERGY GAS, LP** (" SEG "), a Texas limited partnership, **ASSOCIATED ENERGY SERVICES, LP** (f/k/a Marlin Products and Crude, L.P.) (" AES "), a Texas limited partnership, and **SPARK ENERGY HOLDINGS, LLC** (" SEH "), a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY VENTURES, LLC** (" Parent "), a Texas limited liability company, **SOCIÉTÉ GÉNÉRALE** , as Agent, Issuing Bank and a Bank, **SG AMERICAS SECURITIES, LLC** , as Sole Lead Arranger and Sole Bookrunner, and each other financial institution which may become a party hereto (collectively, the " Banks ").

WHEREAS, the Co-Borrowers, Marlin Midstream, LLC (" Midstream "), a Texas limited liability company, Marlin G&P I, LLC (" G&P "), a Texas limited liability company, and Parent (the " Existing Co-Borrowers "), and certain of the Banks entered into a Sixth Amended and Restated Credit Agreement dated as of December 17, 2012, among such Existing Co-Borrowers and the financial institutions party thereto (the " Existing Banks ") providing for a working capital line of credit, revolving line of credit and a term loan in favor of such Existing Co-Borrowers (the " Existing Credit Agreement "); and

WHEREAS, the Co-Borrowers and the Banks desire to further amend and restate the Existing Credit Agreement and make certain other changes to the Existing Credit Agreement;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.01 Certain Defined Terms . The following terms have the following meanings:

" Account " has the meaning stated in the New York Uniform Commercial Code.

" Additional Debt " means Indebtedness for borrowed money other than Indebtedness described in Section 7.13 .

" Adjusted Unutilized Capacity " means an amount equal to (i) for the first six-month period following the Closing Date, the Capacity Obligations Amount for the following six-month period less 75% of Projected Utilized Capacity, and (ii) for each rolling six-month period thereafter commencing on the first day of the seventh month following the Closing Date, the Capacity Obligations Amount for the applicable rolling six-month period less 75% of Historical Utilized Capacity.

" Adjusting Bank " has the meaning specified in Subsection 2.01(d) .

" Advance Maturity Date " means the maturity date of each Working Capital Loan made under the Working Capital Line which will be the earliest to occur of (a)(i) 365 days from the date of Borrowing if a Working Capital Loan is for the purpose of financing a Contango Transaction, (ii) 90 days from the date of Borrowing if a Working Capital Loan is for the purpose of financing the purchase of any Product (other than those referenced in (a)(i) of this definition), or (iii) the date of the L/C Borrowing, if an advance under a Letter of Credit; or (b)

the Expiration Date. All advances made under the Working Capital Line after the Expiration Date because of a drawing under a Letter of Credit shall be due and payable on the day such advance is made and, in order to pay such amounts, Agent shall apply any Cash Collateral held by it as security for such Letters of Credit in payment of same.

" Advance Sub-limit Cap " means at any time, the maximum amount which may be advanced by the Banks to the Co-Borrowers under the Working Capital Line, as determined by the Collateral Position Report, which amount shall, in no event, exceed $46,000,000.00 in the aggregate, subject to the following Advance Sub-limit Caps:

(a) For the purchase of Product	$46,000,000.00
(b) For Contango Transactions	$46,000,000.00

If Commitments are increased pursuant to Section 2.02 , the foregoing Advance Sub-limit Caps shall be increased pro-rata based on the amount of any increase in the Commitments under Section 2.02 in excess of $80,000,000 in the aggregate, but shall not exceed $70,000,000. Such increases to be notified to the Co-Borrowers and the Banks pursuant to Section 2.02(c) . If the Elected Working Capital Line Cap is decreased pursuant to the terms hereof, the foregoing Advance Sub-Limited Caps shall be decreased pro-rata based on the amount of any decrease in the Elected Working Capital Line Cap, but shall not be less than $30,000,000.

" AES " means Associated Energy Services, LP, a Texas limited partnership (f/k/a Marlin Products and Crude, L.P.).

" AES Bank Blocked Account " means AES's account no. 29200300 maintained with Compass Bank or an account with a depositary institution acceptable to Agent into which collections from AES's accounts will be deposited pursuant to Section 7.08 .

" Affiliate " means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

" Affiliate Obligation " means indebtedness owing by an Affiliate of a Co-Borrower (which is not a Co-Borrower itself) to a Co-Borrower, *provided* (a) such Affiliate is engaged in a line of business similar to the lines of business carried on by the Co-Borrowers or in other business activities in the energy business related to such lines of business, and (b) a first priority security interest has been granted by such Co-Borrower to Agent in the amounts owed by the Affiliate in a manner satisfactory to Agent.

" Agent " means Société Générale in its capacity as administrative agent for the Banks hereunder, and any successor agent arising under Section 9.09 .

" Agent Parties " has the meaning specified in Subsection 10.02(f) .

" Agent-Related Persons " means Société Générale and any successor agent arising under Section 9.09 , together with their respective Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

" Agent's Payment Office " means the address for payments set forth on Schedule 10.02 hereto in relation to Agent, or such other address as Agent may from time to time specify.

" Aggregate Amount " means the Effective Amount of all outstanding Working Capital Loans plus the Effective Amount of all outstanding L/C Obligations.

" Agreement " means this Seventh Amended and Restated Credit Agreement.

" Anti-Terrorism Law " means any law relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56.

" Applicable Margin " means, with respect to Working Capital Loans, the following percentages per annum:

(a) if the average daily Aggregate Amount during the most recently ended fiscal quarter was less than fifty percent (50%) of the average daily Elected Working Capital Line Cap in effect during such fiscal quarter, (i) three percent (3.00%) for Eurodollar Rate Loans, (ii) two and one-half percent (2.50%) for COF Rate Loans and (iii) two percent (2.00%) for ABR Loans; and

(b) if the average daily Aggregate Amount during the most recently ended fiscal quarter was greater than or equal to fifty percent (50%) of the average daily Elected Working Capital Line Cap in effect during such fiscal quarter, (i) three and one-quarter percent (3.25%) for Eurodollar Rate Loans, (ii) two and three-quarters percent (2.75%) for COF Rate Loans and (iii) two and one-quarter percent (2.25%) for ABR Loans.

The Applicable Margin for any fiscal quarter shall be determined by the Agent based upon the average Aggregate Amount outstanding and the average Elected Working Capital Line Cap in effect, in each case, on each day during the fiscal quarter most recently ended, and any such determination shall be conclusive and binding absent manifest error. Any increase or decrease in the Applicable Margin resulting from a change in the average daily Aggregate Amount or Elected Working Capital Line Cap during any fiscal quarter shall become effective as of the first day of the subsequent fiscal quarter, as notified by the Agent to the Co-Borrowers. Notwithstanding the foregoing, the Applicable Margin shall be deemed to be the Applicable Margin described in clause (a) above from and after the Closing Date through and including the last day of the fiscal quarter ending September 30, 2013.

" Approved Brokerage Accounts " means brokerage accounts maintained by the Co-Borrowers or any of them with an Eligible Broker for the purpose of allowing the Co-Borrowers or any of them to engage in the purchase and sale of commodity futures, commodity options, forward or leverage contracts and/or actual or cash commodities, and subject to a fully perfected first priority security interest in favor of the Agent, for its benefit and the benefit of the Banks (including a tri-party control agreement, acceptable to the Agent).

" Approved Location " means a terminal, storage facility or pipeline approved by the Agent with respect to which the Agent may request a bailee letter in form and substance acceptable to Agent with respect to any Collateral stored at such terminal, facility or pipeline.

" Assignment and Assumption " has the meaning specified in Subsection 10.08(a) .

" Attorney Costs " means and includes all fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

" Availability Period " means the period from and including the Closing Date to the earliest of (a) the Expiration Date, (b) the date of termination of all Commitments pursuant to Section 2.08 , and (c) the date of termination of the commitment of each Bank to make Working Capital Loans and of the obligation of the Issuing Bank to Issue Letters of Credit pursuant to Section 8.02 .

" Banks " means any Bank who maintains a Commitment or has outstanding Loans and participations in respect of L/C Obligations.

" Bank Blocked Accounts " means the Spark Bank Blocked Account, the SEG Bank Blocked Account, the AES Bank Blocked Account and the Wells Fargo Bank Blocked Account.

" Banks " means Société Générale and any other financial institution that may become a party to this Agreement.

" Bankruptcy Code " means the Federal Bankruptcy Reform Act of 1978, as amended (11 U.S.C. § 101, et seq.).

" Base Rate " means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus $1/2$ of 1% and (c) the Eurodollar Rate for a one month maturity on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%; *provided* that, for the avoidance of doubt, for purposes of calculating the "Base Rate", (x) "Prime Rate" shall mean, for any day, a rate per annum that is equal to the corporate base rate of interest established by the Agent prior to the delivery of the relevant borrowing notice (the Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually available) and (y) the Eurodollar Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR 01 Page (or on any successor or substitute page of such page as determined by the Agent) at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate, respectively.

" Base Rate Loan " means any Loan bearing interest based upon the Base Rate.

" Benefit Plan " means any employee benefit plan as defined in Section 3(3) of ERISA (whether governed by the laws of the United States or otherwise) to which any Loan Party incurs or otherwise has any obligation or liability, contingent or otherwise.

" Blocked Account Agreements " means the blocked account agreements listed on the Security Schedule.

" Borrower Materials " has the meaning specified in Subsection 10.02(e) .

" Borrowing " means a borrowing hereunder consisting of a Working Capital Loan made to one or more of the Co-Borrowers by the Banks under Article II or continuation or conversion of loans consisting of simultaneous Working Capital Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by the Banks pursuant to Section 2.01(a).

" Borrowing Base Advance Cap " means at any time an amount equal to the least of:

(a) the Elected Working Capital Line Cap at such time; or

(b) the Commitments of the Banks at such time; or

(c) the sum of:

(i) 100% of the amount of Cash Collateral and other liquid investments of Spark, SEG and AES which are acceptable to the Agent in its sole discretion and which are subject to a first perfected security interest in favor of the Agent, for its benefit and the benefit of the Banks, and which have not been used in determining availability for any other advance or Letter of Credit Issuance; **plus**

(ii) 90% of equity (net liquidity value) in Approved Brokerage Accounts; **plus**

(iii) 90% of the amount of Tier I Accounts, net of deductions, offsets and counterclaims; **plus**

(iv) 85% of the amount of Tier II Accounts, net of deductions, offset and counterclaims; **plus**

(v) 85% of the amount of Tier I Unbilled Qualified Accounts, net of deductions, offset and counterclaims; **plus**

(vi) 80% of the amount of Tier II Unbilled Qualified Accounts, net of deductions, offset and counterclaims; **plus**

(vii) 80% of the amount of Eligible Inventory; **plus**

(viii) 85% of the amount of Hedged Eligible Inventory; **plus**

(ix) 80% of the amount of net Eligible Exchange Receivables; **plus**

(x) 80% of the amount of Letters of Credit for Product Not Yet Delivered; **plus**

(xi) 60% of In-the-Money Positions from counterparties due to any Co-Borrower with tenors up to twelve (12) months; **less**

(xii) 60% of line-fill inventory and recoverable tank bottom inventory, in each case valued at current market (as referenced by a published source acceptable to the Banks in their sole discretion) net of any setoff, counterclaim or netting; **less**

(xiii) the amounts (including disputed items) which would be subject to a so-called "First Purchaser Lien" as defined in Texas Bus. & Com. Code Section 9.343, comparable laws of the states of Oklahoma, Kansas, Wyoming or New Mexico, or any other comparable law, except to the extent a Letter of Credit secures payment of amounts subject to such First Purchaser Liens; **less**

(xiv) 115% of the amount of any mark to market exposure to the Swap Banks under Swap Contracts other than Swap Contracts involving physical delivery as reported by the Swap Banks, reduced by cash collateral held by a Swap Bank; **less**

(xv) with respect to Swap Contracts involving physical delivery, 115% of the amount of mark to market exposure to the Swap Banks under such Swap Contracts until nomination for delivery has been made and 115% of the amount of notional exposure to the Swap Banks under such Swap Contracts after such nomination for delivery has been made, in each case, reduced by cash collateral held by a Swap Bank; **less**

(xvi) Reserves; **less**

(xvii) sales taxes;

provided that, (a) in no event shall the amounts described in (c)(xi) above be in excess of the lesser of (1) $40,000,000.00 and (2) forty percent (40%) of the sum of the items in subsections (c)(i) through (c)(xvii) above, in the aggregate, be counted when making the calculation under subsection (c) of this definition; (b) in no event shall the amounts described in (c)(xii) above be in excess of the lesser of (1) $10,000,000.00 and (2) forty percent (40%) of the sum of the items in subsections (c)(i) through (c)(xvii) above, in the aggregate, be counted when making the calculation under subsection (c) of this definition; (c) in no event shall any amounts described in (c)(i) through (c)(xvii) above which may fall into more than one of such categories be counted more than once when making the calculation under subsection (c) of this definition; and (d) in the event the amounts described in (c)(iii), (iv), (v), (vi), (ix) and (xi) in the aggregate for any counterparty exceed the amounts set forth on the Credit Limits Annex or the amount approved for other counterparties not listed on the Credit Limits Annex (including, without limitation the amounts set forth on Annex C), such excess amounts may not be included in the Borrowing Base Advance Cap unless approved by the Majority Banks.

" Borrowing Date " means any date on which a Borrowing occurs under Section 2.04 .

" Building " has the meaning specified in Subsection 5.01(k) .

" Business Day " means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; and if such day relates to a Borrowing or continuation of, a payment or prepayment of principal of or interest on, or a conversion of or into, or the Interest Period for, a Eurodollar Loan or a notice by the Co-Borrowers with respect to any such Borrowing or continuation, payment, prepayment, conversion or Interest Period, any day which is also a day on which dealings in dollar deposits are carried out in the London interbank market.

" Capacity Obligations " means all fixed-fee, take or pay obligations of the Loan Parties owed to Affiliates of the Loan Parties in connection with natural gas processing and crude oil transfer, transloading and terminalling, including, without limitation, all obligations of the Loan Parties owed to Affiliates of the Loan Parties to deliver certain quantities of natural gas for processing and certain quantities of crude oil for transloading and monetary obligations in respect thereof.

" Capacity Obligations Amount " means, on any date of determination, the dollar value of the Capacity Obligations.

" Capital Lease " means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

" Capital Lease Obligation " means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person as of the date of any determination thereof.

" Cash Collateral " means currency issued by the United States and Marketable Securities which have been Cash Collateralized for the benefit of the Secured Parties.

" Cash Collateralize " means to pledge and deposit with or deliver to the Agent, for the benefit of the Secured Parties, Cash Collateral as collateral for the Obligations pursuant to documentation in form and substance satisfactory to the Agent. The Co-Borrowers hereby grant the Agent, for the benefit of the Secured Parties, a security interest in all Cash Collateral and deposit account balances.

" CEA Swap Obligation " means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

" Close-Out Amount " shall have the meaning ascribed to it in the Intercreditor Agreement.

" Closing Date " means the date on which all conditions precedent set forth in Section 5.02 are satisfied or waived by the Banks.

" Co-Borrowers " means, together, Spark, SEH, SEG and AES, Any of the individual Co-Borrowers may be generically referred to as " Co-Borrower ".

" Code " means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

" COF Rate " means the rate per annum quoted by Agent in New York City to the Co-Borrowers at or about the time of the making of any Loan as the cost of funds of the Agent (as determined by the Agent in its reasonable discretion which determination may include, without limitation, market, regulatory and liquidity conditions), provided that such rate is not necessarily the cost to the Banks of funding the specific Loan, and may exceed the Agent's actual cost of borrowing in the interbank market or other markets in which the Agent may obtain funds from time to time for amounts similar to the amount of the Loan.

" COF Rate Loan " means any Loan bearing interest based upon the COF Rate.

" Collateral " means all assets of the Loan Parties including, without limitation, all accounts, equipment, chattel paper, inventory, Product in transit, the Bank Blocked Accounts, instruments, investment property, contract rights, general intangibles, fixed assets, and real estate, whether presently existing or hereafter acquired or created and the proceeds thereof, excluding the POR Collateral but only to the extent the applicable POR Agreement requires the release of Agent's lien in such POR Collateral.

" Collateral Position " means Collateral of the Loan Parties available to support a Credit Extension under the Working Capital Line, as determined in the Collateral Position Report.

" Collateral Position Report " means the Collateral Position Report substantially in the form attached hereto as Exhibit D , which Collateral Position Report sets forth all of the Loan Parties' eligible assets, including, without limitation, all unrealized gains, a description of all offsets, counterclaims or deductions by counterparty and mark-to-market exposure by counterparty, including counterparty details, in sufficient detail and in form satisfactory to Agent.

" Commitment " means, as to each Bank, its obligation to (a) make Loans pursuant to Section 2.01(a), and (b) purchase participations in L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth as its "Commitment" opposite such Bank's name on Schedule 2.01 (subject to increase as provided in Section 2.02) or in the Assignment and Assumption pursuant to which such Bank becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

" Commitment Increase Agreement " means a Commitment Increase Agreement, substantially in the form of Exhibit G , among the Co-Borrowers, the Agent and a Bank, pursuant to which such Bank agrees to increase its Commitment as described in Section 2.02 of this Agreement.

" Commodity Exchange Act " means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

" Compliance Certificate " means a certificate, in the form attached hereto as Exhibit E , or any other form acceptable to the Agent.

" Consolidated " refers to the consolidation of any Person, in accordance with GAAP, with its properly Consolidated Subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc., refer to the Consolidated financial statements, financial position, financial condition, liabilities, etc., of such Person and its properly Consolidated Subsidiaries.

" Consolidated EBITDA " means the Consolidated EBITDA of Parent and its Subsidiaries, calculated on the basis of Parent's and its Subsidiaries' EBITDA for the most recent twelve-month period, adjusted for any non-recurring income and expense as determined in the Agent's sole discretion.

" Consolidated Funded Indebtedness " means, as of any date, the sum of the following (without duplication): (i) all Indebtedness for borrowed money of Parent and its Consolidated Subsidiaries outstanding under a revolving credit, term loan or similar agreement, plus (ii) Indebtedness in respect of Capital Leases of Parent and its Consolidated Subsidiaries, minus (iii) to the extent included in clause (i) above, the Effective Amount of all Borrowings under the Working Capital Line, minus (iv) to the extent included in clause (i) above, fifty percent (50%) of the outstanding principal amount of Subordinated Debt, minus (v) to the extent included in clause (i) above, the outstanding principal amount of unsecured Indebtedness permitted pursuant to Section 7.13(j) .

" Consolidated Interest Expense " means, with respect to the most recent twelve-month period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Co-Borrowers and their Subsidiaries and all other items required to be eliminated in the course of the preparation of Consolidated financial statements of Parent and its Subsidiaries in accordance with GAAP): all interest and commitment fees in respect of Indebtedness of the Co-Borrowers or any of their Subsidiaries (including imputed interest on Capital Lease Obligations) and all fees in respect of Letters of Credit which are incurred during such period, whether accrued or expensed in such period, it being understood and agreed that underwriting fees, structuring fees, arrangement fees, upfront fees, fronting fees and other fees similar to the foregoing shall not be deemed to be commitment fees nor included in the calculation of Consolidated Interest Expense.

" Consolidated Net Income " means, for any period, Parent's and its Consolidated Subsidiaries' gross revenues for such period, including any cash dividends or distributions actually received from any other Person during such period, minus Parent's and its Subsidiaries' expenses and other proper charges against income (including Capacity Obligations and taxes on income to the extent imposed), determined on a Consolidated basis in accordance with GAAP

consistently applied after eliminating earnings or losses attributable to outstanding minority interests and excluding the net earnings of any Person other than a Subsidiary in which Parent or any of its Subsidiaries has an ownership interest. Consolidated Net Income shall be calculated without inclusion of (i) any gain or loss from the disposition of assets, (ii) any extraordinary gains or losses, or (iii) any non-cash gains or losses resulting from mark to market activity as a result of the implementation of ASC 815.

" Contango Loan " means any Working Capital Loan hereunder requested for the purpose of financing a Contango Transaction.

" Contango Transaction " means the purchase by SEG or AES of natural gas, crude oil, petroleum products or natural gas liquids for physical storage at an Approved Location which qualifies as Hedged Eligible Inventory or, when sold, will generate a Qualified Account.

" Conversion/Continuation Date " means any date on which, under Section 2.05 , the Co-Borrowers (a) convert Loans of one Type to another Type, or (b) continue such Loans as Loans of the same Type, but with a new Interest Period.

" Credit Extension " means and includes (a) the making of any Loans hereunder, and (b) the Issuance of any Letters of Credit hereunder.

" Credit Limits Annex " means Annex B to this Agreement, as the same may be modified from time to time as mutually agreed to in writing by the Co-Borrowers and the Majority Banks, which may be effectuated without the necessity of amending this Agreement. The Credit Limits Annex shall be re-determined based on factors such as Product prices and other factors determined by the Co-Borrowers and the Agent on a reasonable basis and in good faith on a semi-annual basis as of July 15 and January 15 of each year and effective five (5) days after the date of re-determination. Each of the Agent and/or the Co-Borrowers shall have the right to request two additional re-determinations per year.

" Credit Policy " means the credit risk management policy of the Co-Borrowers, as such policy may be amended from time to time pursuant to Section 7.27 .

" Cure Period " has the meaning specified in Subsection 7.09(d) .

" Default " means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

" Default Period " means with respect to any Bank, the period during which such Bank is a Defaulting Bank.

" Default Rate " has the meaning specified in Section 2.10(a) .

" Defaulting Bank " means any Bank, as reasonably determined by the Agent or the Issuing Banks, that has (a) failed to fund any portion of Loans or participations in any Letter of Credit within two (2) Business Days of the date required to be funded by it hereunder, unless such Bank notifies the Agent and the Co-Borrowers in writing that such failure is the result of

such Bank's reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing), (b) notified the Co-Borrowers, the Agent, any Issuing Bank or any Bank in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under any other agreement in which it commits to extend credit (unless such writing or public statement relates to such Bank's obligation to fund a Loan hereunder and states that such position is based on such Bank's reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) failed, within two (2) Business Days after a request by the Agent or an Issuing Bank to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit, (d) otherwise failed to pay over to the Agent, any Issuing Bank or any other Bank any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, or (e) become or is insolvent or has a parent company that has become or is insolvent or become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or has taken any action in furtherance of, or has indicated its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or has indicated its consent to, approval of or acquiescence in any such proceeding or appointment. With respect to any Bank that is a "Defaulting Bank" pursuant to clauses (a), (c) or (d) above, upon (i) such "Defaulting Bank" paying all amounts owed to the applicable Bank(s), Issuing Banks or the Agent pursuant to the terms hereof, as reasonably determined by such Bank(s), Issuing Banks, and the Agent, as applicable, and (ii) the approval of the Co-Borrowers, Issuing Banks, and Agent, such "Defaulting Bank" shall cease to be a "Defaulting Bank".

" Disposition " or " Dispose " means the sale, transfer, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

" Documentary Letter of Credit " means a Letter of Credit which is intended at the time of Issuance to be drawn upon and excludes Standby Letters of Credit.

" Dollars ," " dollars " and " $ " each mean lawful money of the United States.

" EBITDA " means the sum of Consolidated Net Income of Parent and its Consolidated Subsidiaries during such period, plus (a) the following to the extent included in calculating such Consolidated Net Income: (i) Consolidated Interest Expense for such period, (ii) all income taxes (including any franchise taxes to the extent based upon net income) for such period, (iii) all depreciation and amortization (including amortization of intangible assets, debt issue costs and amortization under ASC Rule 718), but excluding amortization of capitalized customer acquisition costs and (iv) other non-cash charges (including any provision for the reduction in the carrying value of assets recorded in accordance with GAAP, but excluding any

non-cash charges that constitute an accrual of or reserve for future cash charges) for such period, and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) all income tax credits for such period and (ii) all non-cash items of income (other than account receivables and similar items arising from the normal course of business and reflected as income under accrual methods of accounting consistent with past practices) for such period.

" Effective Amount " means (i) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any Borrowings and prepayments or repayments of Loans occurring on such date; and (ii) with respect to any outstanding L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any Issuances of Letters of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including changes as a result of expiration or cancellation, any reimbursements of outstanding unpaid drawings under any Letters of Credit and any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

" Elected Working Capital Line Cap " means an amount equal to $50,000,000, $60,000,000, $70,000,000 or, if higher, the aggregate Commitments of the Banks at such time but not to exceed the lesser of the Commitments of the Banks as shown on Schedule 2.01 at the time or the Total Available Commitments if a Defaulting Bank exists hereunder. Notwithstanding the foregoing, the Co-Borrowers may not elect an Elected Working Capital Line Cap unless the Co-Borrowers are in compliance with the Net Working Capital and Tangible Net Worth requirements set forth in Section 7.09(a) and (b) as of the last day of the most recently ended month for which financial statements are available on the basis of the Compliance Certificate most recently received by the Agent pursuant to Section 7.02 (a) .

As of Closing Date, the Elected Working Capital Line Cap is $80,000,000. After the Closing Date, the Co-Borrowers may elect a new Elected Working Capital Line Cap in accordance with the foregoing by delivering to the Agent a written notice of such election in the form attached hereto as Exhibit J , and such new Elected Working Capital Line Cap shall become effective upon the Agent's acknowledgement of receipt of such notice. Once elected, the Elected Working Capital Line Cap shall continue in effect until changed by the Co-Borrowers in accordance with this Agreement. The Co-Borrowers may not elect an Elected Working Capital Line Cap more than four (4) times per twelve (12) month period.

In the event that after the Co-Borrowers make an Elected Working Capital Line Cap election, the Co-Borrowers' Net Working Capital and Tangible Net Worth as reflected on a Compliance Certificate delivered to Agent is not in compliance with the requirements set forth in Section 7.09(a) and (b) , the Elected Working Capital Line Cap shall be automatically reduced to the appropriate level set forth above to cause compliance with the requirements set forth in Section 7.09 (a) and (b) . Such automatic reduction shall take place upon receipt by the Agent and the Banks of such Compliance Certificate or notice of election.

" Eligible Accounts " means, at the time of any determination thereof, each of SEG's, AES's and Spark's Accounts as to which the following requirements have been fulfilled to the satisfaction of the Agent (unless otherwise indicated):

(a) Such Account either (i) is the result of a sale to an account debtor who has been pre-approved for such purpose by the Majority Banks in writing, in their sole discretion, or (ii) is secured by letters of credit in form acceptable to the Agent in its sole discretion and issued by banks approved by the Agent in its sole discretion, or (iii) is within the credit limits set forth on the Credit Limits Annex;

(b) Spark, AES or SEG, as applicable, has lawful and absolute title to such Account;

(c) Such Account is a valid, legally enforceable obligation of the Person who is obligated under such Account (1) for Products actually delivered to such account debtor or (2) for services rendered for such account debtor, in each case in (1) and (2) above in the ordinary course of Spark's, AES's or SEG' business, as applicable;

(d) Such Account shall have excluded therefrom any portion that is subject to any dispute, offset, counterclaim or other claim or defense on the part of the account debtor or to any claim on the part of the account debtor denying liability under such Account;

(e) Such Account is not evidenced by any chattel paper, promissory note or other instrument;

(f) Such Account is subject to a fully perfected first priority security interest (or properly filed and acknowledged assignment, in the case of U.S. government contracts, if any) in favor of the Banks pursuant to the Loan Documents, prior to the rights of, and enforceable as such against, any other Person, and such Account is not subject to any security interest or Lien in favor of any Person other than the Liens of the Banks pursuant to the Loan Documents;

(g) Such Account shall have excluded any portion which is not payable in Dollars in the U.S. and/or any portion with respect to which a currency valuation or conversion risk rests with Co-Borrowers;

(h) Such Account has been due and payable for thirty (30) days or less from the date of the invoice and no extension or indulgence has been granted extending the due date beyond a 30-day period, except (i) if such Account is owing from an account debtor who pays via automated clearinghouse (ACH) transactions, then the number 35 shall be substituted for the number 30 in the foregoing, (ii) if such Account is from federal, state, county or municipal account debtors under government contracts, then the number 45 shall be substituted for the number 30 in the foregoing and (iii) if the Co-Borrowers have purchased credit insurance on such Account, which such insurance names Agent as co-beneficiary and is acceptable in form and substance to Agent, then the number 90 shall be substituted for the number 30 in the foregoing;

(i) No account debtor in respect of such Account is (i) an Affiliate of either Co-Borrower, or (ii) incorporated in or primarily conducting business in any jurisdiction outside of the U.S., unless such account debtor and the account is approved in writing by the Banks;

(j) Such Account shall not represent proceeds of any product which is subject to any so called "First Purchaser Lien" as would be defined in Texas Bus. & Com. Section 9.343 or any comparable law, unless a Letter of Credit secures payment of all amounts secured by such First Purchaser Lien;

(k) SEG, AES or Spark, as applicable, shall have notified the account debtor (pursuant to the contract under which such Account arises or by separate notice) of the assignment of the Account to the Banks and shall have given irrevocable instructions to pay proceeds of the Account to the Agent on behalf of the Banks without offset or counterclaim, and the account debtor shall have acknowledged and agreed to such assignment. In the alternative, the Agent and SEG, AES or Spark, as applicable, shall have notified the account debtor of the assignment and give irrevocable instructions to the account debtor to pay proceeds as directed by the Agent on behalf of the Banks; and

(l) Such Account meets and complies with the Credit Policy; provided that, if any credit limits for any account debtor in the Credit Policy are less than the credit limit set forth for such account debtor on Annex C , the Accounts for such account debtor shall be deemed to be in compliance with the credit limits set forth in the Credit Policy for purposes of this clause (l) to the extent such Accounts are within the credit limit for such account debtor set forth on Annex C .

Eligible Accounts shall exclude any portion of such Accounts relating to (i) Transmission and Distribution Service Provider (" TDSP ") charges billed to ERCOT customers to the extent that such TDSP charges owed to the TDSP have not been paid by Co-Borrowers prior to the creation of the Account from such ERCOT customers and (ii) purchase of receivables fees and related sales taxes to the extent that such fees and related sales taxes applicable to purchase of receivables markets have not already been taken into consideration in calculating the amount owed from the particular local distribution company and such net-amounts are reflected on Co-Borrowers books and records.

For purposes of applying the above requirements for determining an Eligible Account, if the Co-Borrowers request the approval of the Banks to treat an Account as an Eligible Account, the Banks shall have five (5) Business Days after receipt of such request (and all relevant supporting information) to respond thereto (but not necessarily make a decision with respect to eligibility). If a Bank does not respond to Agent within such five (5) Business Days period, such Bank shall be deemed to have approved the treatment of the Account as an Eligible Account. Notwithstanding the foregoing, the Banks shall be deemed to approve of the Accounts resulting from the sale to the account debtors listed on Annex C , up to the amounts set forth on Annex C for each such Account Debtor.

" Eligible Assignee " means any Person that meets the requirements to be an assignee under Section 10.08 (subject to such consents, if any, as may be required under Section 10.08(a)).

" Eligible Broker " means, with respect to hedging accounts and transactions, any broker acceptable to the Agent.

" Eligible Exchange Receivables " means all enforceable rights of SEG or AES to receive natural gas, crude oil, petroleum products or natural gas liquids in exchange for the sale or trade of natural gas, crude oil, petroleum products or natural gas liquids previously delivered to the exchange debtor by SEG or AES, as applicable, which, in each case, (a) are evidenced by a written agreement enforceable against the exchange debtor thereof, (b) are current pursuant to the terms of the contract or invoice, (c) are subject to a perfected, first Lien for the benefit of the Secured Parties subject only to Permitted Liens, and no other Lien, charge, offset or claim, (d) are not the subject of a dispute between the exchange debtor and SEG or AES, as applicable, (e) are valued at Platt's spot market price or the Oil Price Information Service (" OPIS "), as applicable with respect to the Product involved, or where the Product is not quoted in Platt's or OPIS, an independent posting acceptable to the Agent in its sole discretion, (f) are contracts by exchangers pre-approved by the Agent in writing in its sole discretion, or contracts secured by letters of credit in form acceptable to the Agent in its sole discretion and issued by banks approved by the Agent in its sole discretion, (g) have not been otherwise determined by the Agent in its sole discretion to be unacceptable to it.

" Eligible Inventory " means, at the time of determination thereof, SEG's and AES's inventory consisting of natural gas, crude oil, petroleum products and natural gas liquids, valued at current market (as referenced by a published source acceptable to the Banks in their sole discretion) net of any setoff, counterclaim or netting, as to which the following requirements have been fulfilled to the satisfaction of the Banks:

(a) The inventory is owned by SEG or AES, as applicable, free and clear of all Liens in favor of third parties, except Liens in favor of the Banks under the Loan Documents and except for Permitted Liens;

(b) The inventory has not been identified to deliveries with the result that a buyer would have rights to the inventory that would be superior to the Banks' security interest, nor shall such inventory have become the subject of a customer's ownership or Lien;

(c) The inventory is in transit in the U.S. under the control and ownership of SEG or AES, as applicable, or a bill of lading has been issued or endorsed to the Agent if such inventory is in the hands of a third party carrier, or is located at a storage facility or at the owned sites, or leased premises, at the locations described on Schedule 7.18 , or at such other place as has been specifically agreed to in writing by the Agent and SEG;

(d) The inventory does not constitute line-fill inventory or recoverable tank bottom inventory; and

(e) The inventory is subject to a fully perfected first priority security interest in favor of the Banks pursuant to the Loan Documents, other than Permitted Liens.

Such Eligible Inventory shall not include "virtual storage", "winter bundled sales" and future purchase commitments made during bid week.

" Enforcement Action " shall mean, collectively, or individually, any of the following: (a) to demand, sue for, take or receive from or on behalf of any Co-Borrower or Guarantor of any of the Obligations, by set-off or in any other manner, the whole or any part of

any moneys which may now or hereafter be owing by any Co-Borrower or Guarantor with respect to the Obligations, (b) to initiate or participate with others in any suit, action or proceeding against any Co-Borrower or Guarantor to (i) enforce payment of or to collect the whole or any part of the Obligations, or (ii) commence judicial enforcement of any of the rights and remedies under the Loan Documents or applicable law with respect to the Obligations, (c) to accelerate any of the Obligations, or (d) to participate in any Insolvency Proceeding against, or with respect to any of the assets of, any Co-Borrower or Guarantor instituted by any creditor or taking any action to institute, or joinder with other creditors of any Co-Borrower or Guarantor for the purpose of instituting any Insolvency Proceeding against any Co-Borrower or Guarantor or of any portion of the assets of any Co-Borrower or Guarantor; and such term shall include the exercise remedies provided for in Section 8.02 .

" Equity Cure Contribution " means a capital contribution by the holder of an Equity Interest in Parent permitted by the applicable organizational documents of Parent for purpose of curing a Default or Event of Default which, without such contribution, would occur as a result of a failure to comply with Section 7.09(a) , (b) or (c) .

" Equity Interest " means, with respect to any Person, the shares of capital stock of (or other ownership or profit interests in) such Person, the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interest in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and any of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

" Equity Investment " means the purchase or other acquisition by a Co-Borrower of any Equity Interest in another Person engaged in a line of business similar to the lines of business carried on by the Co-Borrowers or in other business activities in the energy business related to such lines of business.

" ERISA " means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

" ERISA Affiliate " means, collectively, any Loan Party, and any Person under common control, or treated as a single employer, with any Loan Party, within the meaning of Section 414(b), (c), (m) or (o) of the Code.

" ERISA Event " means any of the following: (a) a reportable event described in Section 4043 of ERISA (other than those events with respect to which the 30-day notice requirement has been duly waived under the applicable regulations) with respect to a Title IV Plan, (b) the withdrawal of any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (c) the complete or partial withdrawal of any ERISA Affiliate from any Multiemployer Plan, (d) with respect to any Multiemployer Plan, the filing of a notice of reorganization, insolvency or termination (or treatment of a plan amendment as termination)

under Section 4041A of ERISA, (e) the filing of a notice of intent to terminate a Title IV Plan (or treatment of a plan amendment as termination) under Section 4041 (c) of ERISA, (f) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC, (g) the failure to make any required contribution to any Title IV Plan or Multiemployer Plan when due, (h) the imposition of a lien under Section 430 of the Code or Section 303 or 4068 of ERISA on any property (or rights to property, whether real or personal) of any ERISA Affiliate, and (i) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for a distress or involuntary termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of any liability upon any ERISA Affiliate under Title IV of ERISA other than for PBGC premiums due but not delinquent.

" Eurocurrency Liabilities " has the meaning specified in Section 4.06 .

" Eurodollar Rate " means for any Interest Period with respect to any Eurodollar Rate Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Reuters Reference LIBOR 01 (or otherwise on such screen) at approximately, with respect to any Notice of Borrowing or Notice of Conversion/Continuation (as applicable), 11:00 am (London time) two (2) Business Days prior to the first day of such Interest Period. In the event that such rate does not appear or shall cease to be available from Reuters Reference LIBOR 01, then the Eurodollar Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Agent and the Co-Borrowers that reflects an average British Bankers Association (or the successor thereto if the British Bankers Association is no longer making a Eurodollar Rate available) Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

" Eurodollar Rate Loan " means a Loan that bears interest at a rate based on the Eurodollar Rate.

" Event of Default " means any of the events or circumstances specified in Section 8.01 .

" Excluded Swap Obligation " means, with respect to any Loan Party, any CEA Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such CEA Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Loan Party or the grant of such security interest becomes effective with respect to such CEA Swap Obligation. If a CEA Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such CEA Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

" Existing Co-Borrowers " means Spark, SEG, AES, SEH, Midstream, G&P and Parent.

" Existing Credit Agreement " means that certain Sixth Amended and Restated Credit Agreement dated as of December 17, 2012, among the Existing Co-Borrowers, Société Générale, as agent, issuing bank and a bank, SG Americas Securities, LLC, as sole lead arranger and sole bookrunner, Natixis New York Branch, as syndication agent, Compass Bank, Credit Agricole Corporate and Investment Bank, and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," New York Branch, as co-documentation agents, and each other financial institution party thereto.

" Existing Letters of Credit " means all Letters of Credit issued for the account of Spark, SEG, AES and SEH which are outstanding as of the date hereof under the Existing Credit Agreement and listed on Schedule 1.01 .

" Expiration Date " means July 31, 2015.

" FATCA " means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

" FDIC " means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

" Federal Funds Rate " means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)" on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal Funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal Funds transactions in New York City selected by the Agent.

" Foreign Bank " has the meaning specified in Section 9.10 .

" FRB " means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

" Further Taxes " means any and all present or future taxes, levies, assessments, imports, duties, deductions, fees, withholdings or similar charges (including, without limitation, net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 4.01 .

" G&P " means Marlin G&P I, LLC, a Texas limited liability company.

" GAAP " means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination, consistently applied.

" General Partner " means Marlin Midstream GP, LLC, a Delaware limited liability company.

" Governmental Authority " means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

" Guarantors " means Parent and each Subsidiary of a Loan Party (other than a Co-Borrower) which has executed a Guaranty Agreement.

" Guaranty Agreement " means (i) that certain Guaranty Agreement made by Parent in favor of the Agent for the ratable benefit of the Secured Parties and (ii) any other guaranty agreement executed from time to time by any Person in favor of the Agent in respect of any or all of the Obligations, as each may be amended, restated, supplemented or otherwise modified from time to time.

" Hedged Eligible Inventory " means natural gas, crude oil, petroleum products or natural gas liquids owned by SEG or AES (a) which has been presold in a manner resulting in, or which at the time of delivery, will result in, a Qualified Account, or (b) which has been hedged by a NYMEX contract or an over-the-counter contract acceptable to Agent, which NYMEX contract is subject to a tri-party account control agreement with Agent and which natural gas, crude oil, petroleum products or natural gas liquids, upon such purchase by a Co-Borrower, shall qualify as Eligible Inventory. Such Hedged Eligible Inventory shall be valued at current market (as referenced by a public source acceptable to the Agent in its sole discretion) net of any setoff, counterclaim or netting. Such Hedged Eligible Inventory shall not include "virtual storage" or "winter bundled sales".

" Historical Utilized Capacity " means, on any date of determination, the trailing six-month run rate of realized gross margin of the Loan Parties from month-to-month or short-term transactions and any longer term transactions (in each case, excluding fixed-fee minimum volume commitment contracts).

" Honor Date " has the meaning specified in Subsection 3.03(b) .

" Increase Effective Date " has the meaning specified in Subsection 2.02(b) .

" In-the-Money Positions " means the in-the-money marked-to-market value of forward positions from Co-Borrower's forward book from (i) any Accounts of the Co-Borrowers which are Eligible Accounts (other than those Accounts which fail to meet the requirements of subparagraph (h) in the definition of "Eligible Accounts," which Accounts shall be included) and

which are attributable to Product which has been contracted to be delivered to an account debtor and (ii) any open financial forward contracts not included in Approved Brokerage accounts, net of , in each case (on a counterparty by counterparty basis) remaining forward out-of-the-money positions, accounts payable and offsets and counterclaims of Co-Borrowers to such counterparty, as such amounts may be adjusted to account for the effective amount of posted cash and Letter of Credit support to such counterparty.

" Indebtedness " means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts payable in the ordinary course of business that are not paid for more than 90 days after the date on which such trade account payable was due, and (ii) obligations that are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by any Co-Borrower);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) Capital Lease Obligations and Synthetic Lease Obligations;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any equity interest in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all Guaranties of such Person in respect of any of the foregoing, but only to the extent that any such Guaranty does not guaranty the payment of amounts owed or which may be owed by a Co-Borrower or is not otherwise included as Indebtedness of a Co-Borrower.

For all purposes hereof, the Indebtedness of any Person shall (i) include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless, and to the extent that, such Indebtedness is expressly made non-recourse to such

Person, and (ii) exclude any loans from an insurance company or an insurance premium finance company to finance all or any portion of the premium on any insurance policy maintained by any Co-Borrower or any of its Subsidiaries, but only to the extent consistent with past practice. The amount of any Capital Lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Indebtedness attributable in respect thereof as of such date. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

" Initial Drop Down " means (a) the contribution of all of the Equity Interests of the Initial Drop Down Entities by the Sponsor and its Affiliates to MMP pursuant to the Initial Drop Down Documents in exchange for (i) common units of MMP, (ii) subordinated units of MMP and (iii) incentive distribution rights, (b) the repayment in full and termination of the Revolving Line (as defined in the Existing Credit Agreement) and the Term Loans (as defined in the Existing Credit Agreement), (c) the distribution of all of the Equity Interests of Logistics by Midstream to MMP and (d) the other transactions to occur contemporaneously therewith on the Closing Date pursuant to the Initial Drop Down Documents.

" Initial Drop Down Documents " means (a) that certain Contribution, Conveyance and Assumption Agreement, dated as of July 31, 2013 among MMP, the General Partner, Marlin IDR Holdings, LLC, a Delaware limited liability company, Midstream, Logistics, the Sponsor, NuDevco Partners Holdings, NuDevco Midstream, Parent and W. Keith Maxwell III, in substantially the same form as the applicable exhibit attached to the Registration Statement, (b) that certain Cash Warranty Deed to be dated on or about the Closing Date by Midstream in favor of NuDevco Midstream, in substantially the same form as the draft provided to the Agent prior to the date hereof, (c) that certain Assignment and Bill of Sale to be dated on or about the Closing Date between Midstream, as assignor, and NuDevco Midstream, as assignee, in substantially the same form as the draft provided to the Agent prior to the date hereof, (d) that certain Assignment, Conveyance, Deed and Bill of Sale to be dated on or about the Closing Date between Midstream, as assignor, and NuDevco Midstream, as assignee, in substantially the same form as the draft provided to the Agent prior to the date hereof, (e) that certain Assignment to be dated on or about the Closing Date between Midstream, as assignor, and NuDevco Midstream, as assignee, in substantially the same form as the draft provided to the Agent prior to the date hereof, (f) that certain Contribution Agreement dated on or about July 23, 2013 between the Sponsor and W. Keith Maxwell III, in substantially the same form as the draft provided to the Agent prior to the date hereof, (g) that certain Contribution Agreement dated on or about July 23, 2013 among the Sponsor and NuDevco Partners Holdings, in substantially the same form as the draft provided to the Agent prior to the date hereof, (h) that certain Contribution, Conveyance and Assumption Agreement to be dated on or about the Closing Date among the Sponsor, NuDevco Partners Holdings and W. Keith Maxwell III, in substantially the same form as the draft provided to the Agent prior to the date hereof, (i) that certain Assignment of Contracts to be dated on or about the Closing Date by Midstream in favor of AES, in substantially the same form as the draft provided to the Agent prior to the date hereof, (j) that certain Assignment, Assumption and Release Agreement to be dated on or about the Closing Date among Midstream, NuDevco Midstream and SEG, in substantially the same form as the draft provided to the Agent prior to the date hereof, and (k) that certain Termination Agreement to be dated on or about the Closing Date between Midstream and SEG, in substantially the same form as the draft provided to the Agent prior to the date hereof.

" Initial Drop Down Entities " means Midstream, Logistics, Turkey Creek Pipeline, LLC, a Texas limited liability company, and Murvaul Gas Gathering, LLC, a Texas limited liability company.

" Insolvency Proceeding " means with respect to any Person (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangements in respect of its creditors generally or any substantial portion of its creditors; undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

" Intercreditor Agreement " means the Fourth Amended and Restated Intercreditor Agreement dated as of July 31, 2013 among the Banks and the Loan Parties relating to the sharing of Collateral with and among the Swap Banks, as amended from time to time.

" Interest Payment Date " means, (a) as to any Loan other than a Base Rate Loan or COF Rate Loan, the last day of each Interest Period applicable to such Loan except if the Interest Period for such Loan is longer than 90 days, then the 90 th day after such Loan is made; and (b) as to any Base Rate Loan or COF Rate Loan, the later of (i) the 5th Business Day of each month, or (ii) the date of payment shown on the billing delivered to the Co-Borrowers by the Agent, but in no event later than the Expiration Date.

" Interest Period " means, as to any Eurodollar Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as a Eurodollar Rate Loan, and ending on the date that is one or two weeks or one, two, three or six months thereafter, as selected by SEH in its Notice of Borrowing or Notice of Conversion/Continuation as the ending date thereof; *provided* , *however* , that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the preceding Business Day;

(b) any Interest Period pertaining to a Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the scheduled Expiration Date.

" Interest Rate Contract " means any agreement entered into with any Swap Bank, whether or not in writing, relating to any single transaction that is an interest rate protection agreement, interest rate future, interest rate option, interest rate swap, interest rate cap, collar or other interest rate hedge arrangement. No Interest Rate Contract will be executed hereunder unless it is subject to the applicable ISDA Master Agreement or its equivalent (i.e., long-form confirmations).

" IPO " means the initial public offering of MMP's common units representing limited partner interests.

" IRS " means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

" Issuance Date " means the date on which any Letter of Credit is actually Issued hereunder.

" Issue " means, with respect to any Letter of Credit, to issue or to extend the expiry of, or to renew or increase the amount of, such Letter of Credit; and the terms " Issued ," " Issuing " and " Issuance " have corresponding meanings.

" Issuing Bank Sub-Limit " means, with respect to each Issuing Bank, the limit set opposite such Issuing Bank under the heading "Sub-Limit" in the table below or such other amount as may be agreed to in writing by the Co-Borrowers, the Agent and the applicable Issuing Bank:

Issuing Bank	Sub-Limit
Société Générale	$80,000,000

" Issuing Bank " means Société Générale and any of its Affiliates and any other Bank or any Affiliate of any Bank that has requested and has received Agent's consent to Issue Letters of Credit hereunder, in such Bank's or Affiliate's capacity as an issuer of one or more Letters of Credit hereunder.

" L/C Advance " means each Bank's participation in any L/C Borrowing or Reducing L/C Borrowing in accordance with its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Agreement, with respect to each Non-Defaulting Bank, its Pro Rata Adjusted Advance Share, if applicable) with respect to Letters of Credit Issued prior to the Conversion to Reduced Funding Banks Date and the Approving Banks' participation in any L/C Borrowing or Reducing L/C Borrowing in accordance with its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Agreement, with respect to each Non-Defaulting Bank, its Pro Rata Adjusted Advance Share, if applicable) with respect to all Letters of Credit Issued thereafter.

" L/C Amendment Application " means an application form for amendment of outstanding Standby or Documentary Letters of Credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

" L/C Application " means an application form for Issuances of Standby or Documentary Letters of Credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

" L/C Borrowing " means an extension of credit under the Working Capital Line resulting from either a drawing under any Letter of Credit or a Reducing L/C Borrowing, which extension of credit shall not have been reimbursed on the date when made nor converted into a Borrowing of Working Capital Loans under Section 3.03 .

" L/C Issuance " means the Issuance of a Letter of Credit under the Working Capital Line.

" L/C Obligations " means at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the amount of all unreimbursed drawings under all Letters of Credit, which will constitute an L/C Borrowing until reimbursed or converted into a Borrowing of Working Capital Loans.

" L/C-Related Documents " means the Letters of Credit, the L/C Applications, the L/C Amendment Applications and any other document relating to any Letter of Credit, including, but not limited to, any of the Issuing Bank's standard form documents for letter of credit issuances.

" L/C Sub-limit Caps " means the following sub-limit caps upon L/C Obligations under particular types of Letters of Credit Issued under the Working Capital Line as follows:

(a) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product and financing Capacity Obligations and Performance Standby Letters of Credit, in each case with terms of up to 90 days - $80,000,000.00.

(b) Standby Letters of Credit issued for the purpose of financing a Contango Transaction with terms of up to 365 days - $80,000,000.00.

(c) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product and financing Capacity Obligations and Performance Standby Letters of Credit, in each case with terms of greater than 90 days and up to 365 days - $63,000,000.

Provided that , Documentary and Standby Letters of Credit issued under L/C Sub-limit Caps (a) and (c) in favor of MMP and its Subsidiaries for the purpose of financing Capacity Obligations and Performance Standby Letters of Credit, may not exceed $32,000,000 in the aggregate; and *provided further that*, any Letters of Credit that do not match the terms stated above due to the inclusion of an automatic renewal provision shall be permitted as long as the maximum number of days required for notice of non-renewal is ninety (90) days for Performance Standby Letters of Credit, and sixty (60) days for all other types of Letters of Credit. If Commitments are increased pursuant to Section 2.02 , L/C Sub-limit Caps (a) and (b) shall be correspondingly increased and L/C Sub-limit Cap (c) and the cap specified in the first proviso above shall be increased pro-rata based on the amount of any increase in the Commitments under Section 2.02 in excess of $80,000,000 in the aggregate, but shall not exceed $75,000,000 and $40,000,000, respectively. Such increases to be notified to the Co-Borrowers and the Banks pursuant to Section 2.02(c) . If the Elected Working Capital Line Cap is decreased pursuant to the terms hereof, L/C Sub-limit Caps (a) and (b) shall be correspondingly decreased and L/C Sub-limit Cap (c) and the cap specified in the first proviso above shall be decreased pro-rata based on the amount of any decrease in the Elected Working Capital Line Cap, but shall not be less than $45,000,000 and $20,000,000, respectively.

" Letters of Credit " means (a) any letters of credit (whether Standby Letters of Credit or Documentary Letters of Credit) issued by the Issuing Bank under the Working Capital Line pursuant to Article III, and (b) any Reducing Letters of Credit.

" Letters of Credit Fee Rate " means the following percentages per annum:

(a) if the average daily Aggregate Amount during the most recently ended fiscal quarter was less than fifty percent (50%) of the average daily Elected Working Capital Line Cap in effect during such fiscal quarter, (i) two and one-quarter percent (2.25%) for Letters of Credit described in clauses (a) and (b) under L/C Sub-limit Caps and (ii) two and one-half percent (2.50%) for Letters of Credit described in clause (c) under L/C Sub-limit Caps; and

(b) if the average daily Aggregate Amount during the most recently ended fiscal quarter was greater than or equal to fifty percent (50%) of the average daily Elected Working Capital Line Cap in effect during such fiscal quarter, (i) two and one-half percent (2.50%) for Letters of Credit described in clauses (a) and (b) under L/C Sub-limit Caps and (ii) two and three-quarters percent (2.75%) for Letters of Credit described in clause (c) under L/C Sub-limit Caps.

The Letter of Credit Fee Rate for any fiscal quarter shall be determined by the Agent based upon the average Aggregate Amount outstanding and the average Elected Working Capital Line Cap in effect, in each case, on each day during the fiscal quarter most recently ended, and any such determination shall be conclusive and binding absent manifest error. Any increase or decrease in the Letter of Credit Fee Rate resulting from a change in the average daily Aggregate Amount or Elected Working Capital Line Cap during any fiscal quarter shall become effective as of the first day of the subsequent fiscal quarter, as notified by the Agent to the Co-Borrowers. Notwithstanding the foregoing, the Letter of Credit Fee Rate shall be deemed to be the Letter of Credit Fee Rate described in clause (a) above from and after the Closing Date through and including the last day of the month ending September 30, 2013.

" Letters of Credit for Product Not Yet Delivered " shall mean an amount equal to the face amount of any Letter of Credit for the purchase of Product minus (i) the value (determined by means of a commercially reasonable method agreed to between Co-Borrowers and Agent) of accounts payable and any other costs and liabilities incurred by the Co-Borrowers for the purchase of Products related to such Letter of Credit by the Co-Borrowers under such Letters of Credit with respect to which title to such Products has passed to a Co-Borrower as of the date of calculation thereof and is included as part of the Co-Borrowers' Eligible Inventory, minus (ii) any marked-to-market loss liability on any open forward contract or open over-the-counter transaction, minus (iii) any liability pertaining to an exchange payable, minus (iv) any other counterclaim that can be made against such Letter of Credit. The amounts resulting from such calculation shall not be duplicative of amounts included in the calculation of any other line item in the Borrowing Base Advance Cap for any reason.

" Lien " means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or other encumbrance, lien (statutory or otherwise) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming any Co-Borrower as debtor, under the Uniform Commercial Code or any comparable law).

" Loan " means an extension of credit by the Banks to the Co-Borrowers under Article II or Article III, including Working Capital Loans.

" Loan Documents " means this Agreement, the Notes, the Guaranty Agreement, the Security Documents, the Intercreditor Agreement, the Documents, each Subordination Agreement, if and when in effect, and all other documents delivered to the Banks in connection herewith, each as amended, modified or restated from time to time.

" Loan Party " means each Co-Borrower and each Guarantor.

" Lock Box " has the meaning specified in Subsection 7.08(a) .

" Logistics " means Marlin Logistics, LLC, a Texas limited liability company.

" Long Position " means (a) for SEG or AES, the aggregate number of MMBtus of natural gas and the aggregate number of barrels of crude oil, petroleum products or natural gas liquids, in each case, which are either held in inventory by SEG or AES, as applicable, or which SEG or AES, as applicable, has contracted to purchase (whether by purchase of a contract on a commodities exchange or otherwise), or which SEG or AES, as applicable, will receive on exchange or under a swap contract including, without limitation, all option contracts representing the obligation of SEG or AES, as applicable, to purchase natural gas, crude oil, petroleum products or natural gas liquids, as applicable, at the option of a third party, and in each case, for which a fixed purchase price has been set or (b) for Spark, the aggregate number of megawatt hours of electricity, which Spark has contracted to purchase (whether by purchase of a contract on a commodities exchange or otherwise), or which Spark will receive on exchange or under a swap contract including, without limitation, all option contracts representing the obligation of Spark to purchase electricity at the option of a third party, and in each case, for which a fixed purchase price has been set. Long Positions will be expressed as a positive number.

" Majority Banks " means, as of any date of determination, Banks having more than 50% of Commitments or, if the Commitment of each Bank to make Loans and the obligation of the Issuing Bank to Issue Letters of Credit have been terminated pursuant to Section 8.02 , Banks holding in the aggregate more than 50% of the Effective Amount of all Loans and L/C Obligations (with the aggregate amount of each Bank's risk participation and funded participation in L/C Obligations being deemed "held" by such Bank for purposes of this definition).

" Margin Stock " means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

" Marketable Securities " means (a) certificates of deposit issued by any bank with a Fitch rating of A or better, (b) commercial paper rated P-1, A-1 or F-1, (c) bankers acceptances rated Prime, or (d) U.S. Government obligations with tenors of 90 days or less.

" Material Adverse Effect " means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Loan Parties taken as a whole, (b) a material impairment of the ability of any Loan Party or the Loan Parties to perform under any Loan Document and to avoid any Event of Default, or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Co-Borrower or the Co-Borrowers or any Guarantor of any Loan Document or the rights and remedies of the Agent, Issuing Bank or the Banks thereunder.

" Midstream " means Marlin Midstream, LLC, a Texas limited liability company.

" MMP " means Marlin Midstream Partners, LP, a Delaware limited partnership.

" MMP Credit Agreement " means that certain Credit Agreement, dated as of July 31, 2013, among MMP, Midstream, Logistics, Société Générale, as agent, issuing bank, swing line bank and a bank, SG Americas Securities, LLC, as sole lead arranger and sole bookrunner, and each other financial institution party thereto.

" Multiemployer Plan " means any multiemployer plan, as defined in Section 400l(a)(3) of ERISA, to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

" Net Cash Proceeds " means the remainder of (a) the gross proceeds received by any Co-Borrower or any of its Subsidiaries from (i) a Disposition, or (ii) the issuance of Additional Debt or Equity Interests, as applicable, less (b) underwriter discounts and commissions, investment banking fees, legal, accounting and other professional fees and expenses, and other usual and customary transaction costs, in each case only to the extent paid or payable by a Co-Borrower or any of its Subsidiaries in cash and related to such Disposition, Additional Debt issuance or Equity Interests issuance, as applicable.

" Net Position " means the sum of all Long Positions and Short Positions of each of the Co-Borrowers.

" Net Position Report " means a report which details the Net Position of each of the Co-Borrowers and includes each Co-Borrower's certification that it is in compliance with Section 7.17 of this Agreement, substantially in the form attached hereto as Exhibit C , or in any other form acceptable to the Banks, which Net Position Report shall include, on a monthly basis, detailed information on volumetric positions with mark to market valuation on a dollar basis.

" Net Working Capital " means the net working capital of Parent (which includes the Co-Borrowers) on a Consolidated basis (i) including the portion of accumulated other comprehensive income (to the extent negative) for which there exists an offsetting unrecognized profit from physical transactions not included elsewhere on the balance sheet, (ii) excluding accumulated other comprehensive income (to the extent positive), (iii) including unrealized losses recorded on the balance sheet and income statement to the extent that there is an offsetting

physical transaction with a gain that has not been recorded on the balance sheet and income statement, and excluding unrealized gains recorded on the balance sheet and income statement but only to the extent that such unrealized gains exceed losses on offsetting physical transactions for which losses have been recorded on the balance sheet and income statement, (iv) excluding any accrued and unpaid interest under the Working Capital Line, (v) excluding cash deposits subject to Liens permitted by Section 7.10(n) in excess of $5,000,000, (vi) excluding any Subordinated Debt from current liabilities, (vii) excluding unsecured Indebtedness permitted under Section 7.13(j) from current liabilities, (viii) excluding all amounts due from employees, owners, Subsidiaries and Affiliates which are not a Co-Borrower or a Guarantor, other than Affiliate Obligations which will be included if the amount owing from any Affiliate or Subsidiary that is not a Co-Borrower is less than $1,000,000 individually and less than $3,000,000 in the aggregate, or if any such individual or aggregate amount is more, such Affiliate Obligation is acceptable to the Agent, (ix) excluding securities which are not "Marketable Securities" as defined herein and which the Agent decides to exclude from Net Working Capital, (x) excluding mark-to-market losses (not already deducted in (iii) above), and (xi) excluding the value of any Equity Investment (included in net working capital) if the Agent, on behalf of the Banks and the Swap Banks, has not been granted a first priority security interest in such Equity Investment. In calculating Net Working Capital, the amount of Subordinated Debt excluded from liabilities in such calculation shall not exceed 50% of the resultant Net Working Capital.

" New Bank " has the meaning specified in Subsection 2.01(d) .

" New Bank Agreement " means a New Bank Agreement, substantially in the form of Exhibit H , among the Co-Borrowers, the Agent, and a new financial institution making a Commitment pursuant to Section 2.02 of this Agreement.

" Non Defaulting Bank " means, at any time, each Bank that is not a Defaulting Bank at such time.

" Note " means a promissory note made by a Co-Borrower in favor of a Bank evidencing Loans made by such Bank, substantially in the form of Exhibit B .

" Notice of Borrowing " means a request by the Co-Borrowers to the Agent for either a Borrowing of Loans or an L/C Issuance, each such notice to be in the appropriate form attached hereto as Exhibit A-1 or in any other form acceptable to the Agent.

" Notice of Conversion/Continuation " means a notice in substantially the form of Exhibit A-2 .

" NYMEX " means the New York Mercantile Exchange.

" NuDevco Midstream " means NuDevco Midstream Development, LLC, a Texas limited liability company.

" NuDevco Partners Holdings " means NuDevco Partners Holdings, LLC, a Texas limited liability company.

" Obligations " means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, including, but not limited to, the obligation to reimburse L/C Obligations to an Issuing Bank, due or to become due, now existing or hereafter arising and, including without limitation, Working Capital Obligations, L/C Obligations and interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof or any proceeding under any debtor relief laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding, and (b) all indebtedness, liabilities and obligations owing by any Loan Party to any Swap Bank under a Swap Contract, whether due or to become due, absolute or contingent, or now existing or hereafter arising, including Swap Contracts in effect on the Closing Date (as such Swap Contracts may be amended from time to time); provided that (i) when any Swap Bank assigns or otherwise transfers any interest held by it under any Swap Contract to any other Person pursuant to the terms of such agreement, the obligations thereunder shall constitute Swap Obligations only if such assignee or transferee is also then a Bank or an Affiliate of a Bank and a party to the Intercreditor Agreement and (ii) if a Swap Bank ceases to be a Bank or an Affiliate of a Bank hereunder, obligations owing to such Swap Bank shall be included as Swap Obligations only to the extent such obligations arise from transactions under such individual Swap Contracts (and not the master agreement between such parties) entered into prior to the time such Swap Bank ceases to be a Bank or an Affiliate of a Bank hereunder, without giving effect to any extension, increases, or modifications thereof which are made after such Swap Bank ceases to be a Bank or an Affiliate of a Bank hereunder; provided further that, "Obligations" shall exclude any Excluded Swap Obligations. For purposes of determining the amount of the Loan Parties' Swap Obligations, the amount of such Swap Obligation shall be an amount equal to the Close-Out Amount with respect to any Swap Contract.

" OFAC " means the U.S. Treasury Department Office of Foreign Assets Control.

" Originating Bank " has the meaning specified in Subsection 10.08(d) .

" Other Taxes " means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

" Outstanding Amount " means, as at any date, the sum of (a) the aggregate outstanding principal amount of Working Capital Loans at such date after giving effect to any Borrowings and prepayments or repayments thereof occurring on such date, and (b) the aggregate amount of all outstanding L/C Obligations on such date (whether or not the Banks are participating therein) after giving effect to any Letter of Credit Issuance occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

" Parent " means Spark Energy Ventures, LLC, a Texas limited liability company.

" Participant " has the meaning specified in Subsection 10.08(d) .

" Participant Register " has the meaning specified in Subsection 10.08(d) .

" PBGC " means the Pension Benefit Guaranty Corporation and any successor thereto.

" Performance Standby Letters of Credit " means Standby Letters of Credit securing performance obligations, transportation obligations, swap obligations or other obligations of the Co-Borrowers owing to pipeline companies.

" Permitted Acquisitions " means the acquisition of 50% or more of the Equity Interest in another Person or the acquisition of any business, division or enterprise, or all or substantially all of the assets of another Person, *provided* (a) such acquisition is consistent with the lines of business presently conducted by the Co-Borrowers or in other business activities in the energy business related to such lines of business, (b) after giving effect to such acquisition no Default or Event of Default shall have occurred and be continuing, (c) after giving effect to such acquisition, the Co-Borrowers shall be in pro forma compliance with the financial covenants in Section 7.09 and (d) the aggregate purchase price for all such acquisitions during any period of twelve (12) consecutive months does not exceed $10,000,000.00.

" Permitted Liens " has the meaning specified in Section 7.10 .

" Person " means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

" Platform " has the meaning specified in Subsection 10.02(e) .

" Pledge Agreement " means each pledge agreement listed on the Security Schedule and each other pledge agreement executed from time to time by any Person in favor of the Agent in respect of any or all of the Obligations, as each may be amended, restated, supplemented or otherwise modified from time to time.

" POR Agreement " means any agreement for billing services and for the assignment of accounts receivables between a Co-Borrower and a third party as may be approved by the Agent from time to time in its sole discretion. The POR Agreements in effect as of the Closing Date are set forth in Schedule 1.01 .

" POR Collateral " means accounts receivables assigned by a Co-Borrower pursuant to a POR Agreement.

" PP&E " means all property, plant and equipment that has been or should be, in accordance with GAAP, recorded as property, plant and equipment.

" Pro Rata Adjusted Percentage " means, at any time that one or more Banks qualifies as a Defaulting Bank hereunder, with respect to each Non-Defaulting Bank, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the aggregate Commitments (excluding the

Commitments of all Defaulting Banks); *provided* that the application of the Pro Rata Adjusted Percentage shall in no event result in a Non-Defaulting Bank being obligated to extend credit in an amount in excess of its Commitment, and no adjustment to a Non-Defaulting Bank's Commitment shall arise from such Non-Defaulting Bank's agreement herein to fund in accordance with its Pro Rata Adjusted Percentage.

" Pro Rata Share " means, with respect to any Bank at any time, the percentage (carried out to the ninth decimal place) of the aggregate Commitments represented by such Bank's Commitment at such time. If the commitment of each Bank to make Loans has been terminated pursuant to Section 8.02 or if the aggregate Commitments have expired, then the percentage of each Bank shall be determined based on the Pro Rata Share of such Bank most recently in effect, giving effect to any subsequent assignments. The initial Pro Rata Share of each Bank is set forth as its "Pro Rata Share" opposite the name of such Bank on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Bank becomes a party hereto, as applicable.

" Product " means natural gas, electricity, crude oil, natural gas liquids, and petroleum products.

" Projected Utilized Capacity " means, on any date of determination, the expected gross margin of the Loan Parties during the following six-month period attributable to fixed-fee minimum volume commitment contracts entered into by AES with unaffiliated third parties, such expected gross margin to be subject to the prior approval of the Agent.

" Prospectus " means the latest prospectus included in the Registration Statement or filed with the SEC pursuant to Rule 424(b) under the Securities Act prior to the date hereof.

" Public Bank " has the meaning specified in Subsection 10.02(e) .

" Qualified Accounts " means receivables under contracts which upon performance by the applicable Co-Borrower will become Eligible Accounts of such Co-Borrower.

" Qualified ECP Guarantor " means, in respect of any CEA Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such CEA Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

" Reducing Letters of Credit " means any standby letters of credit that (a) are Issued by the Issuing Bank under the Working Capital Line pursuant to Article III and (b) specifically provide that the amount available for drawing under such letters of credit will be reduced, automatically and without any further amendment or endorsement to such letters of credit, by the amount of any payment or payments made to the beneficiary of such letter of credit by the Co-Borrowers if (x) Co-Borrowers furnish evidence reasonably acceptable to Agent that such payment or payments have been made, or (y) such payment or payments (i) are made through the Issuing Bank and (ii) reference such Reducing Letters of Credit by the Letter of Credit numbers thereof, notwithstanding the fact that such payment or payments are not made pursuant to conforming and proper draws under such letter of credit.

" Reducing L/C Borrowing " means any extension of credit by the Banks under the Working Capital Line for the purpose of funding any payment or payments made to the beneficiary of a Reducing Letter of Credit by the Co-Borrowers if such payment or payments (i) are made through the Issuing Bank, (ii) reference the Reducing Letter of Credit by the letter of credit number thereof, and (iii) are not made pursuant to a conforming and proper draw under such Reducing Letter of Credit.

" Register " has the meaning specified in Section 10.07(b) .

" Registration Statement " means that Registration Statement on Form S-1 (File No. 333-189645) filed by MMP with the SEC, as amended on or prior to the date hereof.

" Requirement of Law " means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject but excluding any such determination of an arbitrator or Governmental Authority that is being appealed or is being validly challenged in good faith by such Person.

" Reserves " means reserves for any warehouse, bailee or storage charges or rent where inventory is located in an amount not less than an amount necessary to pay all such charges or rents for three months.

" Responsible Officer " means the officers of the Loan Parties listed on the Responsible Officer List provided by the Loan Parties to the Agent from time to time.

" Responsible Officer List " means the list of Responsible Officers provided by the Loan Parties to the Agent from time to time.

" Risk Management Policy " means the energy commodity risk management policy of Co-Borrowers, as such policy may be amended from time to time pursuant to Section 7.27 .

" SEC " means the Securities and Exchange Commission.

" Secured Parties " means the Agent, each Issuing Bank, each Bank and each Swap Bank.

" Security Agreement " means that certain Fifth Amended and Restated Security Agreement among the Co-Borrowers, the Guarantors and Société Générale, as Agent, dated as of July 31, 2013, for the ratable benefit of the Banks and the Swap Banks, as amended, restated, supplemented or otherwise modified from time to time.

" Security Documents " means the instruments listed in the Security Schedule and all other security agreements, deeds of trust, mortgages, chattel mortgages, pledges, assignments, deposit instruments, guarantees, financing statements, continuation statements, extension

agreements and other agreements or instruments now, heretofore, or hereafter delivered by any Co-Borrower to the Agent for the ratable benefit of the Banks and the Swap Banks in connection with this Agreement or any transaction contemplated hereby to secure the payment of any part of the Obligations or the performance of any Co-Borrower's other duties and obligations under the Loan Documents.

" Security Schedule " means Annex A hereto.

" SEG " means (a) Spark Energy Gas, LP, a Texas limited partnership, and (b) after giving effect to the merger of Spark Energy Gas, LP with and into Spark permitted by Section 7.11(b), Spark, if and when such merger occurs.

" SEG Bank Blocked Account " means SEG's accounts nos. 87113329, 29200734 and 29200815 maintained with Compass Bank or an account with a depositary institution acceptable to Agent into which collections from SEG's accounts will be deposited pursuant to Section 7.08 .

" SEH " means Spark Energy Holdings, LLC, a Texas limited liability company.

" Sharing Event " shall have the meaning ascribed to it in the Intercreditor Agreement.

" Short Position " means (a) with respect to SEG or AES, the aggregate number of MMBtus of natural gas and barrels of crude oil, petroleum products or natural gas liquids which SEG or AES, as applicable, has contracted to sell (whether by sale of a contract on a commodities exchange or otherwise) or deliver on exchange or under a swap contract, including, without limitation, all option contracts representing the obligation of SEG or AES, as applicable, to sell natural gas, crude oil, petroleum products or natural gas liquids, as applicable, at the option of a third party and in each case for which a fixed sales price has been set or (b) with respect to Spark, the aggregate number of megawatt hours of electricity which Spark has contracted to sell (whether by sale of a contract on a commodities exchange or otherwise) or deliver on exchange or a swap contract, including, without limitation, all option contracts representing the obligation of Spark to sell electricity at the option of a third party and in each case for which a fixed sales price has been set. Short Positions will be expressed as a negative number.

" Spark " means Spark Energy, L.P., a Texas limited partnership.

" Spark Bank Blocked Account " means Spark's accounts nos. 87113124, 12217196, 23158868 and 29200793 maintained with Compass Bank or an account with a depositary institution acceptable to Agent into which collections from Spark's accounts will be deposited pursuant to Section 7.08 .

" Sponsor " means NuDevco Partners, LLC, a Texas limited liability company.

" Standby Letter of Credit " means a Letter of Credit which is not intended at the time Issued to be drawn upon.

" Subordinated Debt " means indebtedness of the Co-Borrowers which has been reported to the Banks and which has been subordinated to the Obligations pursuant to a Subordination Agreement.

" Subordination Agreement " means a subordination agreement, in form and substance acceptable to the Agent and the Majority Banks, among the Co-Borrowers, the owner and holder of the Subordinated Debt and the Agent.

" Subsidiary " of a Person means any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of any of the Loan Parties.

" Swap Banks " means any Person that, at the time it enters into a Swap Contract with a Co-Borrower permitted under Article 7, is a Bank or an Affiliate of a Bank and is a party to the Intercreditor Agreement, in its capacity as a party to such Swap Contract.

" Swap Contract " means any agreement entered into with any Swap Bank, whether or not in writing, relating to any single transaction that is a rate swap, a basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, currency option or any other similar transaction (including any transaction involving physical delivery and any option to enter into any of the foregoing) or any combination of the foregoing and, unless the context clearly requires, any master agreement relating to or governing any or all of the foregoing. No Swap Contract will be executed hereunder unless it is subject to the applicable ISDA Master Agreement or its equivalent (i.e., long-form confirmations). For the avoidance of doubt, the term "Swap Contract" shall include Interest Rate Contracts.

" Swap Obligations " means the obligations referred to in clause (b) of the definition of Obligations.

" Swap Termination Value " means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Bank or any Affiliate of a Bank).

" Synthetic Lease Obligation " means the monetary obligation of a Person under a so-called synthetic, off-balance sheet or tax retention lease.

" Tangible Net Worth " means the Consolidated equity of Parent (which includes the other Co-Borrowers), as determined in accordance with GAAP, (a) plus the portion of

accumulated other comprehensive income (to the extent negative) for which there exists an offsetting unrecognized profit from physical transactions not included elsewhere on the balance sheet, (b) minus accumulated other comprehensive income (to the extent positive), (c) plus unrealized losses recorded on the balance sheet and income statement to the extent that there is an offsetting physical transaction with a gain that has not been recorded on the balance sheet and income statement, minus unrealized gains recorded on the balance sheet and income statement but only to the extent that such unrealized gains exceed losses on offsetting physical transactions for which losses have been recorded on the balance sheet and income statement, (d) minus all amounts due from employees, owners, Subsidiaries and Affiliates, investments in capital stock and intangible assets of the Co-Borrowers unless the amount due from an Affiliate constitutes an Affiliate Obligation (but only to the extent that such Affiliate Obligation is permitted to be included in the calculation of Net Working Capital), (e) minus mark-to-market losses (not already deducted in (c) above), (f) minus the value of any Equity Investment if the Agent, on behalf of the Banks and the Swap Banks, has not been granted a first priority security interest in such Equity Investment, (g) plus Subordinated Debt; *provided* , that for purposes of calculating Tangible Net Worth, Subordinated Debt may not exceed fifty percent (50%) of the resultant Tangible Net Worth, (h) minus cash deposits subject to Liens permitted by Section 7.10(n) in excess of $5,000,000.

" Tax Distributions " means distributions of cash by any Co-Borrower to enable the partners or members of such Co-Borrower to pay federal or state income taxes on the taxable income attributable to such Co-Borrower, for any period during which such Co-Borrower was a pass-through entity for Federal income tax purposes.

" Taxes " means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of a Bank, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank is organized or maintains a lending office.

" Tier I Account " means an Eligible Account with a Tier I Account Party.

" Tier I Account Party " means an Account Debtor which is (a) of the type listed as a Tier I Account Party on the Credit Limit Annex, or (b) approved by the Majority Banks as a Tier I Account Party.

" Tier I Unbilled Qualified Account " means Unbilled Qualified Accounts with a Tier I Account Party.

" Tier II Account " means an Eligible Account with a Tier II Account Party.

" Tier II Account Party " means an Account Debtor which is (a) of the type listed on the Credit Limit Annex as a Tier II Account Party or (b) approved by the Majority Banks as a Tier II Account Party.

" Tier II Unbilled Qualified Account " means Unbilled Qualified Accounts with a Tier II Account Party.

" Title IV Plan " means a pension plan subject to Title IV of ERISA, other than a Multiemployer Plan, to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

" Total Available Commitments " means, at any time, the aggregate Commitments of all Banks minus the aggregate Commitments of all Defaulting Banks at such time.

" Total Capacity Obligations " means all obligations of the Loan Parties owed to Affiliates of the Loan Parties (whether fixed fee, take or pay, non-fixed fee, interruptible or any other type) in connection with natural gas processing and crude oil transfer, transloading and terminalling, including, without limitation, all obligations of the Loan Parties owed to Affiliates of the Loan Parties to deliver certain quantities of natural gas for processing and certain quantities of crude oil for transloading and monetary obligations in respect thereof.

" Type " means either a Base Rate Loan, COF Rate Loan or a Eurodollar Rate Loan.

" Unbilled Qualified Accounts " means Eligible Accounts, based upon the value of underlying sales contracts, of the Co-Borrowers for Product which have been delivered to an account debtor and which would be Eligible Accounts but for the fact that such Accounts have not actually been invoiced at such time.

" United States " and " U.S. " each means the United States of America.

" Wells Fargo Bank Blocked Account " means SEG's account nos. 4174907669 and 4945021152 maintained with Wells Fargo Bank into which collections from SEG's accounts will be deposited pursuant to Section 7.08 .

" Withdrawal Liability " means, at any time, any liability incurred (whether or not assessed) by any ERISA Affiliate and not yet satisfied or paid in full at such time with respect to any Multiemployer Plan pursuant to Section 4201 of ERISA.

" Working Capital Line " means the line of credit provided hereunder (a) to finance working capital requirements related to the Co-Borrowers' purchase and sale of Product and (b) to provide for Letters of Credit to secure suppliers of Product and other parties. As of the Closing Date, the Working Capital Line is $80,000,000.00, subject to increase pursuant to Section 2.02 .

" Working Capital Loans " shall have the meaning set forth in Section 2.01(a) .

" Working Capital Obligations " means all indebtedness, liabilities and obligations from time to time owing by the Co-Borrowers to any Bank or the Issuing Bank under or pursuant to any Loan Document or otherwise with respect to any Working Capital Loan or Letter of Credit, including those in respect of L/C Obligations, or under or pursuant to any guaranty of such indebtedness, liabilities and obligations, or under or pursuant to any Security Document which secures the payment and performance of such indebtedness, liabilities and obligations, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue

after the commencement by or against any Co-Borrower or any Affiliate thereof of any proceeding under any debtor relief laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. " Working Capital Obligation " means any part of the Working Capital Obligations.

1.02 Other Interpretive Provisions .

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and Subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however, evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms but only for the specific purposes for which they apply.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Banks and the Co-Borrowers, and are the products of all parties. Accordingly, they shall not be construed against any of the parties merely because of such parties' involvement in their preparation.

1.03 Accounting Principles .

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made in accordance with GAAP consistently applied.

(b) References herein to “fiscal year” and “fiscal quarter” refer to such fiscal periods of each of the Loan Parties.

(c) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either a Loan Party or the Majority Banks shall so request, the Agent, the Banks and the Loan Parties shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Banks); *provided that* , until so amended, (A) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (B) the Loan Parties shall provide to the Agent and the Banks financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the financial statements referred to in Section 6.11(a) for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

ARTICLE 2
THE CREDITS

2.01 Loans .

(a) Working Capital Loans . Subject to the terms and conditions set forth herein, each Bank severally agrees to make loans (each such loan, a “ Working Capital Loan ”) to the Co-Borrowers from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Bank’s Commitment; *provided , however* , that after giving effect to any Borrowing:

(i) the aggregate amount of Working Capital Loans plus the Effective Amount of all L/C Obligations shall not exceed the Working Capital Line, or, if a Defaulting Bank exists hereunder, the Total Available Commitments,

(ii) the Outstanding Working Capital Amount shall not exceed the lesser of (A) the Borrowing Base Advance Cap determined as of the date of such request on the basis of the Collateral Position Report most recently received by the Agent pursuant to Section 7.02(b) two (2) Business Days prior to the date on which the requested Working Capital Loans are to be made, or (B) the Collateral Position of the Co-Borrowers,

(iii) the aggregate Effective Amount of Working Capital Loans of any Bank, plus such Bank's Pro Rata Share of the Effective Amount of all L/C Obligations shall not exceed such Bank's Commitment,

(iv) such Working Capital Loan, together with outstanding Working Capital Loans, does not exceed any applicable Advance Sub-limit Cap, and

(v) the amount of such Working Capital Loan, plus the Effective Amount of all Working Capital Loans made for the purpose described in the applicable Advance Sub-limit Cap, plus the Effective Amount of L/C Obligations relating to Letters of Credit Issued for such purpose shall not exceed the applicable Advance Sub-limit Cap.

Within the limits of each Bank's Commitment, and subject to the other terms and conditions hereof, the Co-Borrowers' ability to obtain Working Capital Loans shall be fully revolving, and accordingly the Co-Borrowers may borrow under this Section 2.01(a) , prepay under Section 2.06 , and re-borrow under this Section 2.01(a) . Working Capital Loans may be Base Rate Loans, COF Rate Loans or Eurodollar Rate Loans, as further provided herein.

(b) [Reserved] .

(c) [Reserved] .

(d) Existing Advances . The parties hereto acknowledge and agree that, effective as of the Closing Date, in order to accommodate and orderly effect the reallocations, acquisitions, increases and decreases under this Section 2.01(d) , the outstanding Working Capital Loans under, and as defined in, the Existing Credit Agreement on the date hereof are (and shall be deemed to be) outstanding as Working Capital Loans made under this Agreement. Such obligations under the Existing Credit Agreement shall be assigned, renewed, extended, modified, and rearranged as Obligations outstanding under and pursuant to the terms of this Agreement. The Existing Banks have agreed among themselves, in consultation with the Co-Borrowers, to (A) reduce, increase, assign and reallocate their respective Commitments (as defined in the Existing Credit Agreement) as provided herein, (B) allow each Bank party hereto that is not an Existing Bank (each a " New Bank ") to become a Bank hereunder by acquiring an interest in the aggregate Commitments (as defined in the Existing Credit Agreement), and (C) adjust such Commitments (as defined in the Existing Credit Agreement) of the other Banks (each an " Adjusting Bank ") accordingly. The Agent, the Existing Banks, and the Co-Borrowers consent to such adjustment, increases, decrease and reallocation and, if applicable, each New Bank's acquisition of, and each Adjusting Bank's adjustment of, an interest in the Commitments (as defined in the Existing Credit Agreement) and the Existing Banks' partial assignments of their respective Commitments (as defined in the Existing Credit Agreement) pursuant to this Section 2.01(d) . On the Closing Date and after giving effect to such reallocations, adjustments, increases, assignments and decreases, the Commitment of each Bank shall be as set forth on Schedule 2.01 . With respect to such reallocations, adjustments, increases, acquisitions and decreases, each New Bank and Adjusting Bank increasing its aggregate Commitments shall be deemed to have acquired the Commitments allocated to it from each of the other Banks pursuant to the terms of the Assignment and Assumptions attached as an exhibit to the Existing Credit Agreement as if each such New Bank and Adjusting Bank had executed such Assignment and Assumptions with respect to such allocation, increase, adjustment, and decrease. The Banks

shall make all appropriate adjustments and payments between and among themselves to account for the revised pro rata shares resulting from the initial allocation of the Banks' Commitments under this Agreement.

2.02 Increase in Commitments .

(a) Subject to the conditions set forth in clauses (b) and (c) of this Section 2.02 , Parent may request that the amount of the aggregate Commitments be increased one or more times, in each case in a minimum amount of $5,000,000.00 or in integral multiples of $5,000,000.00 in excess thereof; *provided* that the aggregate Commitments after any such increase may not exceed $120,000,000.

(b) Each such increase shall be effective only upon the following conditions being satisfied: (i) the Agent and each Issuing Bank shall have approved such increase, each such approval not to be unreasonably withheld, (ii) no Default or Event of Default has occurred and is continuing at the time thereof or would be caused thereby, (iii) either the Banks having Commitments hereunder at the time the increase is requested agree to increase their Commitments in the amount of the requested increase or other financial institutions agree to make a Commitment in the amount of the difference between the amount of the increase requested by the Co-Borrowers and the amount by which the Banks having Commitments hereunder at the time the increase is requested are increasing their Commitments, (iv) such Banks and other financial institutions, if any, shall have executed and delivered to the Agent a Commitment Increase Agreement or a New Bank Agreement, as applicable, and (v) the Co-Borrowers shall have delivered such evidence of authority for the increase (including without limitation, certified resolutions of the applicable managers and/or members of the Co-Borrowers authorizing such increase) as the Agent may reasonably request.

(c) Each financing institution to be added to this Agreement as described in Section 2.02(b)(iii) above shall execute and deliver to the Agent a New Bank Agreement, pursuant to which it becomes a party to this Agreement. Each Bank agreeing to increase its Commitment as described in Section 2.02(b)(iii) shall execute and deliver to the Agent a Commitment Increase Agreement pursuant to which it increases its Commitment hereunder. In addition, a Responsible Officer shall execute and deliver to the Agent, for each Bank being added to this Agreement, a Note payable to such new Bank in the principal amount of the Commitment of such Bank, and for each Bank increasing its Commitment, a replacement Note payable to such Bank, in the principal amount of the increased Commitment of such Bank. Each such Note shall be dated the effective date of the pertinent New Bank Agreement or Commitment Increase Agreement. In the event a replacement Note is issued to a Bank, such Bank shall mark the original note as "REPLACED" and shall return such original Note to the Co-Borrowers. Upon execution and delivery to the Agent of the Note and the execution by the Agent of the relevant New Bank Agreement or Commitment Increase Agreement, as the case may be, such new financing institution shall constitute a "Bank" hereunder with a Commitment as specified therein, or such existing Bank's Commitment shall increase as specified therein, as the case may be, and the Agent shall notify Parent and all Banks of such addition or increase, and the final allocations thereof, and provide a revised Schedule 2.01 reflecting such additions or increase together with a schedule showing the revised Advance Sub-limit Caps and the revised L/C Sub-limit Caps.

(d) Notwithstanding anything to the contrary in this Section 2.02 , the Banks having Commitments hereunder at the time any such increase is requested shall have the first right, but shall not be obligated, to participate in such increase by agreeing to increase their respective Commitments by their Pro Rata Share to the extent of such increase. The Agent shall not, and shall not be obligated to, permit any financial institutions that do not have, at that time, Commitments hereunder to make commitments for portions of the requested increase not assumed by the Banks having Commitments hereunder until each of such Banks have agreed to increase their Commitments or declined to do so. To facilitate the Banks' right of first refusal, SEH shall, by written notice to the Agent (which shall promptly deliver a copy to each Bank) given not less than 30 days prior to the requested effective date of the increase in Commitments (the " Increase Effective Date "), request that the Banks increase their Commitments. Each Bank shall, by notice to SEH and the Agent given not later than 15 days following receipt of SEH's request, advise SEH whether or not it will increase its Commitments as of the Increase Effective Date. Any Bank that has not so advised SEH and the Agent by such day shall be deemed to have declined to agree to such increase in its Commitment. The decision to increase its Commitment hereunder shall be at the sole discretion of each Bank.

2.03 Loan Accounts . The Loans and Letters of Credits Issued may be evidenced by Notes and loan accounts. Each Bank may endorse on the schedules annexed to its Note the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Co-Borrowers with respect thereto. Each Bank is irrevocably authorized by the Co-Borrowers to endorse its Note and records and such Bank's records shall be conclusive absent manifest error; *provided* , *however* , that the failure of any Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the Obligations of the Co-Borrowers hereunder or under such Note to such Bank.

2.04 Procedure for Borrowing .

(a) Each Borrowing of Loans consisting only of Base Rate Loans or COF Rate Loans shall be made upon the Co-Borrowers' irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing, which notice must be received by Agent prior to 1:00 p.m. (New York City time) on the Borrowing Date specifying the amount of the Borrowing. Each Borrowing of Loans that includes any Eurodollar Rate Loans shall be made upon the Co-Borrowers' irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by Agent prior to 1:00 p.m. (New York City time) three (3) Business Days prior to the requested Borrowing Date), specifying the amount of the Borrowing. Each such Notice of Borrowing shall be submitted by SEH by electronic transfer or facsimile, confirmed immediately in an original writing and shall specify (i) the Type of Loan requested and (ii) the Co-Borrower(s) for whom such Loan is requested. Each requested Eurodollar Rate Loan must be in a principal amount of at least $5,000,000.00 and any multiple of $1,000,000.00 in excess thereof.

(b) Following receipt of a Notice of Borrowing requesting Working Capital Loans, the Agent shall promptly notify each Bank of the amount of its Pro Rata Share of such requested Working Capital Loans.

(c) Each Bank will make the amount of its Pro Rata Share of such Borrowing available to Agent for the account of the Co-Borrowers at Agent's Payment Office by 3:00 p.m. (New York City time) on the Borrowing Date requested by the Co-Borrowers in funds immediately available to Agent. The proceeds of all such Loans will then be made available to the Co-Borrowers by the Agent by crediting the Bank Blocked Account designated by SEH with the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent.

2.05 Conversion and Continuation Elections .

(a) The Co-Borrowers may, upon irrevocable written notice to Agent in accordance with Subsection 2.05(b) :

(i) elect, as of any Business Day, in the case of Base Rate Loans or COF Rate Loans, or as of the last day of the applicable Interest Period, in the case of any Eurodollar Rate Loan, to convert any such Loans into Loans of any other Type (*provided , however* , the principal amount of each Eurodollar Rate Loan must be at least $5,000,000.00); or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Loans having Interest Periods expiring on such day (*provided , however* , the principal amount of each Eurodollar Rate Loan must be at least $5,000,000.00);

provided , however , that if at any time the aggregate amount of Eurodollar Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof, to a principal amount that is less than $5,000,000.00, such Eurodollar Rate Loans shall automatically convert into COF Rate Loans, and on and after such date the right of the Co-Borrowers to continue such Loans as, and convert such Loans into, Eurodollar Rate Loans shall terminate.

(b) SEH shall deliver a Notice of Conversion/Continuation to be received by Agent not later than 1:00 p.m. (New York City time) on the Conversion/Continuation Date if the Loans are to be converted into Base Rate Loans or COF Rate Loans; and three (3) Business Day in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Eurodollar Rate Loans, specifying:

(i) the proposed Conversion/Continuation Date;

(ii) the aggregate amount of Loans to be converted or continued;

(iii) the Type of Loans resulting from the proposed conversion or continuation; and

(iv) other than in the case of conversions into Base Rate Loans or COF Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Eurodollar Rate Loans, the Co-Borrowers have failed to timely select a new Interest Period to be applicable to its Eurodollar Rate Loans, or if any Default or Event of Default then exists, the Co-Borrowers shall be deemed to have elected to convert such Eurodollar Rate Loans into COF Rate Loans effective as of the expiration date of such Interest Period.

(d) Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Co-Borrowers, Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans, with respect to which the notice was given, held by each Bank. Agent will promptly notify, in writing, each Bank of the amount of such Bank's applicable percentage of that Conversion/Continuation.

(e) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, the Co-Borrowers may not elect to have a Loan converted into or continued as a Eurodollar Rate Loan.

(f) After giving effect to any Borrowing, conversion or continuation of Loans, there may not be more than ten (10) Interest Periods in effect.

2.06 Optional Prepayments . The Co-Borrowers may, at any time or from time to time, upon SEH's irrevocable written notice to Agent received prior to 12:00 p.m. noon (New York City time) on the date of prepayment, prepay Loans in whole or in part, without premium or penalty. The Agent will promptly notify each Bank of its receipt of any such prepayment, and of such Bank's applicable percentage of such prepayment (which share may be affected by the allocation rules set forth in Section 2.16 with respect to Defaulting Banks).

2.07 Mandatory Prepayments of Loans .

(a) If on any date (i) the Effective Amount of all Working Capital Loans then outstanding under the Working Capital Line exceeds the aggregate of the Commitments, or (ii) the Effective Amount of Working Capital Loans then outstanding under any Advance Sub-limit Cap exceeds the amount of such Advance Sub-limit Cap, or (iii) the Effective Amount of all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations exceeds the lesser of the aggregate of the Commitments or the Borrowing Base Advance Cap, the Co-Borrowers shall within three Business Days, and without notice or demand, (1) prepay the outstanding principal amount of the Working Capital Loans and L/C Borrowings by an amount equal to the applicable excess, such payments to be applied pro rata, or (2) Cash Collateralize on such date the excess amount pursuant to subsection (c) .

(b) If on any date the Effective Amount of all L/C Obligations exceeds the aggregate of Commitments, or any L/C Obligations relating to a type of Letter of Credit described herein exceeds the applicable L/C Sub-limit Cap, the Co-Borrowers shall Cash Collateralize on such date the outstanding Letters of Credit, or the outstanding type of Letters of Credit, as the case may be, in an amount equal to such excess, and thirty (30) days prior to the Expiration Date, Co-Borrowers shall Cash Collateralize all then outstanding Letters of Credit in an amount equal to one hundred five percent (105%) of the Effective Amount of all L/C Obligations related to such Letters of Credit. If on any date after giving effect to any Cash Collateralization made on such date pursuant to the preceding sentence, the Effective Amount of

all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations exceeds the aggregate of the Commitments, the Co-Borrowers shall within three Business Days, and without notice or demand, prepay the outstanding principal amount of the Working Capital Loans and L/C Borrowings by an amount equal to the applicable excess, such payments to be applied pro rata. Any cash deposited as cash collateral or portion thereof, shall be returned to Co-Borrowers as soon as reasonably practicable after notice to Agent of the expiration, termination or satisfaction of the Letters of Credit in sufficient amounts such that the Effective Amount of all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations does not exceed the aggregate of Commitments.

2.08 Termination or Reduction of Commitments . The Co-Borrowers may, upon notice to the Agent by Parent, terminate the aggregate Commitments, or from time to time permanently reduce the aggregate Commitments; *provided* that (i) any such notice shall be received by the Agent not later than noon five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $5,000,000.00 or any whole multiple of $1,000,000.00 in excess thereof, and (iii) the Co-Borrowers may not terminate or reduce the aggregate Commitments if, after giving effect thereto, a mandatory prepayment would be required under Section 2.07(a) . The Agent will promptly notify the Banks of any such termination or reduction of the aggregate Commitments. Any reduction of the aggregate Commitments shall be applied to the Commitment of each Bank according to its Pro Rata Share. All fees accrued until the effective date of any termination of the aggregate Commitments and all other amounts payable shall be paid on the effective date of such termination.

2.09 Repayment . The Co-Borrowers shall repay the principal amount of each Working Capital Loan on the Advance Maturity Date for such Loan.

2.10 Interest .

(a) Each Loan (except for a Working Capital Loan made as a result of a drawing under a Letter of Credit or a Reducing L/C Borrowing) shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a floating rate per annum equal to the Base Rate plus the Applicable Margin at all times such Loan is a Base Rate Loan, at a floating rate per annum equal to the COF Rate plus the Applicable Margin at all times such Loan is a COF Rate Loan or at the Eurodollar Rate plus the Applicable Margin at all times such Loan is an Eurodollar Rate Loan. Each Working Capital Loan made as a result of a drawing under a Letter of Credit or a Reducing L/C Borrowing shall bear interest on the outstanding principal amount thereof from the date funded at a floating rate per annum equal to the COF Rate plus the Applicable Margin until such Loan has been outstanding for more than two (2) Business Days and, thereafter, shall bear interest on the outstanding principal amount thereof at a floating rate per annum equal to the Base Rate plus the Applicable Margin, plus two percent (2.0%) per annum (the " Default Rate ").

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date.

(c) Notwithstanding subsection (a) of this Section, if any amount of principal of or interest on any Loan, or any other amount payable hereunder or under any other Loan

Document is not paid in full when due (whether at stated maturity, by acceleration, demand or otherwise), the Co-Borrowers agree to pay interest on such unpaid principal or other amount, from the date such amount becomes due until the date such amount is paid in full, and after as well as before any entry of judgment thereon to the extent permitted by law, payable on demand, at a fluctuating rate per annum equal to the Default Rate.

(d) Anything herein to the contrary notwithstanding, the Obligations of the Co-Borrowers to the Banks hereunder shall be subject to the limitation that payment of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the Banks would be contrary to the provisions of any law applicable to the Banks limiting the highest rate of interest that may be lawfully contracted for, charged or received by the Banks, and in such event the Co-Borrowers shall pay the Banks interest at the highest rate permitted by applicable law.

(e) Regardless of any provision contained in the Notes or in any of the Loan Documents, the Banks shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest under the Notes or any Loan Document, or otherwise, any amount in excess of the maximum rate of interest permitted to be charged under applicable law, and, in the event that the Banks ever receive, collect or apply as interest any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Notes, and, if the principal balance of the Notes is paid in full, any remaining excess shall forthwith be paid to the Co-Borrowers. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate, the Co-Borrowers and the Banks shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee, or premium, rather than as interest, (ii) exclude voluntary prepayments and the effect thereof, and (iii) spread the total amount of interest throughout the entire contemplated term of such Notes so that the interest rate is uniform throughout such term; *provided , however ,* that if all Obligations under the Notes and all Loan Documents are performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual term thereof exceeds the maximum lawful rate, the Banks shall refund to the Co-Borrowers the amount of such excess, or credit the amount of such excess against the aggregate unpaid principal balance of the Banks' Notes at the time in question.

2.11 Non-Utilization Fees . The Co-Borrowers shall pay to the Agent for the account of each Bank in accordance with its Pro Rata Share, a non-utilization fee equal to 0.50% per annum times the actual daily amount by which the aggregate Commitments exceed the Outstanding Amount; *provided* that for any day that a Bank is a Defaulting Bank hereunder, its Commitments shall be deemed to be, solely for purposes of this Section 2.11 , zero. The non-utilization fees shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article V are not met, and shall be due and payable quarterly in arrears within fifteen (15) days of the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Expiration Date. The non-utilization fees shall be calculated quarterly in arrears.

2.12 Computation of Fees and Interest .

(a) All computations in respect of interest at the Prime Rate shall be made on the basis of a 365/366-day year. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365/366-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof through the last day thereof.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Co-Borrowers.

2.13 Payments by the Co-Borrowers .

(a) All payments to be made by the Co-Borrowers shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Co-Borrowers shall be made to the Agent for the account of the Banks at Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 1:00 p.m. (New York City time) on the date specified herein. Agent will promptly distribute to each Bank its Pro Rata Share (or after the occurrence of a Sharing Event, an amount determined pursuant to the Intercreditor Agreement) of such payment in like funds as received. Any payment received by Agent later than 1:00 p.m. (New York City time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue. If and to the extent the Co-Borrowers make a payment in full to Agent no later than 1:00 p.m. (New York City time) on any Business Day and Agent does not distribute to each Bank its Pro Rata Share of such payment in like funds as received on the same Business Day, Agent shall pay to each Bank on demand interest on such amount as should have been distributed to such Bank at the Federal Funds Rate for each day from the date such payment was received until the date such amount is distributed.

(i) For any payment received by the Agent from or on behalf of the Co-Borrowers in respect of Obligations that are then due and payable (and prepayments pursuant to Section 2.06), the Agent will promptly distribute such amounts in like funds to each Bank, its Pro Rata Share of the Working Capital Loans except that any amount otherwise payable to a Defaulting Bank shall be distributed in the manner described in Section 2.16(g) .

(ii) For any payment received from or on behalf of the Co-Borrowers by the Agent on or after the occurrence of a Sharing Event, the Agent will promptly distribute such payment in accordance with Section 2.01 of the Intercreditor Agreement.

(b) Subject to the provisions set forth in the definition of " Interest Period " herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless Agent receives notice from the Co-Borrowers prior to the date on which any payment is due to the Banks that the Co-Borrowers will not make such payment in

full as and when required, Agent may assume that the Co-Borrowers have made such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Co-Borrowers have not made such payment in full to Agent, each Bank shall repay to Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.14 Payments by the Banks to Agent . If and to the extent any Bank shall not have made its full amount available to Agent in immediately available funds and Agent in such circumstances has made available to the Co-Borrowers such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of Agent submitted to any Bank with respect to amounts owing under this Section 2.14 shall be conclusive, absent manifest error. If such amount is so made available, such payment to Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Borrowing Date, Agent will notify the Co-Borrowers of such failure to fund and, upon demand by Agent, the Co-Borrowers shall pay such amount to Agent for Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

2.15 Sharing of Payments, Etc . If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share (or after the occurrence of a Sharing Event, an amount determined pursuant to the Intercreditor Agreement), such Bank shall immediately (a) notify Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; except that with respect to any Bank that is a Defaulting Bank by virtue of such Bank failing to fund its Pro Rata Share or Pro Rata Adjusted Percentage of any Working Capital Loan or L/C Borrowing, such Defaulting Bank's pro rata share of the excess payment shall be allocated to the Bank (or the Banks, pro rata) that funded such Defaulting Bank's Pro Rata Share or Pro Rata Adjusted Percentage; *provided , however* , that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Co-Borrowers agree that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.09) with respect to such participation as fully as if such Bank were the direct creditor of the Co-Borrowers in the amount of such participation. Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.16 Defaulting Bank . Notwithstanding any other provision in this Agreement to the contrary, if at any time a Bank becomes a Defaulting Bank, the following provisions shall apply so long as any Bank is a Defaulting Bank:

(a) Until such time as the Defaulting Bank ceases to be a Bank under this Agreement, it will retain its Commitment and will remain subject to all of its obligations as a Bank hereunder, although it will be presumed that such Defaulting Bank will fail to satisfy any funding obligation and, accordingly, all other Banks hereby agree to fund L/C Borrowings in accordance with the terms hereof and their respective Pro Rata Adjusted Percentage.

(b) The Fees under Section 2.11 shall cease to accrue on that portion of such Defaulting Bank's Commitment that remains unfunded or which has not been included in any L/C Obligations;

(c) A Defaulting Bank may cease to be a Defaulting Bank as specified in the definition thereof.

(d) At any time during a Default Period, Agent may and upon the direction of the Majority Banks shall, upon three (3) Business Days prior notice to the applicable Defaulting Bank (so long as such Default Period remains in effect at the end of such notice period), require such Defaulting Bank to assign all right, title and interest that it may have in all Loans and any other Obligations of the Co-Borrowers under this Agreement and the Loan Documents to another Bank (if another Bank will consent to purchase such right, title and interest) or an Eligible Assignee in accordance with Section 10.07 of this Agreement, if such Eligible Assignee can be found by the Co-Borrowers, for a purchase price equal to 100% of the principal amount of such Loans and any other Obligations *plus* the amount of any interest and fees accrued and owing to such Defaulting Bank as of the date of such assignment.

(e) with respect to any L/C Obligation that exists at the time a Bank becomes a Defaulting Bank or thereafter:

(i) all or any part of such Defaulting Bank's Pro Rata Share of the L/C Obligations shall be reallocated among the Non-Defaulting Banks in accordance with their respective Pro Rata Adjusted Percentage but only to the extent (x) the sum of all of the Effective Amounts of the Non-Defaulting Banks plus such Defaulting Bank's Pro Rata Share of the L/C Obligations does not exceed the Total Available Commitment, (y) any Non-Defaulting Bank's Effective Amount plus such Non-Defaulting Bank's Pro Rata Adjusted Percentage of such Defaulting Bank's Pro Rata Percentage of the L/C Obligations does not exceed such Non-Defaulting Bank's Commitment and (z) the conditions set forth in Section 5.02 of this Agreement are satisfied at such time;

(ii) if the reallocation described in clause (i) above cannot, or can only partially be effected, then the Co-Borrowers shall within two (2) Business Days following notice by the Agent Cash Collateralize such Defaulting Bank's Pro Rata Share of the L/C Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the terms of this Agreement, including without limitation Section 3.07 , for so long as such L/C Obligation is outstanding;

(iii) if the Co-Borrowers Cash Collateralize any portion of such Defaulting Bank's Pro Rata Share of the L/C Obligations pursuant to this Section 2.16(e) and Section 3.07 then the Co-Borrowers shall not be required to pay any fees for the pro rata benefit of such Defaulting Bank pursuant to Section 3.08 with respect to such Defaulting Bank's Pro Rata Share of the L/C Obligations during the period such Defaulting Bank's Pro Rata Share of the L/C Obligations is Cash Collateralized; and

(iv) if any Defaulting Bank's Pro Rata Share of the L/C Obligations is neither cash collateralized nor reallocated pursuant to Section 2.16(e)(i) , then, without prejudice to any rights or remedies of the Letter of Credit Issuer or any Bank hereunder, all letter of credit fees payable under this Agreement with respect to such Defaulting Bank's Pro Rata Share of the L/C Obligations shall be payable to the Issuing Banks until such Pro Rata Share of the L/C Obligations is Cash Collateralized, reallocated, or repaid in full.

(f) So long as any Bank is a Defaulting Bank, the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitment of the Non-Defaulting Banks and/or cash collateral will be provided by Defaulting Bank or the Co-Borrowers in accordance with Section 3.07 , and participating interests in any such newly issued or increased Letter of Credit shall be allocated among the Non-Defaulting Banks in a manner consistent with Section 3.03 (and the Defaulting Banks shall not participate therein).

(g) Any amount payable to such Defaulting Bank hereunder (whether on account of principal, interest, fees or otherwise) shall, in lieu of being distributed to such Defaulting Bank, be retained by the Agent in a segregated account and subject to any applicable requirements of law, be applied (i) *first* , to the payment of any amounts owing by such Defaulting Bank to the Agent hereunder, (ii) *second* , to the payment of any amounts owing by such Defaulting Bank to the Issuing Banks hereunder, (iii) *third* , to the funding of cash collateralization of any participating interest in any Letter of Credit in respect of which such Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Agent or the Issuing Bank with the amount so funded reducing the amount the Co-Borrowers were required to Cash Collateralize pursuant to Section 2.16(e)(ii) , (iv) *fourth* , if so determined by the Agent, the Issuing Bank and the Co-Borrowers, held in such account as cash collateral for future funding obligations of any Defaulting Bank under this Agreement, (v) *fifth* , pro rata, to the payment of any amounts owing to the Co-Borrowers or the Banks as a result of any judgment of a court of competent jurisdiction obtained by the Co-Borrowers or any Bank against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement and (vi) *sixth* , to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction, *provided* that if such payment is a prepayment of the principal amount of any Loans or reimbursement obligations in respect of L/C Advances which a Defaulting Bank has funded in accordance with its participation obligations, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all non-Defaulting Banks *pro rata* prior to being applied to the prepayment of any Loans, or reimbursement obligations owed to, any Defaulting Bank.

(h) In the event that the Agent, the Co-Borrowers and the Issuing Bank each agree that a Defaulting Bank has adequately remedied all matters that caused such Bank to be a Defaulting Bank, then the Pro Rata Share of the L/C Obligations of the Banks shall be readjusted to reflect the inclusion of such Bank's Commitment and on such date such Bank shall purchase at par such of the Loans of the other Banks as the Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Pro Rata Share as though it were not a Defaulting Bank.

(i) No Swap Contract entered into by a Swap Bank shall benefit from the security package provided by the Security Documents, if at the time such Swap Contract was entered, such Swap Bank (or its Affiliate) was a Defaulting Bank.

(j) Notwithstanding anything to the contrary herein, the Commitment of such Defaulting Bank shall not be included for purposes of determining the "Majority Banks."

ARTICLE 3
THE LETTERS OF CREDIT

3.01 The Letter of Credit Lines .

(a) Each Issuing Bank agrees, (A) from time to time on any Business Day during the period from the Closing Date to the Expiration Date, to Issue Letters of Credit for the account of the Co-Borrowers under the Working Capital Line and to amend or renew Letters of Credit previously Issued by it, in accordance with Subsections 3.02(c) and 3.02(d) , and (B) to honor drafts under the Letters of Credit. Each of the Banks will be deemed to have approved such Issuance, amendment or renewal, and shall participate in Letters of Credit Issued for the account of the Co-Borrowers. Subject to the other terms and conditions hereof, the Co-Borrowers' ability to request that an Issuing Bank Issue Letters of Credit shall be fully revolving, and, accordingly, the Co-Borrowers may, during the foregoing period, request that Issuing Bank Issue Letters of Credit to replace Letters of Credit which have expired or which have been drawn upon and reimbursed. The parties hereto agree that effective as of the Closing Date, the Existing Letters of Credit shall be deemed to have been issued and maintained under, and to be governed by the terms and conditions of, this Agreement and shall constitute a portion of the L/C Obligations.

(b) No Issuing Bank shall Issue any Letter of Credit unless Agent shall have received notice of the request for Issuance of such Letter of Credit and Agent shall have consented to the Issuance of such Letter of Credit, such consent not to be unreasonably withheld, conditioned or delayed. Additionally, no Issuing Bank shall Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from Issuing such Letter of Credit, or any Requirement of Law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of

Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such Issuing Bank in good faith deems material to it;

(ii) such Issuing Bank has received written notice from the Agent or the Co-Borrowers, on or prior to the Business Day prior to the requested date of Issuance of such Letter of Credit, that one or more of the applicable conditions contained in Article V is not then satisfied;

(iii) the expiry date of any requested Letter of Credit is after the earlier to occur of (A) the expiry date of the applicable L/C Sub-limit Cap for such Letter of Credit or (B) 365 days after the Expiration Date, unless all the Banks have approved such expiry date in writing;

(iv) the expiry date of any such requested Letter of Credit is prior to the maturity date of any financial obligation to be supported by the requested Letter of Credit;

(v) such requested Letter of Credit is not in form and substance acceptable to such Issuing Bank, or the Issuance of such requested Letter of Credit shall violate any applicable policies of Issuing Bank;

(vi) such Letter of Credit is for the purpose of supporting the Issuance of any letter of credit by any other Person other than another Co-Borrower;

(vii) such Letter of Credit is denominated in a currency other than Dollars;

(viii) the amount of such requested Letter of Credit, plus the Effective Amount of L/C Obligations relating to Letters of Credit Issued under a particular L/C Sub-limit Cap, plus the Effective Amount of all Working Capital Loans made for the purpose described under such L/C Sub-limit Cap exceeds the applicable L/C Sub-limit Cap;

(ix) the amount of such requested Letter of Credit, plus the Effective Amount of all of the L/C Obligations, plus the Effective Amount of all Working Capital Loans exceeds the lesser of (A) the Borrowing Base Advance Cap determined as of the date of such request on the basis of the Collateral Position Report most recently received by the Agent pursuant to Section 7.02(b) two (2) Business Days prior to the date on which the requested Letter of Credit is to be Issued, or (B) the aggregate Commitments;

(x) the amount of such Letter of Credit would result in exposure of an Issuing Bank to exceed its Issuing Bank Sub-Limit.

(c) Any Letter of Credit requested by the Co-Borrowers to be Issued hereunder may be Issued by any Issuing Bank or any Affiliate of such Issuing Bank acceptable to the Co-Borrowers, and if a Letter of Credit is Issued by an Affiliate of such Issuing Bank, such Letter of Credit shall be treated, for all purposes of this Agreement and the Loan Documents, as if it were issued by such Issuing Bank.

3.02 Issuance, Amendment and Renewal of Letters of Credit .

(a) Each Letter of Credit Issued hereunder shall be Issued upon the irrevocable written request of SEH pursuant to a Notice of Borrowing in the applicable form attached hereto as Exhibit A-1 received by an Issuing Bank and the Agent by no later than 12:00 p.m. noon (New York City time) on the proposed date of Issuance. Each such request for Issuance of a Letter of Credit shall be by electronic transfer or facsimile, confirmed immediately in an original writing or by electronic transfer, in the form of an L/C Application, and shall specify in form and detail satisfactory to such Issuing Bank: (i) the proposed date of Issuance of the Letter of Credit (which shall be a Business Day); (ii) the face amount of the Letter of Credit; (iii) the expiry date of the Letter of Credit; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (vi) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (vii) such other matters as such Issuing Bank may require.

(b) From time to time while a Letter of Credit is outstanding and prior to the Expiration Date, an Issuing Bank will, upon the written request of SEH received by such Issuing Bank (with a copy sent by SEH to Agent) prior to 12:00 p.m. noon (New York City time) on the proposed date of amendment, consider the amendment of any Letter of Credit issued by it. Each such request for amendment of a Letter of Credit shall be made by electronic transfer or facsimile, confirmed immediately in an original writing or by electronic transfer, made in the form of an L/C Amendment Application and shall specify in form and detail satisfactory to such Issuing Bank and Agent: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as such Issuing Bank may require. Such Issuing Bank shall be under no obligation to amend any Letter of Credit.

(c) If any outstanding Letter of Credit Issued by an Issuing Bank shall provide that it shall be automatically renewed unless the beneficiary thereof receives notice from such Issuing Bank that such Letter of Credit shall not be renewed, and if at the time of renewal such Issuing Bank would be entitled to authorize the automatic renewal of such Letter of Credit in accordance with this Subsection 3.02(c) upon the request of SEH, then such Issuing Bank shall be permitted to allow such Letter of Credit to renew, and the Co-Borrowers and the Banks hereby authorize such renewal, and, accordingly, such Issuing Bank shall be deemed to have received an L/C Amendment Application from the Co-Borrowers requesting such renewal.

(d) Any Issuing Bank may, at its election, deliver any notices of termination or other communications to any Letter of Credit beneficiary or transferee, and take any other action as necessary or appropriate, at any time and from time to time, in order to cause the expiry date of such Letter of Credit to be a date not later than the Expiration Date.

(e) This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(f) Each Issuing Bank will deliver to Agent a true and complete copy of each Letter of Credit or amendment to or renewal of a Letter of Credit Issued by it.

3.03 Risk Participations, Drawings, Reducing Letters of Credit and Reimbursements.

(a) Immediately upon the Issuance of each Letter of Credit Issued by Issuing Bank, each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such Issuing Bank a participation in such Letter of Credit and each drawing or Reducing L/C Borrowing thereunder in an amount equal to the product of (i) the Pro Rata Share of such Letter of Credit (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable), times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing or Reducing Letter of Credit Borrowing, respectively. For purposes of Section 2.01 , each Issuance of a Letter of Credit shall be deemed to utilize the Commitment of each Bank by an amount equal to the amount of such participation.

(b) In the event of any request for a drawing under a Letter of Credit Issued by an Issuing Bank by the beneficiary or transferee thereof, such Issuing Bank will promptly notify SEH. Any notice given by an Issuing Bank or Agent pursuant to this Subsection 3.03(b) may be oral if immediately confirmed in writing (including by facsimile); *provided* that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice. The Co-Borrowers shall reimburse an Issuing Bank prior to 5:00 p.m. (New York City time), on each date that any amount is paid by such Issuing Bank under any Letter of Credit or to the beneficiary of a Reducing Letter of Credit in the form of a Reducing L/C Borrowing (each such date, an " Honor Date "), in an amount equal to the amount so paid by such Issuing Bank. In the event the Co-Borrowers fail to reimburse such Issuing Bank for the full amount of any drawing under any Letter of Credit or of any Reducing L/C Borrowing, as the case may be, by 5:00 p.m. (New York City time) on the Honor Date, such Issuing Bank will promptly notify Agent and Agent will promptly notify each Bank thereof, and SEH shall be deemed to have requested that Working Capital Loans be made by the Banks to be disbursed to such Issuing Bank not later than one (1) Business Day after the Honor Date under such Letter of Credit, subject to the amount of the unutilized portion of the Working Capital Line.

(c) In the event of any request for a Reducing L/C Borrowing by SEH in association with any Reducing Letter of Credit, the amount available for drawing under such Reducing Letter of Credit will be reduced automatically, and without any further amendment or endorsement to such Reducing Letter of Credit, by the amount actually paid to such beneficiary, notwithstanding the fact that the payment creating such Reducing L/C Borrowing is not made pursuant to a conforming and proper draw under the corresponding Reducing Letter of Credit.

(d) Each Bank shall upon any notice pursuant to Subsection 3.03(b) make available to Agent for the account of any Issuing Bank an amount in Dollars and in immediately available funds equal to its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of the amount of the drawing or of the Reducing L/C Borrowing, as the case may be, whereupon the participating Banks shall

(subject to Subsection 3.03(e)) each be deemed to have made a Working Capital Loan to the Co-Borrowers in that amount. If any Bank so notified fails to make available to Agent for the account of Issuing Bank the amount of such Bank's Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of the amount of the drawing or of the Reducing L/C Borrowing, as the case may be, by no later than 3:00 p.m. (New York City time) on the Business Day following the Honor Date, then interest shall accrue on such Bank's obligation to make such payment, from the Honor Date to the date such Bank makes such payment, at a rate per annum equal to the Federal Funds Rate in effect from time to time during such period. Agent will promptly give notice of the occurrence of the Honor Date, but failure of Agent to give any such notice on the Honor Date or in sufficient time to enable any Bank to effect such payment on such date shall not relieve such Bank from its obligations under this Section 3.03 .

(e) With respect to any unreimbursed drawing or Reducing L/C Borrowing, as the case may be, that is not converted into Working Capital Loans in whole or in part for any reason, the Co-Borrowers shall be deemed to have incurred from the relevant Issuing Bank an L/C Borrowing in the amount of such drawing or Reducing L/C Borrowing, as the case may be, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a rate per annum equal to the Default Rate, and each Bank's payment to Issuing Bank pursuant to Subsection 3.03(d) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Bank in satisfaction of its participation obligation under this Section 3.03 .

(f) Each Bank's obligation in accordance with this Agreement to make the Working Capital Loans or L/C Advances, as contemplated by this Section 3.03 , as a result of a drawing under a Letter of Credit or Reducing L/C Borrowing, shall be absolute and unconditional and without recourse to the relevant Issuing Bank and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against such Issuing Bank, the Co-Borrowers or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

3.04 Repayment of Participations .

(a) Upon (and only upon) receipt by Agent for the account of an Issuing Bank of immediately available funds from the Co-Borrowers (i) in reimbursement of any payment made by such Issuing Bank under a Letter of Credit or in connection with a Reducing L/C Borrowing with respect to which any Bank has paid Agent for the account of such Issuing Bank for such Bank's participation in the Letter of Credit pursuant to Section 3.03 or (ii) in payment of interest thereon, Agent will pay to each Bank, in the same funds as those received by Agent for the account of such Issuing Bank, the amount of such Bank's Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of such funds, and such Issuing Bank shall receive the amount of the Pro Rata Share of such funds of any Bank that did not so pay Agent for the account of such Issuing Bank.

(b) If Agent or an Issuing Bank is required at any time to return to the Co-Borrowers, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of the payments made by the Co-Borrowers to Agent for the account of such Issuing Bank pursuant to Subsection 3.04(a) in reimbursement of a payment made under a Letter of Credit or in connection with a Reducing L/C Borrowing or interest or fee thereon, each Bank shall, on demand of such Issuing Bank, forthwith return to Agent or such Issuing Bank the amount of its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of any amounts so returned by Agent or such Issuing Bank plus interest thereon from the date such demand is made to the date such amounts are returned by such Bank to Agent or such Issuing Bank, at a rate per annum equal to the Federal Funds Rate in effect from time to time.

3.05 Role of the Issuing Banks .

(a) Each Bank and the Co-Borrowers agree that, in paying any drawing under a Letter of Credit or funding any Reducing L/C Borrowing, no Issuing Bank shall have any responsibility to obtain any document (other than any sight draft or certificates expressly required by such Letter of Credit, but with respect to Reducing Letter of Credit Borrowings, no document of any kind need be obtained) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) No Agent Related Person, Issuing Bank or Bank shall be liable for: (i) any action taken or omitted in the absence of gross negligence or willful misconduct; or (ii) the due execution, effectiveness, validity or enforceability of any L/C-Related Document.

(c) The Co-Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided* , *however* , that this assumption is not intended to, and shall not, preclude the Co-Borrowers from pursuing such rights and remedies as they may have against the beneficiary or transferee at law or under any other agreement. No Affiliate of any Issuing Bank or Bank, nor any of the respective correspondents, participants or assignees of any Issuing Bank or Bank shall be liable or responsible for any of the matters described in clauses (a) through (g) of Section 3.06 ; *provided* , *however* , anything in such clauses or elsewhere herein to the contrary notwithstanding, that the Co-Borrowers may have a claim against an Issuing Bank or a Bank, and such Issuing Bank or Bank may be liable to the Co-Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Co-Borrowers which the Co-Borrowers prove were caused by such Issuing Bank or Bank's willful misconduct or gross negligence or such Issuing Bank or such Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing: (i) an Issuing Bank may accept documents that appear on their face to be in substantial compliance with the terms of the applicable Letter of Credit, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) an Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.06 Obligations Absolute . The Obligations of the Co-Borrowers under this Agreement and any L/C-Related Document to reimburse an Issuing Bank for a drawing under a Letter of Credit or for a Reducing L/C Borrowing, and to repay any L/C Borrowing and any drawing under a Letter of Credit or Reducing L/C Borrowing converted into Working Capital Loans, shall be joint and several, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and each such other L/C-Related Document under all circumstances, including the following:

(a) any lack of validity or enforceability of this Agreement or any L/C-Related Document;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the Co-Borrowers in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the L/C-Related Documents;

(c) the existence of any claim, set-off, defense or other right that the Co-Borrowers may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), any Issuing Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the L/C-Related Documents or any unrelated transaction;

(d) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;

(e) any payment by Issuing Bank under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of any Letter of Credit; or any payment made by any Issuing Bank under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of any Letter of Credit, including any arising in connection with any Insolvency Proceeding;

(f) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Obligations of the Co-Borrowers in respect of any Letter of Credit; or

(g) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Co-Borrowers.

Notwithstanding anything to the contrary in this Section 3.06 , no Issuing Banks shall be excused from liability to the Co-Borrowers to the extent of any direct damages (as opposed to consequential, indirect and punitive damages, claims in respect of which are hereby waived by the Co-Borrowers) suffered by the Co-Borrowers that are caused by such Issuing Bank's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof, *provided* , *however* , that the parties hereto expressly agree that:

(i) the Issuing Banks may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;

(ii) the Issuing Banks shall have the right, in their sole discretion, to decline to accept documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit;

(iii) this sentence shall establish the standard of care to be exercised by the Issuing Banks when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

3.07 Cash Collateral Pledge . Upon the request of the Agent, (a) if an Issuing Bank has honored any full or partial drawing request on any Letter of Credit and such drawing has resulted in an L/C Borrowing hereunder, (b) if, as of the Expiration Date, any Letters of Credit may for any reason remain outstanding and partially or wholly undrawn or (c) upon the occurrence of an Event of Default (and automatically without any requirement for notice or a request upon the occurrence of the events described in Sections 8.01(e) or (f)), the Co-Borrowers shall immediately Cash Collateralize the L/C Obligations in an amount equal to one hundred and five percent (105%) of such L/C Obligations. Upon the occurrence of the circumstances described in Section 2.06(c) requiring the Co-Borrowers to Cash Collateralize Letters of Credit, the Co-Borrowers shall immediately Cash Collateralize the L/C Obligations in an amount equal to the applicable excess.

3.08 Letter of Credit Fees .

(a) The Co-Borrowers shall pay to Agent, for the account of each of the Banks, a letter of credit fee with respect to each of the Letters of Credit Issued hereunder equal to the greater of (i) $750.00 per quarter, or (ii) an amount equal to the applicable Letters of Credit Fee Rate for the number of days such Letter of Credit is outstanding, calculated on a 360-day basis, taking into consideration all increases, decreases or extensions thereto. Such amount shall be computed on a monthly basis in arrears as of the last Business Day of each month based upon each Letter of Credit outstanding during that month and only for the days each such Letter of Credit is outstanding during that month as calculated by the Agent.

(b) The Co-Borrowers shall pay to the Agent for the account of each Issuing Bank issuing a Letter of Credit hereunder, a negotiation fee equal to $250.00 for each Letter of Credit that is presented to such Issuing Bank for payment.

(c) The Co-Borrowers shall pay to the Agent for the account of each Issuing Bank issuing a Letter of Credit hereunder, an amendment fee equal to $150.00 for each amendment to any Letter of Credit Issued hereunder.

(d) The Co-Borrowers shall pay to Agent, for the account of each of the Issuing Banks, a letter of credit fronting fee with respect to each of the Letters of Credit Issued hereunder by such Issuing Bank equal to 0.15% per annum for the number of days such Letter of Credit is outstanding, calculated on a 360-day basis, taking into consideration all increases, decreases or extensions thereto. Such amount shall be computed on a monthly basis in arrears as of the last Business Day of each month based upon each Letter of Credit outstanding during that month and only for the days each such Letter of Credit is outstanding during that month as calculated by the Agent and payable monthly in arrears.

(e) The Co-Borrowers shall pay to each Issuing Bank, for its own account, an out-of-pocket fee of $50.00 in connection with the issuance or amendment of each Letter of Credit.

(f) Such letter of credit fees as described in sub-paragraph (a) and (b) above for each Letter of Credit shall be due and payable monthly in arrears on the later to occur of (i) the fifth Business Day of the month for the preceding month during which Letters of Credit are outstanding, or (ii) two (2) Business Days after receipt of the invoice delivered to the Co-Borrowers by the Agent for such fees, but in no event later than the Expiration Date.

3.09 Applicable Rules . When a Letter of Credit is issued, at the option of the Issuing Bank, the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the " ICC ") at the time of issuance or the International Standby Practices 1998 published by the Institute of International Banking and Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit.

ARTICLE 4
TAXES, YIELD PROTECTION AND ILLEGALITY

4.01 Taxes .

(a) Any and all payments by the Co-Borrowers to the Banks under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Co-Borrowers shall pay all Other Taxes.

(b) If the Co-Borrowers shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Bank, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), each Bank receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) The Co-Borrowers shall make such deductions and withholdings;

(iii) The Co-Borrowers shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) The Co-Borrowers shall also pay to each Bank for the account of such Bank, at the time interest is paid, Further Taxes in the amount that such Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Further Taxes had not been imposed.

(c) The Co-Borrowers agree to indemnify and hold harmless each Bank for the full amount of (i) Taxes, (ii) Other Taxes and (iii) Further Taxes in the amount that such Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within thirty (30) days after the date the Bank makes written demand therefor.

(d) Within 30 days after the date of any payment by the Co-Borrowers of Taxes, Other Taxes or Further Taxes, the Co-Borrowers shall furnish the Banks the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Banks.

4.02 Increased Costs and Reduction of Return .

(a) If a Bank determines that, due to either (i) the introduction of or any change after the date hereof in or in the interpretation of any law or regulation or (ii) the compliance by the Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) issued after the date hereof, there shall be any increase in the cost to the Bank in the cost of agreeing to make or making, funding or maintaining any Loans or to Issue, Issuing or maintaining any Letter of Credit or unpaid drawing under any Letter of Credit, then the Co-Borrowers shall be liable for, and shall from time to time, upon demand, pay to such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If a Bank shall have determined that (i) the introduction of any guideline, request, directive, law, rule or regulation effective after the date hereof, (ii) any change in any guideline request, directive, law, rule or regulation after the date hereof, (iii) after the date hereof, any change in the interpretation or administration of any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of the Bank or of any

corporation controlling the Bank, or (iv) the compliance by the Bank (or its lending office) or any corporation controlling the Bank with any such guideline request, directive, law, rule or regulation effective after the date hereof, affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration the Bank's or such corporation's policies with respect to capital adequacy and the Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its loans, credits or obligations under this Agreement (excluding for the purposes of this Section 4.02 any such increased costs or reduction in amount resulting from taxes applicable to overall net income or gross income by the United States and state or foreign jurisdiction or any political subdivision of them under the laws of which such Bank or Issuing Bank is organized or has its lending office), then, upon demand of such Bank to the Co-Borrowers, the Co-Borrowers shall pay to such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank for such increase.

Notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a change in law for purposes of this Section 4.02 , regardless of the date enacted, adopted or issued.

4.03 Compensation for Losses . Upon demand of any Bank (with a copy to the Agent) from time to time, the Co-Borrowers shall promptly compensate such Bank for and hold such Bank harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan or a COF Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by any Co-Borrower (for a reason other than the failure of such Bank to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan or COF Rate Loan on the date or in the amount notified by such Co-Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefore as a result of a request by any Co-Borrower pursuant to Section 10.16 ;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained.

For purposes of calculating amounts payable by the Co-Borrowers to the Banks under this Section 4.03 , each Bank shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank Eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

4.04 Illegality .

(a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for such Bank or its applicable Lending Office to make Eurodollar Rate Loans, then, on notice thereof by such Bank to the Co-Borrowers through the Agent, any obligation of that Bank to make Eurodollar Rate Loans or to convert Base Rate Loans or COF Rate Loans to Eurodollar Rate Loans shall be suspended until the Bank notifies the Agent and the Co-Borrowers that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Eurodollar Rate Loan, the Co-Borrowers shall, upon receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full, without premium or penalty, such Eurodollar Rate Loans of that Bank then outstanding, together with interest accrued thereon either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Eurodollar Rate Loan. If the Co-Borrowers are required to so prepay any Eurodollar Rate Loan, then concurrently with such prepayment, the Co-Borrowers may, but shall not be required to, borrow from the affected Bank, in the amount of such repayment, a COF Rate Loan.

4.05 Inability to Determine Rates . If (a) the Agent (or any Bank) determines in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (i) Dollar deposits are not being offered to banks (or such Bank) in the applicable offshore Dollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, or adequate and reasonable means do not exist for determining the Eurodollar Rate for such Eurodollar Rate Loan, or (ii) if the Agent (or any Bank) determines that the Eurodollar Rate for such Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Banks (or such Bank) of funding such Eurodollar Rate Loan, or (b) the Agent (or any Bank) determines in connection with any request for a COF Rate Loan or a conversion to or continuation thereof that that the COF Rate for such COF Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such COF Rate Loan, then the Agent will promptly notify the Co-Borrowers and all Banks. Thereafter, the obligation of the Banks to make or maintain Eurodollar Rate Loans or COF Rate Loans, as applicable, shall be suspended until all of the Banks revoke such notice. Upon receipt of such notice, the Co-Borrowers may revoke any pending request for a Borrowing, conversion, or continuation of Eurodollar Rate Loans or COF Rate Loans, as applicable, or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans or COF Rate Loans, as applicable, in the amount specified therein.

4.06 Reserves on Eurodollar Rate Loans . The Co-Borrowers shall pay to each Bank, as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as “Eurocurrency Liabilities”), additional costs on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by the Bank (as determined by the Bank in good faith, which determination shall be conclusive),

payable on each date on which interest is payable on such Loan, *provided* , *however* , that the Co-Borrowers shall have received at least 15 days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be payable 15 days from receipt of such notice.

4.07 Certificates of Bank . If a Bank claims reimbursement or compensation under this Article IV , it shall deliver to the Co-Borrowers a certificate setting forth in reasonable detail the amount payable to such Bank hereunder and the basis for same and such certificate shall be conclusive and binding on the Co-Borrowers in the absence of manifest error.

4.08 Survival . The agreements and Obligations of the Co-Borrowers in this Article IV shall survive the payment of all other Obligations.

ARTICLE 5
CLOSING ITEMS

5.01 Matters to be Satisfied Prior to Initial Request for Extension of Credit . The Existing Credit Agreement shall be amended and restated as set forth in this Agreement when the Agent shall have received all of the following, in form and substance satisfactory to the Agent (unless otherwise waived by the Banks):

(a) Loan Documents . This Agreement, the Notes, the Security Documents (in recordable form where applicable), UCC financing statements, UCC-3 financing statement amendments and assignments, the Intercreditor Agreement, the Guaranty Agreement and each other document or certificate executed in connection with this Agreement, executed by each party thereto;

(b) Resolution; Incumbency; Partnership Documentation .

(i) Copies of the partnership or limited liability company action, as applicable, of each Loan Party authorizing the transactions contemplated hereby, certified as of the Closing Date by the general partner or managing member, as applicable, of each Loan Party;

(ii) A certificate of the general partner of each partnership Loan Party and of the managing member of each limited liability company Loan Party certifying the names and true signatures of any members or officers of each limited liability company Loan Party which are Responsible Officers and who are authorized to act on behalf of each Loan Party; and

(iii) A resolution of the general partner or members, as applicable, of each Loan Party authorizing execution of the Loan Documents;

(c) Organization Documents; Good Standing . The certificate of limited partnership of Spark, AES and SEG, and the articles of organization of SEH and Parent, each as in effect on the Closing Date, and each certified by the Secretary of State of Texas, the Partnership Agreement of Spark, AES and SEG, certified by the general partner of each such Co-

Borrower, and the Regulations of SEH and Parent, certified by its managing member, each certified as of, or reasonably close to, the Closing Date, and evidence satisfactory to the Agent, that each Co-Borrower or Guarantor is in good standing under the laws of the State of Texas;

(d) Legal Opinion . An opinion of Texas counsel to the Loan Parties addressed to the Agent and the Banks and an opinion of New York counsel to the Agent addressed to the Agent and the Banks, each in form and substance acceptable to the Agent;

(e) Payment of Fees . Evidence of payment by the Co-Borrowers of all fees, costs and expenses to the extent then due and payable on the Closing Date, together with Attorney Costs and including, without limitation, any such costs, fees and expenses arising under or referenced in Sections 2.11 and 10.04 ;

(f) Certificate . A certificate signed by a Responsible Officer of Parent and each Co-Borrower, dated as of the Closing Date, in the form attached hereto as Exhibit F , or in any other form acceptable to the Agent, stating that:

(i) The representations and warranties contained in Article VI are true and correct on and as of such date, as though made on and as of such date;

(ii) No Default or Event of Default exists or would result from the Credit Extension; and

(iii) There has occurred since December 31, 2012 no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(g) Filings . Evidence that all filings needed to perfect the security interests granted by the Security Agreement have been completed or due provision has been made therefor and that all previous filings against any portion of the Collateral have been terminated or assigned to Agent;

(h) Pro Forma Financial Statements . Pro forma Consolidated and consolidating financial statements of Parent and its Subsidiaries as of May 30, 2013;

(i) [Reserved] .

(j) Insurance . Agent shall have received evidence of insurance and endorsements required to be maintained by the Loan Parties hereunder, which certificates and endorsements shall name the Agent as additional insured and loss payee, as applicable;

(k) Collateral Position Report . Agent shall have received a Collateral Position Report that accurately reflects the information recorded therein as of June 30, 2013, and that has been duly executed by a Responsible Officer;

(l) Risk Management Policy and Credit Policy . Agent shall have received copies of the Risk Management Policy and Credit Policy in form and substance satisfactory to Agent.

(m) Capital Structure; Consummation of IPO and Initial Drop Down . The capital and ownership structure and the equity-holder arrangements of the Loan Parties and their respective Subsidiaries (and all agreements relating thereto) shall be reasonably satisfactory to the Agent. The Agent shall have received evidence, in form and substance satisfactory to the Agent, of (i) the consummation of the IPO in accordance with the Prospectus, (ii) receipt by MMP of at least $90,000,000 in gross proceeds from the sale of Equity Interests of MMP under the IPO, and (iii) the consummation of the Initial Drop Down in accordance with the Initial Drop Down Documents.

(n) IPO Documents . The Agent shall have received a copy of an omnibus agreement and underwriting agreement, each in substantially the same form as the applicable exhibits attached to the Registration Statement, and such other documents, governmental certificates and agreements in connection with the IPO as the Agent or any Bank may reasonably request, certified as of the Closing Date by an authorized officer of MMP (x) as being true and correct copies of such documents and (y) as being in full force and effect.

(o) Initial Drop Down Documents . The Agent shall have received copies of the Initial Drop Down Documents, certified as of the Closing Date by an authorized officer of MMP (x) as being true and correct copies of such documents, (y) as being in full force and effect and (z) that no material term or condition thereof shall have been amended, modified or waived after the execution thereof without the prior written consent of the Agent.

(p) MMP Credit Agreement . The Agent shall have received evidence, in form and substance satisfactory to the Agent, that the MMP Credit Agreement has closed and no condition to the initial borrowing or the issuance of the initial letter of credit under the MMP Credit Agreement remains unsatisfied or unwaived.

(q) Existing Credit Agreement . Agent shall have received evidence in form and substance satisfactory to the Agent that (i) the Existing Co-Borrowers have repaid in full the Effective Amount of the Term Loans and Revolving Loans (each as defined in the Existing Credit Agreement), together with all accrued and unpaid interest thereon, all accrued and unpaid non-utilization fees pursuant to Section 2.11(b) of the Existing Credit Agreement, and all other outstanding Term Obligations and Revolving Obligations (each as defined in the Existing Credit Agreement) and (ii) the Existing Co- Borrowers have terminated all Interest Rate Contracts (as defined in the Existing Credit Agreement) relating to the Term Loans (as defined in the Existing Credit Agreement) and have paid all amounts owing thereunder, if any.

(r) Due Diligence . The Agent shall have completed and be satisfied in its sole discretion with the corporate (or other organizational), environmental and financial due diligence of the Co-Borrower and their respective Subsidiaries.

(s) Other Documents . Such other approvals, opinions, documents or materials as the Agent may request.

5.02 Matters to be Satisfied Prior to Each Request for Extension of Credit . On any date on which the Banks make any Loans or Issue any Letter of Credit hereunder, unless otherwise waived by the Banks, each of the following shall be true:

(a) Representations and Warranties . Each of the representations and warranties made by the Co-Borrowers in or pursuant to this Agreement or the other Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date (except to the extent such representations and warranties relate solely to an earlier date).

(b) Default . No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extension of credit requested to be made on such date.

(c) No Material Adverse Effect . Since the Closing Date, there shall have been no Material Adverse Effect.

(d) No Prohibition or Penalty . The making of such Loan or the Issuance of such Letter of Credit shall not be prohibited by any applicable law or subject the Agent, any Issuing Bank or any Bank to any penalty under applicable law.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

Parent and each Co-Borrower represents and warrants to the Banks that:

6.01 Corporate Existence and Power .

(a) SEG, Spark and AES are limited partnerships duly formed and validly existing under the laws of Texas and SEH and Parent are limited liability companies duly formed and validly existing under the laws of Texas.

(b) Each has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business and to execute, deliver, and perform its Obligations under the Loan Documents and is licensed under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such license, except for those jurisdictions in which the failure to obtain such licenses and authorizations would not have a Material Adverse Effect.

6.02 Authorization; No Contravention . The execution, delivery and performance by each Loan Party of this Agreement and each other Loan Document to which such Loan Party is party, have been duly authorized by all necessary partnership or limited liability company action, as applicable, and do not and will not contravene, conflict with or result in any breach or contravention of, or the creation of any Lien under any of such Loan Party's organizational and governing documents, or any document evidencing any contractual obligation to which such Loan Party is a party or any order, injunction, writ or decree of any Governmental Authority to which such Loan Party or its property is subject or any Requirement of Law, to the extent any such contravention, conflict or breach has or could reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

6.03 Governmental Authorization . No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required

in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, except for filings, recordation or similar steps necessary to perfect the Liens of the Agent under applicable law.

6.04 Binding Effect . This Agreement and each other Loan Document to which each Loan Party is a party constitute the legal, valid and binding obligations of such Loan Party except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

6.05 Litigation . There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of each Loan Party, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any Loan Party or any of its properties which purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby or which could reasonably be expected to have a Material Adverse Effect; and no injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

6.06 No Default . No Default or Event of Default exists or would result from the incurring of any Obligations by any Loan Party and no Loan Party in default under or with respect to any other obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default.

6.07 Compliance with Laws . Except as could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect, each Loan Party, before and after giving effect to this Agreement, is in compliance with laws applicable to such entity, including all requirements of ERISA.

6.08 Use of Proceeds; Margin Regulations . The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.07. No Co-Borrower is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock, and none of the proceeds of the Loans will be used to purchase or carry Margin Stock.

6.09 Title to Properties . Each Loan Party has good and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. As of the Closing Date, the property of each Loan Party is subject to no Liens except Permitted Liens.

6.10 Taxes . Each Loan Party has filed all federal and other material tax returns and reports to be filed, and has paid all federal and other material taxes, assessments, fees and other governmental charges, levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings

and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Loan Party that would, if made, have a Material Adverse Effect on the Loan Parties, taken as a whole.

6.11 Financial Condition .

(a) The Consolidated and consolidating financial statements of Parent and its Subsidiaries (x) dated December 31, 2012, and statements of income or operations, partners' or members' equity and cash flows for the year ended on that date and (y) dated May 31, 2013, and statements of income or operations, partners' or members' equity and cash flows for the five month period ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein;

(ii) fairly present the financial condition of the Loan Parties and their subsidiaries as of the dates thereof and results of operations for the periods covered thereby; and

(iii) show all material indebtedness and other liabilities, direct or contingent, of the Loan Parties and their Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and contingent obligations.

(b) Since December 31, 2012, there has been no Material Adverse Effect.

6.12 Environmental Matters . Except to the extent such violation could not reasonably be expected to have a Material Adverse Effect, to each Loan Party's knowledge neither its business operations nor any of its properties are in violation of any federal or state law or regulation relating to the protection of the environment (hereinafter " Environmental Laws "), including without limitation requirements to obtain, maintain, and comply with any permits, licenses, registrations, or other authorizations under Environmental Laws. No claims of any nature have been filed, or to the Loan Parties' knowledge threatened, against any Loan Party pursuant to any Environmental Law that could reasonably be expected to have a Material Adverse Effect. Except to the extent such release(s) could not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Loan Parties, no release of hazardous substances or other pollutants (as those terms are defined by Environmental Laws) has occurred in connection with the Loan Parties' business or operations. Except as could not be reasonably expected to have a Material Adverse Effect, to the Loan Parties' knowledge, the Loan Parties are not subject to any liabilities under Environmental Law or relating to releases of hazardous substances or pollutants.

6.13 Regulated Entities . No Loan Party, nor any Person controlling any Loan Party, or any of its subsidiaries, is an "Investment Company" within the meaning of the Investment Company Act of 1940. No Loan Party is subject to any Requirement of Law limiting its ability to incur indebtedness or perform its obligations hereunder.

6.14 Copyrights, Patents, Trademarks and Licenses, etc . Each Loan Party owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade

names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person. To the best knowledge of each Loan Party, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party infringes upon any rights held by any other Person, to the extent such failure to own, license or possess the right to use has or could reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

6.15 Subsidiaries . No Loan Party has any Subsidiaries or has any equity investments in any other corporation or entity other than those specifically disclosed on Schedule 6.15 .

6.16 Insurance . The properties of each Loan Party and its subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of a Loan Party with an AM Best rating of not less than "B+", in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Loan Party operates.

6.17 Full Disclosure . None of the representations or warranties made by any Loan Party in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of any Loan Party in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of any Loan Party to the Agent and the Banks prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

6.18 General Partner and Managing Authority . SEH is the sole general partner of SEG and the Chief Executive Officer of the general partner has full managing authority with respect to SEG in his capacity as Chief Executive Officer of the general partner. SEH is the sole general partner of Spark and the Chief Executive Officer of the general partner has full managing authority with respect to Spark in his capacity as Chief Executive Officer of the general partner. SEH is the sole general partner of AES and the Chief Executive Officer of the general partner has full managing authority with respect to AES in his capacity as Chief Executive Officer of the general partner.

6.19 [Reserved] .

6.20 ISM Certified Vessels . Any ships chartered, owned, leased or otherwise used by any Loan Party at any time shall be International Safety Management certified vessels. The foregoing shall not apply to towing vessels, barges, vessels solely engaged in domestic trade or domestic passenger vessels carrying fewer than 12 passengers.

6.21 Deposit and Hedging Brokerage Accounts . Each of the Loan Parties' bank depository accounts and securities accounts and each of the Loan Parties' hedging brokerage accounts with Eligible Brokers is listed on Schedule 6.21 .

6.22 Solvency . None of the Loan Parties is "insolvent" (that is, the sum of such Person's absolute and contingent liabilities, including the Obligations, does not exceed the fair market value of such Person's assets, including any rights of contribution, reimbursement or indemnity). Each Loan Party has capital which is adequate for the businesses in which such Person is engaged and intends to be engaged. None of the Loan Parties has incurred (whether hereby or otherwise), nor do the Loan Parties intend to incur or believe that they will incur, liabilities which will be beyond their respective ability to pay as such liabilities mature.

6.23 ERISA . Except for those that would not, in the aggregate, have a Material Adverse Effect, (x) each Benefit Plan is in compliance with applicable provisions of ERISA, the Code and other Requirements of Law, (y) there are no existing or pending (or to the knowledge of any Loan Party, threatened) claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Benefit Plan to which any Loan Party has incurred or otherwise has or could have an obligation or any liability and (z) no ERISA Event is reasonably expected to occur. Except for those that would not, in the aggregate, have a Material Adverse Effect, no ERISA Event has occurred in connection with which obligations and liabilities (contingent or otherwise) remain outstanding. Except for those that would not, in the aggregate, have a Material Adverse Effect, no ERISA Affiliate would have any Withdrawal Liability as a result of a complete withdrawal from any Multiemployer Plan on the date this representation is made. Except for those that would not, in the aggregate, have a Material Adverse Effect, no ERISA Affiliate has incurred any liability under Title IV of ERISA that remains outstanding (other than PBGC premiums due but not delinquent).

6.24 Transmitting Utility and Utility . None of the Loan Parties is a "transmitting utility", as that term is defined in the Uniform Commercial Code of any applicable jurisdiction, or a "utility", as that term is defined in Section 261.001 of the Texas Business and Commerce Code.

ARTICLE 7
CERTAIN COVENANTS

So long as the Banks shall be obligated to make Loans or Issue Letters of Credit hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

7.01 Financial Statements . Parent and each of the Co-Borrowers shall deliver to the Agent, in form and detail satisfactory to the Agent and the Majority Banks:

(a) as soon as possible, but not later than 120 days after the end of each fiscal year, a copy of the audited Consolidated and consolidating financial statements of Parent (which include the Co-Borrowers) to include a balance sheet as at the end of such year and the related statements of income and loss, member's or partner's equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm which report shall state that such financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited because of a restricted or limited examination by the public accounting firm of any material portion of Co-Borrowers' records; and

(b) as soon as available, but not later than forty-five (45) days after the end of each month (except for December, which shall be delivered no later than sixty (60) days after the end of such month) unaudited Consolidated and consolidating financial statements of Parent (which include the Co-Borrowers) prepared by Parent in form acceptable to the Banks.

7.02 Certificates; Other Information . Parent and the Co-Borrowers shall furnish to the Agent and shall notify the Agent of:

(a) concurrently with the delivery of the financial statements referred to in Subsections 7.01(a) and (b) , a Compliance Certificate executed by a Responsible Officer of Parent, who is authorized to act on behalf of each of the Loan Parties, setting forth in reasonable detail the basis for the calculations and determinations made therein; *provided* , *however* , that if at any time any Loan Party anticipates mark-to-market losses for Product, which such losses are not reflected on the Compliance Certificate most recently delivered to the Banks, then Parent and the Co-Borrowers shall, by the Business Day following the day such Co-Borrower realizes such losses are expected, deliver to the Banks an additional Compliance Certificate which shall reflect such anticipated losses;

(b) on the last day of each month, delivered within ten (10) Business Days of the reporting date, a Collateral Position Report, certified by a Responsible Officer of SEH, who is authorized to act on behalf of the Loan Parties, and at such other times as the Agent may request; *provided* , *however* , if the excess Collateral Position as shown on the most recent Collateral Position Report is less than 20% of clause (c) of the Borrowing Base Advance Cap, then Collateral Position Reports shall be delivered on the 15 th and last day of each month, delivered within ten (10) Business Days of the reporting date, until such time as the excess Collateral Position is equal to or greater than 20% of clause (c) of the Borrowing Base Advance Cap (in which case reporting will revert to the last day of each month); *provided* further, if the excess Collateral Position as shown on the most recent Collateral Position Report is less than the greater of $5,000,000 and 5% of clause (c) of the Borrowing Base Advance Cap, then Collateral Position Reports shall be delivered on Wednesday of every week, as of the preceding Friday, until such time as the excess Collateral Position is equal to or greater than the greater of $5,000,000 and 5% of clause (c) of the Borrowing Base Advance Cap (in which case reporting will revert to the last day of each month or the 15 th and last day of each month, as applicable);

(c) as of the last day of each month (or the next succeeding Business Day after such date in the event that such date is not a Business Day), delivered within ten (10) Business Days of the reporting date, a Net Position Report, certified by a Responsible Officer of SEH, who is authorized to act on behalf of each of the Loan Parties;

(d) within 90 days of the end of each calendar quarter, with respect to Unbilled Qualified Accounts, a reconciliation setting forth estimated volumes and gross sales revenues versus actual volumes and gross sales revenues for such period, in a form acceptable to Agent;

(e) within 15 days of the end of each calendar quarter (or within 15 days of when requested by Agent following the occurrence and during the continuance of an Event of Default), an accounts receivable aging analysis, in a form acceptable to Agent;

(f) as soon as reasonably possible after a written request is made by Agent from time to time, such additional information regarding the business, financial or corporate affairs of any Loan Party;

(g) within ten (10) Business Days of each calendar quarter end, a report of inventory storage locations as of such quarter end;

(h) promptly of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that foreseeably will become a Default or Event of Default;

(i) promptly of any matter that has resulted or may reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a contractual obligation of any Loan Party; (ii) any dispute, litigation, investigation, proceeding or suspension between any Loan Party and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party;

(j) on or prior to any filing by any ERISA Affiliate of any notice of intent to terminate any Title IV Plan, and (ii) promptly, and in any event within 10 days, after any Responsible Officer of any ERISA Affiliate knows or has reason to know that an ERISA Event has occurred; and

(k) within fifteen (15) Business Days after any President or Chief Executive Officer of any Loan Party ceases to hold such office.

Each notice under clauses (h)-(j) of this Section shall be accompanied by a written statement by a Responsible Officer of Parent, who is authorized to act on behalf of the Loan Parties setting forth details of the occurrence referred to therein, and stating what action such Loan Party proposes to take with respect thereto and at what time. Each notice under Subsection 7.02(h) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been (or foreseeably will be) breached or violated.

7.03 Insurance .

(a) Each Loan Party shall maintain, with financially sound and reputable insurers independent of any Loan Party and with an AM Best rating of not less than "B+", insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, including, without limitation, cargo insurance and if appropriate, insurance against loss or damage to crude oil and refined product. Agent shall be named as an additional insured and/or loss payee under all such policies, without liability for premiums or club calls. Each Loan Party shall use the standard of care typical in the industry in the operation and maintenance of its facilities.

(b) Each Loan Party shall obtain flood insurance in such total amount as the Agent may from time to time require, if at any time the area in which a Building located on any

real property encumbered by a mortgage in favor of Agent is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as amended from time to time.

7.04 Payment of Obligations . Each Loan Party shall, and shall cause each of its Subsidiaries to, pay and discharge, as the same shall become due and payable, all its obligations and liabilities, except for such obligations and liabilities that are being diligently contested in good faith by appropriate proceedings.

7.05 Compliance with Laws . Each Loan Party shall, and shall cause each of its Subsidiaries to, comply, in all material respects, with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business, including, without limitation, the Federal Fair Labor Standards Act, ERISA, the Foreign Corrupt Practices Act, and the rules and regulations promulgated by the U.S. Department of Treasury Office of Foreign Asset Control, except such as may be contested in good faith or as to which a bona fide dispute may exist or which the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

7.06 Inspection of Property and Books and Records and Audits . Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain proper books and records in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Person. Each Loan Party shall, and shall cause each of its Subsidiaries to, permit representatives and independent contractors of the Agent to visit and inspect any of its respective properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its respective affairs, finances and accounts with its respective directors, officers, and independent public accountants, all at the expense of such Loan Party and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to such Loan Party; *provided , however* , when an Event of Default exists the Agent may do any of the foregoing at the expense of such Loan Party at any time during normal business hours and without advance notice. At such times as the Agent deems advisable, each Loan Party will, and will cause each of its Subsidiaries to, allow the Agent or an entity satisfactory to the Agent to conduct a thorough examination of the Collateral Position, and such Loan Party will, and will cause each of its Subsidiaries to, fully cooperate in such examination. Such Loan Party will pay the costs and expenses of each such examination. Notwithstanding the foregoing, in the absence of an Event of Default, Agent shall not request more than one mid-month borrowing base collateral audit in any 12-month period.

7.07 Use of Proceeds .

(a) Co-Borrowers shall use the proceeds of the Working Capital Line for the purposes of (i) refinancing the Existing Credit Agreement, (ii) financing Co-Borrowers' transportation and purchase of Product for resale and Capacity Obligations through the Issuance of Letters of Credit, (iii) financing such Co-Borrowers' working capital requirements related to such purchases and resale of Product and Capacity Obligations through advances, (iv) general corporate purposes, (v) funding payments due to any Swap Bank under a Swap Contract and (vi) paying any costs, fees and expenses due hereunder.

(b) No proceeds of any Credit Extension shall be used, directly or indirectly, to purchase or carry Margin Stock.

7.08 Payments to Bank Blocked Accounts .

(a) Each of SEG and Spark shall establish and maintain a lock box (" Lock Box ") through the Wells Fargo Bank Blocked Account, the SEG Bank Blocked Account or the Spark Bank Blocked Account, as applicable, or at another depositary institution acceptable to the Agent, and shall notify in writing and otherwise take such reasonable steps to ensure that all of its account debtors under any of its Accounts forward payment under such Accounts in the form of cash, checks, drafts or other similar items of payment directly to such Lock Box or directly by wire transfer to the SEG Bank Blocked Account, or the Spark Bank Blocked Account, as applicable, and shall provide Agent with reasonable evidence of such notification. Any payment in the form of cash, checks, drafts or similar items of payment received by SEG or Spark in its Lock Box or otherwise shall be deposited into the SEG Bank Blocked Account or Spark Bank Blocked Account, as applicable, no later than the Business Day following the date on which SEG or Spark, as applicable, receives such payment.

(b) AES shall also establish and maintain the AES Bank Blocked Account and shall notify in writing and otherwise take such reasonable steps to ensure that all of their account debtors under any of their Accounts forward payment under such Accounts directly by wire transfer to either the AES Bank Blocked Account and shall provide Agent with reasonable evidence of such notification.

(c) In the event that any account debtor does not make any payment directly to the applicable Lock Box or the applicable Bank Blocked Account but instead makes such payment to a Co- Borrower, such Co-Borrower shall promptly deposit or cause to be deposited such amounts into the applicable Bank Blocked Account as soon as reasonably possible after receipt thereof.

(d) Agent may at any time following the occurrence of an Event of Default initiate the "Activation Period" or other analogous defined term (as defined in the Blocked Account Agreements) and thereafter all amounts deposited in the Bank Blocked Accounts shall be transferred as directed by the Agent. Co-Borrowers agree that, during the Activation Period, (a) no monies shall be withdrawn or otherwise transferred from any Bank Blocked Account without the Agent's approval and (b) Agent is authorized to apply amounts contained in the Bank Blocked Accounts toward satisfaction of the Obligations.

7.09 Financial Covenants .

(a) Net Working Capital . The minimum Net Working Capital of Parent and its Subsidiaries, on a Consolidated basis, shall at all times equal or be greater than the greater of (i) the sum of (x) 75% of Adjusted Unutilized Capacity plus (y) the lesser of (A) 20% of the aggregate Commitments in effect at such time and (B) 20% of the Elected Working Capital Line Cap in effect at such time and (ii) $10,000,000.

(b) Tangible Net Worth . The minimum Tangible Net Worth of Parent and its Subsidiaries, on a Consolidated basis, shall at all times equal or be greater than (i) the net book value of PP&E on the Closing Date, plus (ii) the greater of (x) 75% of Adjusted Unutilized Capacity plus the lesser of (A) 20% of the aggregate Commitments in effect at such time and (B) 20% of the Elected Working Capital Line Cap in effect at such time and (y) $10,000,000.

(c) Fixed Charge Coverage Ratio . Parent shall not permit the ratio of (i) Consolidated EBITDA (minus Tax Distributions for the most recently ended twelve-month period) to (ii) Consolidated Interest Expense, measured as of the last day of any month, to be less than 2.00 to 1.00; *provided* , that, the determination of EBITDA to be used in the numerator of such ratio and the determination of Consolidated Interest Expense to be used in the denominator of such ratio shall be (A) on any date of determination prior to April 1, 2014, made by determining EBITDA or Consolidated Interest Expense, as applicable, for the period from April 1, 2013 through such date of determination and multiplying EBITDA or Consolidated Interest Expense, as applicable, by the number of days during the period from April 1, 2013 through March 31, 2014 divided by the number of days during the period from April 1, 2013 through such date of determination and (B) thereafter, EBITDA or Consolidated Interest Expense, as applicable, during the previous twelve months.

(d) Right to Cure . In the event that the Co-Borrowers fail to comply with the financial covenants set forth in subsections (a), (b) or (c) above by an amount not exceeding twenty percent (20%) of the then-required applicable covenant level for any calendar month, until the expiration of the third (3 rd) Business Day subsequent to the earlier of (i) the date that is 45 days following the end of each calendar month or (ii) the date on which monthly financial statements are required to be delivered pursuant to Section 7.01 (the " Cure Period "), the Co-Borrowers shall be permitted to cure such failure to comply by way of receiving Equity Cure Contributions, and upon the date on which the Cure Period expires, such covenants shall be recalculated giving effect to the Equity Cure Contributions. Solely for the purpose of curing a financial covenant, any such Equity Cure Contributions shall be treated as follows: (1) for the purposes of Section 7.09(a) , such Equity Cure Contributions shall reduce debt one for one; (2) for the purposes of Section 7.09(b) , such Equity Cure Contributions shall be included at 100%; and (3) for the purposes of Section 7.09(c) , Consolidated EBITDA shall be increased by an amount equal to the Equity Cure Contributions, such increase to be included in Consolidated EBITDA solely for the applicable reporting period. If, after giving effect to the foregoing recalculations, Co-Borrowers shall then be in compliance with the requirements of such covenants, Co-Borrowers shall be deemed to have satisfied the requirements of such covenants as of the relevant earlier required date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of any such covenant that had occurred shall be deemed cured for the purposes of this Agreement and the other Loan Documents. Co-Borrowers shall provide Agent with notice of intent to exercise their right to cure contained in this subsection within 45 days of the end of the calendar month for which the cure is sought. Notwithstanding anything to the contrary contained this Agreement, from the date of receipt of such notice until the date on which the Cure Period expires, neither Agent nor any Bank shall exercise rights or remedies with respect to any Default or Event of Default solely on the basis that an Event of Default has occurred and is continuing under Section 7.09(a), (b) or (c). The Equity Cure Contributions must be received no later than the end of the applicable Cure Period. In any rolling twelve month period, there shall be no more than two (2) Equity Cure Contributions permitted, and no more than three (3) Equity Cure Contributions shall be permitted during the term of this Agreement.

7.10 Limitation on Liens . The Loan Parties shall not, nor shall the Loan Parties suffer or permit any of their Subsidiaries to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than

(a) any Lien existing on property of the Loan Parties on the Closing Date and set forth in Schedule 7.10 ;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges or levies which are not delinquent or remain payable without penalty or the validity of which is being diligently contested in good faith by appropriate proceedings (and fully reserved for on the books of such Person);

(d) Liens on POR Collateral;

(e) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty and, with respect to any such warehousemen's or landlord's Liens to the extent but only to the extent such Liens secure payment of accrued rentals or fees, and Liens of interest owners arising pursuant to Texas Bus. & Com. Code Section 9.343, or comparable law of other states, or Liens securing the Loan Parties' obligations under leases or deferred payment purchases of equipment and automobiles used in the Loan Parties' business;

(f) non-consensual statutory Liens arising in the ordinary course of the Loan Parties' business to the extent such Liens secure indebtedness which is not past due or such Liens secure indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or are being contested in good faith by appropriate proceedings diligently pursued and available to such Loan Party prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(g) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of real property which do not interfere in any material respect with the use of such real property or ordinary conduct of the business of the Loan Parties as presently conducted thereon or materially impair the value of the real property which may be subject thereto;

(h) pledges and deposits of cash by any Loan Party in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security benefits consistent with the current practices of such Loan Party;

(i) pledges and deposits of cash by any Loan Party after the date hereof to secure the performance of tenders, bids, leases, trade contracts (other than for the repayment of indebtedness), public or statutory obligations, surety bonds, performance bonds and other similar obligations in each case in the ordinary course of business consistent with the current practices of such Loan Party;

(j) Liens arising from operating leases and the precautionary UCC financing statement filings in respect thereof and equipment or other materials which are not owned by any Loan Party located on the owned or leased premises of such Loan Party (but not in connection with, or as part of, the financing thereof) from time to time in the ordinary course of business and the precautionary UCC financing statement filings in respect thereof;

(k) judgments and other similar Liens arising in connection with court proceedings that do not constitute an Event of Default, *provided* , that, such Liens are being contested in good faith and by appropriate proceedings diligently pursued, adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefor and a stay of enforcement of any such Liens is in effect;

(l) Liens granted by any Loan Party on its or their rights under any insurance policy, but only to the extent that such Lien is granted to the insurers under such insurance policies or any insurance premium finance company to secure payment of the premiums and other amounts owed to the insurers or such premium finance company with respect to such insurance policy;

(m) Liens on cash deposits in the nature of a right of setoff, banker's Lien, counterclaim or netting of cash amounts owed arising in the ordinary course of business on deposit accounts; and

(n) Liens by way of cash collateral under and as provided for in Master Agreements such as NAESB Gas Contracts, EEI Master Agreements, ISDA Master Agreements, crude oil, natural gas liquids, petroleum product sales and purchase agreements or similar types of agreements (other than agreements in connection with Capacity Obligations) provided the aggregate outstanding amount of cash collateral does not exceed $30,000,000 (all of the foregoing collectively, " Permitted Liens ").

7.11 Fundamental Changes . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to, merge, consolidate with or into, liquidate or dissolve, or convey, transfer, lease or otherwise Dispose of (whether in one transaction or in a series of transactions) their assets (whether now owned or hereafter acquired) to or in favor of any Person, except (a) as permitted pursuant to Section 7.19 and (b) if no Default or Event of Default has occurred and is continuing, the merger of SEG with and into Spark, with Spark as the surviving entity; *provided that* , Spark executes and delivers to Agent all additional security documentation as the Agent may require in order to reaffirm the security interest of the Banks and the Swap Banks in the Collateral.

7.12 Loans, Investments and Acquisitions . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to (without the consent of Agent), purchase or acquire or make any commitment therefor, any equity interest, or any obligations or other securities of, or any interest in, any Person or make or commit to make any acquisitions, or make or commit to make any advance, loan, extension of credit (other than pursuant to sales on open account in the ordinary course of any Loan Party's business) or capital contribution to or any other investment in, any Person, except:

(a) the endorsement of instruments for collection or deposit in the ordinary course of business;

(b) investments in cash or cash equivalents, *provided* , that, subject to Section 7.21 , Agent shall have been granted a valid enforceable first priority security interest with respect to the deposit account, investment account or other account in which such cash or cash equivalents are held;

(c) loans and advances by any Loan Party to employees of such Loan Party for: (i) reasonably and necessary work-related travel or other ordinary business expenses to be incurred by such employee in connection with their work for such Loan Party, (ii) reasonable and necessary relocation expenses of such employees, and (iii) hardship situations being experienced by any such employee(s); *provided* that the aggregate amount of (i), (ii) and (iii) above does not exceed $1,000,000 at any one time outstanding;

(d) stock or obligations issued to any Loan Party by any Person (or the representative of such Person) in respect of indebtedness of such Person owing to such Loan Party in connection with the insolvency, bankruptcy, receivership or reorganization of such Person or a composition or readjustment of the debts of such Person; *provided* , that, the original of any such stock or instrument evidencing such obligations shall be promptly delivered to Agent, together with such stock power, assignment or endorsement by such Loan Party in order to perfect the security interest of Agent and the Banks in any such stock or instrument;

(e) obligations of account debtors to any Loan Party arising from Accounts which are past due that are evidenced by a promissory note made by such account debtor payable to such Loan Party; *provided* , that, promptly upon the receipt of the original of any such promissory note by such Loan Party, such promissory note shall be endorsed to the order of Agent by such Loan Party and promptly delivered to Agent as so endorsed in order to perfect the security interest of Agent and the Banks in any such promissory note;

(f) loans by a Loan Party to another Loan Party after the date hereof, *provided* , that, as to all of such loans, (i) within thirty (30) days after the end of each fiscal month, the Co-Borrowers shall provide to Agent a report in form and substance satisfactory to Agent of the outstanding amount of such loans as of the last day of the immediately preceding month and indicating any loans made and payments received during the immediately preceding month, (ii) the indebtedness arising pursuant to any such loan shall not be evidenced by a promissory note or other instrument, unless the original of such note or other instrument is promptly delivered to Agent to hold as part of the Collateral, with such endorsement and/or assignment by the payee of such note or other instrument as Agent may require, (iii) as of the date of any such loan and after giving effect thereto, the Loan Party making such loan shall be solvent, and (iv) as of the date of any such loan and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing;

(g) investments (other than loans) of any Loan Party in another Loan Party;

(h) investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit or prepayments or similar transactions entered into in the ordinary course of business, and investments received in satisfaction or partial satisfaction thereof from financial troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(i) investments consisting of non-cash consideration for any Dispositions permitted under this Agreement, *provided* that such investments become subject to the first priority, perfected liens created under the Loan Documents;

(j) Equity Investments, *provided* that:

(i) No Default or Event of Default has occurred and is continuing at the time of such Equity Investment,

(ii) Without the consent of the Agent, no Equity Investment by any Loan Party may exceed $5,000,000.00, and

(iii) Without the consent of the Majority Banks, aggregate Equity Investments by all of the Loan Parties plus outstanding Affiliate Obligations may not exceed $15,000,000.00,

(k) Permitted Acquisitions; *provided that* , prior to the consummation of any Permitted Acquisition, the Co-Borrowers shall deliver a certificate of a Responsible Officer certifying that such acquisition is a Permitted Acquisition, including calculations in form and substance satisfactory to the Agent reflecting pro forma compliance with the financial covenants in Section 7.09 , and

(l) Loans to Affiliates resulting in an Affiliate Obligation, *provided* that without the consent of the Majority Banks, outstanding Affiliate Obligations and aggregate Equity Investments by all of Loan Parties may not exceed $15,000,000.00.

7.13 Limitation on Indebtedness and Other Monetary Obligations . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness or other monetary obligations, including guaranties, *except for*

(a) Indebtedness and obligations incurred pursuant to this Agreement or pursuant to a Swap Contract;

(b) Indebtedness and obligations consisting of trade payables in the ordinary course of business and consistent with past practices;

(c) Subordinated Debt owed to the Sponsor or an Affiliate of the Sponsor (other than Parent and its Subsidiaries);

(d) Indebtedness and obligations existing on the Closing Date and described on Schedule 7.10 ;

(e) purchase money Indebtedness (including Capital Leases but excluding Capacity Obligations) in a maximum principal amount not exceeding $5,000,000 to the extent secured by purchase money security interests in automobiles and/or equipment (including Capital Leases but excluding Capacity Obligations) so long as such security interests do not apply to any property of such Loan Party other than the automobiles and equipment so acquired, and the Indebtedness secured thereby does not exceed the cost of such automobiles or equipment so acquired, as the case may be, or any refinancings, refundings, renewals or extensions thereof;

(f) guarantees by any Loan Party of the Obligations of the other Loan Parties in favor of Agent for the benefit of the Banks;

(g) guarantees by any Loan Party of any Indebtedness authorized pursuant to this Agreement, including, without limitation, any Indebtedness owed by another Loan Party;

(h) the Indebtedness of any Loan Party to another Loan Party pursuant to loans by any Loan Party permitted under the terms of this Agreement;

(i) the obligations of any Loan Party or any of its Subsidiaries to pay the deferred purchase price of goods or services or progress payments in connection with such goods or services, so long as such obligations are incurred in the ordinary course of business; and

(j) other unsecured Indebtedness on terms and conditions reasonably satisfactory to the Agent in an aggregate principal amount not exceeding $15,000,000 at any time outstanding.

7.14 Transactions with Affiliates . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to, enter into any transaction with any Affiliate of the Loan Parties that are not Loan Parties, except upon fair and reasonable terms no less favorable to any Loan Party than such Loan Party would obtain in a comparable arm's-length transaction with a Person not an Affiliate of such Loan Party.

7.15 Restricted Payments . The Loan Parties shall not, nor permit any of their Subsidiaries to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of their capital stock, or purchase, redeem or otherwise acquire for value any of their capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding; *except that* the Loan Parties may:

(a) declare and make dividend payments or other distributions payable solely in their partnership or membership interests;

(b) purchase, redeem or otherwise acquire their partnership or membership interests with the proceeds received from the substantially concurrent issue of new partnership or membership interests; and

(c) declare and make Tax Distributions;

(d) declare and make cash distributions, *provided* that Tangible Net Worth is not reduced below the amount required under Section 7.09(b) by such payment; and

(e) declare and make cash distributions to another Loan Party.

provided , *further* , that no distribution described in subsection (c) through (e) above shall be declared or paid unless, immediately after giving effect to such proposed distribution, no Default or Event of Default would exist.

7.16 Certain Changes . The Loan Parties shall not, nor permit any of their Subsidiaries to, engage in any material line of business substantially different from those lines of business carried on by the Loan Parties and their Subsidiaries on the date hereof. No Loan Party shall make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of any Loan Party and upon any such change shall promptly notify the Agent thereof.

7.17 Net Position . If at any time the aggregate Net Position of a Loan Party exceeds the amounts set forth in the Risk Management Policy, the Loan Parties shall promptly notify the Agent, which notification shall explain the circumstances of such deviation and set forth a plan that provides in reasonable detail the actions the Loan Party proposes to take to reduce the applicable position deviation to an amount to achieve compliance with the Risk Management Policy. The Agent will, upon receipt of such notification, notify the Banks. If the Majority Banks determine in their sole discretion that such excess could reasonably be expected to have a Material Adverse Effect on the Loan Parties taken as a whole, then such failure to comply with the Risk Management Policy shall constitute an Event of Default and Agent shall promptly notify the Loan Parties of such determination. In any event, if the Loan Parties allow their aggregate Net Position to exceed the amounts set forth in the Risk Management Policy for a period exceeding three (3) Business Days, an Event of Default shall be deemed to have occurred.

7.18 Location of Inventory . The Loan Parties will not, nor permit any of their Subsidiaries to (unless approved by the Agent in writing) maintain any inventory at any location except as set forth on Schedule 7.18 unless the Loan Parties have given the Agent at least two weeks' prior notice of the transfer to or storage of inventory at such other location and prior to maintaining any inventory at such location shall have disclosed to Agent the identity of the owner of the storage facility and shall have taken all steps necessary to provide the Banks with a first priority perfected security interest in such inventory.

7.19 Disposition of Assets . The Loan Parties shall not, nor shall the Loan Parties suffer or permit any of their Subsidiaries to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise Dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, *except for* :

(a) Dispositions of inventory in the ordinary course of business;

(b) Dispositions of worn-out, obsolete or surplus automobiles and/or equipment or the Disposition of automobiles and/or equipment no longer used or useful in the business of any Co-Borrower;

(c) Dispositions of account receivables pursuant to POR Agreements approved by Agent;

(d) Dispositions of account receivables to the insurer of such account receivables to the extent that one or more Co-Borrowers has account receivables insurance covering certain account receivables, subsequently makes a claim under such insurance, and the insurer of such account receivables requires such assignment; and

(e) Dispositions (not including Dispositions described in (a) through (d) above) in a cumulative amount not to exceed $10,000,000.00 in the aggregate or $5,000,000.00 for any transaction during any twelve (12) month period; provided that (i) such Disposition is made for fair market value, (ii) before and immediately after giving effect to such Disposition, no Default or Event of Default has occurred and is continuing and (iii) before and immediately after giving effect to such Disposition, the Loan Parties are in pro forma compliance with the financial covenants in Section 7.09 .

7.20 Additional Security Documentation . The Loan Parties shall, and shall cause their Subsidiaries to, execute such additional security documentation as the Agent may from time to time require in order to maintain the security interest of the Banks and the Swap Banks in the Collateral.

7.21 Cash in Accounts Not Subject to Control Agreement . The Loan Parties and their Subsidiaries shall not have, at any time, an amount in excess of $500,000.00, in the aggregate, in any accounts (excluding deposit accounts held by independent systems operators, utilities and local distribution companies) which are not subject to a perfected security interest in favor of the Agent for the benefit of the Secured Parties by virtue of a three-party control agreement in form and substance satisfactory to the Agent.

7.22 Security for Obligations . The Loan Parties shall, and shall cause their Subsidiaries to, at all times maintain security interests in favor of the Agent for the benefit of the Secured Parties so that the Agent shall have a first priority perfected lien on all Collateral of the Loan Parties and any of their Subsidiaries, to secure the Obligations.

7.23 Subsidiaries . Each Subsidiary of any Loan Party (other than the Co-Borrowers), now existing or created, acquired or coming into existence after the date hereof, shall execute and deliver to the Agent for the benefit of the Secured Parties (i) its absolute and unconditional guaranty of the timely repayment of, and the due and punctual performance of the Obligations of Co-Borrowers hereunder, which guaranty shall be in the form of the Guaranty Agreement and (ii) if requested by Agent, a joinder to the applicable Security Documents, a Blocked Account Agreement (if applicable) and such other Loan Documents as the Agent may reasonably require. Each of such Subsidiary Guarantor shall deliver to the Agent, simultaneously with its delivery of such a guaranty, written evidence satisfactory to the Agent and its counsel that such Subsidiary Guarantor has taken all corporate, limited liability company or partnership action necessary to duly approve and authorize its execution, delivery and performance of such guaranty and any Security Documents and other documents which it is required to execute.

7.24 Modifications to Billing Services Agreements . None of the Loan Parties shall, nor permit any of their Subsidiaries to, unless consented to by the Agent, enter into any material amendment to any POR Agreement, except that the POR Agreements may be extended by a Loan Party for additional periods as long as such extensions do not result in any material changes to the terms and conditions of such Agreements.

7.25 [Reserved] .

7.26 [Reserved] .

7.27 Risk Management Policy and Credit Policy . The Loan Parties shall not, without the consent of the Agent, make any material amendment or modification to the Risk Management Policy or the Credit Policy. The Loan Parties and Agent agree that upon request by Agent or by the Loan Parties, from time to time, the Loan Parties and Agent will review and evaluate the Loan Parties' credit and risk management policies.

7.28 Prohibited Transactions . The Loan Parties shall not, and shall not permit any of their Subsidiaries to:

(a) (i) conduct any business or engage in making or receiving any contribution of funds, goods, or services to or for the benefit of any Person in violation of any Anti-Terrorism Law, (ii) deal in or otherwise engage in any transaction relating to any property or interests in property blocked pursuant to any Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in any Anti-Terrorism Law.

(b) cause any of the funds or properties of the Loan Parties that are used to repay the Loans to constitute property of, or be beneficially owned directly or indirectly by any Person subject to sanctions or trade restrictions under United States law (" Embargoed Person " or " Embargoed Persons ") that is identified on the "List of Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any executive order or Requirement of Law promulgated thereunder, with the result that the investment in the Loan Parties (whether directly or indirectly) is prohibited by a Requirement of Law, or the Loans made by the Banks would be in violation of a Requirement of Law, or (b) cause any Embargoed Person to have any direct or indirect interest of any nature whatsoever in the Loan Parties, with the result that the investment in the Loan Parties (whether directly or indirectly) is prohibited by law or the Loans are in violation of any law.

7.29 Preservation of Existence, Etc . Each Loan Party shall, and shall cause each of its Subsidiaries to (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the laws of the jurisdiction of its organization except in a transaction permitted by Section 7.11 and (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

7.30 Burdensome Agreements . The Loan Parties shall not, and shall not permit any of their Subsidiaries to enter into or permit to exist any contractual obligation (other than this Agreement or any other Loan Document) that limits the ability (a) of any Subsidiary of Parent to make any dividend or distribution to Parent or any other Subsidiary of Parent or to otherwise transfer property to or invest in Parent or any other Subsidiary of Parent, in each case, except for any agreement in effect (i) on the date hereof or (ii) at the time any Subsidiary becomes a Subsidiary of a Loan Party, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of a Loan Party, (b) of any Loan Party to be jointly and severally liable in respect of the Obligations or any Subsidiary to guarantee the Obligations or (c) of any Loan Party or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure the Obligations; provided, however, that this clause (c) shall not prohibit any negative pledge incurred or provided in favor of any holder of Indebtedness permitted under Section 7.13(e) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness.

7.31 Transmitting Utility and Utility . The Loan Parties shall not knowingly take any action which would cause any Loan Party to be treated as a "transmitting utility", as that term is defined in the Uniform Commercial Code of any applicable jurisdiction, or as a "utility", as that term is defined in Section 261.001 of the Texas Business and Commerce Code.

7.32 Total Capacity Obligations . Except for the Total Capacity Obligations of the Loan Parties existing on the Closing Date (without giving effect to any amendments, extensions, increases, modifications or replacements thereof), the Loan Parties shall not, nor permit any of their Subsidiaries to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to any Total Capacity Obligations or enter into any agreement to do any of the foregoing without the prior written consent of the Agent.

7.33 Post-Closing Obligations . Within thirty (30) days following the Closing Date (or a later date acceptable to the Agent in its sole discretion), the Loan Parties shall deliver to the Agent copies of endorsements of the Loan Parties' insurance policies maintained pursuant to Section 7.03 as reasonably requested by the Agent.

ARTICLE 8
EVENTS OF DEFAULT

8.01 Event of Default . Any of the following shall constitute an "Event of Default":

(a) Non-Payment . Any of the Co-Borrowers fails to pay any amount payable hereunder or under any other Loan Document when due; or

(b) Representation or Warranty . Any representation or warranty made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by any of the Co-Borrowers or Guarantors, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect or incomplete in any material respect on or as of the date made or deemed made; or

(c) Covenant Defaults . Any Loan Party fails to perform any of the terms, covenants, conditions or provisions contained in this Agreement or any of the other Loan Documents other than those covenants pertaining to the timing of financial reporting, certificate issuances and notices of changes in senior officers to the extent their delivery is not unreasonably delayed and such delays are consented to by the Agent and the Majority Banks through e-mail correspondence or other written authorizations but if not so consented to shall constitute an Event of Default by such Loan Party hereunder; or

(d) Cross-Default . Any of the Loan Parties or any Subsidiary of the Loan Parties, if any (i) fails to make any payment due (after giving effect to any applicable grace or cure period or waiver) in respect of any Indebtedness or contingent obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $5,000,000.00 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise); or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or contingent obligation, if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness or contingent obligation to cause such Indebtedness or contingent obligation to be declared to be due and payable; or

(e) Insolvency; Voluntary Proceedings . Any of the Loan Parties or any Subsidiary of the Loan Parties (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct all or substantially all of its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(f) Involuntary Proceedings . (i) Any involuntary Insolvency Proceeding is commenced or filed against any of the Loan Parties or any Subsidiary of any Loan Party, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Loan Parties' or any Subsidiary of any Loan Party's, properties and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within sixty (60) days after commencement, filing or levy; (ii) any of the Loan Parties or any Subsidiary of any Loan Party admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) any of the Loan Parties or any Subsidiary of any Loan Party acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(g) ERISA . The occurrence of an ERISA Event that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to subject any of the Loan Parties to liability in excess of $500,000; or

(h) Monetary Judgments . One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against any of the Loan Parties or any Subsidiary of any Loan Party involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer is contractually obligated to pay and which is reasonably expected to be paid by such insurer) as to any single or related series of transactions, incidents or conditions, of $1,000,000 or more; the liability for which is not the subject of an appeal, with appropriate bond or other surety being posted to suspend the effects of any such judgments; or

(i) Non-Monetary Judgments . Any non-interlocutory non-monetary judgment, order or decree is entered against any of the Loan Parties or any Subsidiary of any Loan Party which does or would reasonably be expected to have a Material Adverse Effect; or

(j) Change of Control . (i) At any time more than 40% of the partnership rights, membership rights or other ownership rights, of any of the Co-Borrowers shall be sold or otherwise transferred or conveyed, or (ii) if at any time W. Keith Maxwell III ceases to own at least 60% of the Equity Interests of Parent, or (iii) if at any time Parent ceases to directly or indirectly own at least 60% of the voting Equity Interests of any Co-Borrower, or (iv) if at any time SEH ceases to act as the sole general partner of SEG, Spark or AES.

(k) Guarantor Defaults . Any Guarantor fails to perform or observe any term, covenant or agreement in the Guaranty Agreement; or the Guaranty Agreement is for any reason (other than satisfaction in full of all Obligations and the termination of the Loans) partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or any Guarantor or any other person contests in any manner the validity or enforceability thereof or denies that he has any further liability or obligation thereunder; any event described at subsections (e) or (f) of this Section occurs with respect to any Guarantor.

(l) Swap Obligations . There shall have occurred with respect to any Swap Contract to which a Co-Borrower is a party an “Event of Default” or a “Termination Event” (as defined in the applicable ISDA Master Agreement and any related Credit Support Annex or Schedule) which entitles the applicable Swap Bank to terminate the Swap Contract.

(m) Effectiveness of Loan Documents . At any time after the execution and delivery thereof, (i) this Agreement or any other Loan Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms of this Agreement or the satisfaction in full of the Obligations) or is declared (by a Governmental Authority) null and void, or Agent does not have or ceases to have a valid and perfected Lien in any Collateral purported to be covered by the Loan Documents with the priority required by the relevant Loan Document, except where the failure to have a valid and perfected Lien on any such Collateral and/or priority would not have a Material Adverse Affect on the security interest held by Agent on behalf of the Banks on all other Collateral, in each case for any reason other than the failure of Agent to take any action within its control, or (ii) any Loan Party contests the validity or enforceability of any Loan Document in writing or denies in writing that it has any further liability, including with respect to future advances by Banks, under any Loan Document to which it is a party.

8.02 Remedies . If any Event of Default occurs, exists and is continuing, the Agent may, with the consent of the Majority Banks, or shall, at the direction of the Majority Banks:

(a) terminate the commitment of each Bank hereunder;

(b) declare an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing by the beneficiary under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit), but only to the extent such amounts are not Cash Collateralized at the time, to be immediately due and payable, and declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Co-Borrowers;

(c) require the Co-Borrowers to Cash Collateralize all L/C Obligations in the manner described in Section 3.07 ; and

(d) exercise all rights and remedies available to it under the Loan Documents or applicable law including, without limitation, seeking to lift any stay that may be in effect under any Insolvency Proceeding;

provided , *however* , that upon the occurrence of any event specified in subsection (e) or (f) of Section 8.01 , any obligation of the Banks to make Loans and to Issue Letters of Credit, if any, shall automatically terminate and an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing by the beneficiary under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit) together with the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document shall automatically become due and payable without further act of the Banks.

8.03 Rights Not Exclusive . The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

8.04 Application of Payments . Except as expressly provided in this Agreement, all amounts thereafter received or recovered under this Agreement or any other Loan Document whether as a result of a payment by the Co-Borrowers, the exercise of remedies by the Agent under any of the Loan Documents, liquidation of collateral or otherwise, shall be applied for the benefit of the Secured Parties on a *pro rata* basis from and after the date of the occurrence of any Sharing Event as provided in Section 2.01 of the Intercreditor Agreement.

ARTICLE 9
AGENT

9.01 Appointment and Authorization .

(a) Each Bank hereby irrevocably (subject to Section 9.09) appoints, designates and authorizes Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Issuing Bank shall act on behalf of the Banks with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as Agent may agree at the request of the Banks to act for Issuing Bank with respect thereto; *provided , however* , that Issuing Bank shall have all of the benefits and immunities (i) provided to Agent in this Article IX with respect to any acts taken or omissions suffered by Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Agent" as used in this Article IX included Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided herein with respect to Issuing Bank. Prior to the Issuance of a Letter of Credit or upon the payment of any drawing on a Letter of Credit by Issuing Bank other than Agent, Issuing Bank shall provide written notice to Agent of the dollar amount, the date of such Issuance of payment and the expiry date for such Letter of Credit. Such Issuance shall be subject to the consent of Agent. Such consent shall not result in the imposition of any liability upon Agent.

9.02 Delegation of Duties . Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent . None of Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Co-Borrowers or any Subsidiary

or Affiliate of the Co-Borrowers, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or for the value of or title to any Collateral, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Co-Borrowers or any other party to any Loan Document to perform their obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to the Banks to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Co-Borrowers or any of the Co-Borrowers' Subsidiaries or Affiliates.

9.04 Reliance by Agent .

(a) Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Loan Parties), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 5.02 , each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Banks.

9.05 Notice of Default . Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of the Banks, unless Agent shall have received written notice from a Bank or the Co-Borrowers referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." Agent will notify the Banks of its receipt of any such notice. Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII ; *provided , however* , that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision . Each Bank acknowledges that none of Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of the Loan Parties and their Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Subsidiaries, the value of and title to any Collateral, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Loan Parties hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by Agent, Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Loan Parties which may come into the possession of any of Agent-Related Persons.

9.07 Indemnification . Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand Agent-Related Persons (to the extent not reimbursed by or on behalf of the Loan Parties and without limiting the obligation of the Loan Parties to do so as provided for elsewhere in this Agreement or the other Loan Documents, if so provided), pro rata in accordance with each Bank's Pro Rata Share (or if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Agreement, with respect to each Non-Defaulting Bank, its Pro Rata Adjusted Percentage), from and against any and all Indemnified Liabilities; *provided , however* , that no Bank shall be liable for the payment to Agent-Related Persons of any portion of such Indemnified Liabilities found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of the Loan Parties. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent. THE FORGOING INDEMNITY INCLUDES AN INDEMNITY FOR THE NEGLIGENCE OF AGENT-RELATED PERSONS.

9.08 Agent in Individual Capacity . Société Générale and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business

with the Co-Borrowers and their Subsidiaries and Affiliates as though Société Générale were not Agent or Issuing Bank hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Société Générale or its Affiliates may receive information regarding the Co-Borrowers or their Affiliates (including information that may be subject to confidentiality obligations in favor of the Co-Borrowers or such Affiliates) and acknowledge that Agent shall be under no obligation to provide such information to them. With respect to its Loans, Société Générale shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not Agent or Issuing Bank, and the terms "Bank" and "Banks" include Société Générale in its individual capacity.

9.09 Successor Agent . Agent may at any time and shall, if Agent becomes a Defaulting Bank, resign as Agent upon thirty (30) days' notice to the Banks. If Agent resigns under this Agreement, the Banks shall appoint, from among the Banks, a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with the Banks, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is thirty (30) days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of Agent hereunder until such time, if any, as the Banks appoint a successor agent as provided for above.

9.10 Foreign Banks . Each Bank that is a "foreign corporation, partnership or trust" within the meaning of the Code (a " Foreign Bank ") shall deliver to Agent: (i) prior to receipt of any payment subject to withholding under the Code (or after accepting an assignment of an interest herein), two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Person and entitling it to an exemption from, or reduction of, withholding tax on all payments to be made to such Person by the Co-Borrowers pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Person by the Co-Borrowers pursuant to this Agreement) or such other evidence satisfactory to the Co-Borrowers and Agent that such Person is entitled to an exemption from, or reduction of, U.S. withholding tax and (ii) any documentation reasonably requested by the Agent or a Co-Borrower that is necessary for such Co-Borrower and the Agent to comply with their obligations under FATCA and to determine if such Foreign Bank has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Thereafter and from time to time, each such Person shall (a) promptly submit to Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Co-Borrowers and Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Person by the Co-Borrowers pursuant to this Agreement, (b) promptly notify Agent of any change in circumstances which would modify or render invalid any claimed exemption or

reduction, and (c) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Bank, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws that the Co-Borrowers make any deduction or withholding for taxes from amounts payable to such Person. If such Person fails to deliver the above forms or other documentation (other than as a result of a change in treaty, law or other regulation that occurs after the date such Person becomes a Bank that renders all such forms inapplicable or that would prevent such Bank from duly completing and delivering such form with respect to it), then Agent may withhold from any interest payment to such Person an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction. If any Governmental Authority asserts that Agent did not properly withhold any tax or other amount from payments made in respect of such Person, such Person shall indemnify Agent therefore, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to Agent under this Section, and costs and expenses (including Attorney Costs) of Agent. The obligation of the Banks under this Section shall survive the payment of all Obligations and the resignation or replacement of Agent.

9.11 Collateral Matters .

(a) The Agent is authorized on behalf of all the Banks and the Swap Banks, without the necessity of any notice to or further consent from the Banks or the Swap Banks, from time to time to take any action with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected the security interest in and Liens upon the Collateral granted pursuant to the Loan Documents.

(b) The Banks and the Swap Banks irrevocably authorize the Agent, at its option and in its discretion, to release any Lien granted to or held by the Agent upon any Collateral (i) upon payment in full of all Loans and all other Obligations known to the Agent and payable under this Agreement or any other Loan Document or any Swap Contract; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; (iii) constituting property in which the Loan Parties or any Subsidiary owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting property leased to the Loan Parties or any Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by the Loan Parties or such Subsidiary to be, renewed or extended; (v) consisting of an instrument evidencing indebtedness or other debt instrument, if the indebtedness evidenced thereby has been paid in full; (vi) in POR Collateral to the extent the release of the Agent's Lien in such POR Collateral is required by the applicable POR Agreement or any Requirement of Law; or (vii) if approved, authorized or ratified in writing by the Banks. Upon request by the Agent at any time, the Banks will confirm in writing the Agent's authority to release particular types or items of Collateral pursuant to this Subsection 9.11(b) ; *provided* , *however* , that the absence of any such confirmation for whatever reason shall not affect the Agent's rights under this Section 9.11 .

9.12 Monitoring Responsibility . Each Bank will make its own credit decisions hereunder, including the decision whether or not to make advances or consent to the Issuance of Letters of Credit, thus the Agent shall have no duty to monitor the Collateral Position, the amounts outstanding under sub-lines or the reporting requirements or the contents of reports delivered by the Loan Parties. Each Bank assumes the responsibility of keeping itself informed at all times.

9.13 Swap Banks . To the extent any Affiliate of a Bank is a party to a Swap Contract with a Co-Borrower and thereby becomes a beneficiary of the Liens pursuant to the Security Documents or any other Loan Document, such Affiliate of a Bank shall be deemed to appoint the Agent its nominee and agent to act for and on behalf of such Affiliate (and the Agent hereby accepts such nomination and agrees to act as agent for such Affiliate) in connection with the Security Documents and such other Loan Documents and to be bound by the terms of this Article IX .

9.14 Other Agents; Arrangers . None of the Banks or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," as a "documentation agent," any other type of agent (other than the Agent), "arranger," or "bookrunner" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE 10
MISCELLANEOUS

10.01 Amendments and Waivers . Except as otherwise provided in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Co-Borrowers or any other Loan Party therefrom, shall be effective unless in writing and signed by the Majority Banks and the Co-Borrowers and acknowledged by the Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided* , *however* , that:

(a) no amendment, waiver or consent shall, unless in writing and signed by all of the Banks, do any of the following at any time:

(i) waive any of the conditions specified in Section 5.01 ;

(ii) release any Guarantor, except a Guarantor that has ceased to be a Subsidiary of a Loan Party in a transaction permitted under this Agreement or release all or substantially all of the Collateral in any transaction or series of related transactions, except such releases relating to sales of property permitted under Section 9.11 ;

(iii) change any provision of this Section or the definition of "Majority Banks" or any other provision hereof specifying the number or percentage of Banks required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder;

(iv) amend, modify or waive the definitions of "Advance Sub-Limit Cap," "Borrowing Base Advance Cap," "L/C Sub-limit Caps," "Pro Rata Share," "Total Available Commitments," "Pro Rata Share" or any provision of this Agreement relating to the pro rata treatment of the Banks;

(v) consent to the assignment or transfer by any Co-Borrower of any of its rights and obligations under this Agreement and the other Loan Documents;

(vi) release any material portion of the Collateral (except as otherwise permitted by Section 9.11(b)(i)-(vi));

(vii) amend, modify or waive any provisions of the Intercreditor Agreement; or

(viii) amend Section 2.15;

(b) no amendment, waiver or consent shall, unless in writing and signed by the Majority Banks and each Bank affected by such amendment, waiver or consent:

(i) increase Commitment of such Bank (or reinstate any commitment terminated pursuant to Section 8.02); or

(ii) change the order of application of any prepayment set forth in Section 2.07 ;

(c) no amendment, waiver or consent shall, unless in writing and signed by each of the Banks:

(i) reduce, forgive or waive the principal of, or interest on, the Working Capital Loans or any fees or other amounts payable hereunder to Banks;

(ii) postpone, waive or otherwise defer any date scheduled for any payment of principal of or interest on the Working Capital Loans or any fees or other amounts payable to Banks; or

(iii) result in a Credit Extension in excess of the Borrowing Base Advance Cap;

and *provided* , *further* , that (i) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Bank in addition to the Banks required above and each of the Co-Borrowers, affect the rights or duties of the Issuing Bank under this Agreement or any L/C-Related Document relating to any Letter of Credit issued or to be issued by it; and (ii) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Banks required above and each of the Co-Borrowers, affect the rights or duties of the Agent under this Agreement or any other Loan Document.

10.02 Notices .

(a) All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission, e-mail, electronic

submissions or similar writing) and shall be given to such party at its address, facsimile number or e-mail address set forth on the signature pages hereof (or, in the case of a Bank, in its administrative questionnaire provided by each such Bank to Agent, and Agent shall promptly provide such address to Co-Borrowers) or at such other address, facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to Agent and Co-Borrowers; *provided* , that notices, requests or other communications shall be permitted by e-mail or other electronic submissions only in accordance with the provisions of Section 10.2(b) . Each such notice, request or other communication shall be effective (i) if given by facsimile, when such notice is transmitted to the facsimile number specified by this Section and the sender receives a confirmation of transmission from the sending facsimile machine, (ii) if given by e-mail or other electronic submissions, as set forth in Section 10.2(c) or (iii) if given by mail, prepaid overnight courier or any other means, when received at the applicable address specified by this Section; *provided* , that notices pursuant to Articles II or III shall not be effective until actually received by the Banks.

(b) Notices and other communications to the parties hereto may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites); *provided* , that (i) the foregoing shall not apply to notices sent directly to any party hereto if such party has notified Agent that it has elected not to receive notices by electronic communication and (ii) no Notices of Borrowing or any notices regarding request for advances hereunder shall be permitted to be delivered or furnished by Co-Borrowers by electronic communication unless made in accordance with specific procedures approved from time to time by Agent.

(c) Unless Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; *provided* , that if any such notice or other communication is not sent or posted during normal business hours, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

(d) Any agreement of the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Co-Borrowers. The Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Co-Borrowers to give such notice and the Banks shall not have any liability to the Co-Borrowers or other Person on account of any action taken or not taken by the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Co-Borrowers to repay the Loans and L/C Obligations shall not be affected in any way or to any extent by any failure by the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Banks of a confirmation which is at variance with the terms understood by the Banks to be contained in the telephonic or facsimile notice.

(e) Parent and Co-Borrowers hereby acknowledge that (a) Agent will make available to the Banks and the Issuing Banks materials and/or information provided by or on

behalf of Parent, Co-Borrowers and their Affiliates hereunder (collectively, " Borrower Materials ") by posting within a reasonable time after receipt from Parent or the Co-Borrowers such Borrower Materials on IntraLinks or another similar electronic system (the " Platform ") (or, to the extent Borrower Materials are not timely delivered to Agent, that such Borrower Materials have not yet been received by Agent) and (b) certain of the Banks (each, a " Public Bank ") may have personnel who do not wish to receive material non-public information with respect to Parent, Co-Borrowers or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Parent and Co-Borrowers hereby agree that (c) all Borrower Materials that are to be made available to Public Banks, which are deemed by Parent and Co-Borrowers to be materials available to be released to the public, shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (d) by marking Borrower Materials "PUBLIC," Parent and Co-Borrowers shall be deemed to have authorized Agent, the Issuing Banks and the Banks to treat such Borrower Materials as not containing any material non-public information with respect to Borrower or its securities for purposes of United States Federal and state securities laws; (e) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (f) Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

(f) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF BORROWER MATERIALS (AS DEFINED BELOW) OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH BORROWER MATERIALS OR THE PLATFORM. To the fullest extent permitted by applicable law, in no event shall Agent or any of its Affiliates or their respective partners, directors, officers, employees, agents, trustees or advisors (collectively, the " Agent Parties ") have any liability to Parent, Co-Borrowers, any Bank, Issuing Bank or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Parent's, any Co-Borrower's or Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of an Agent Party; *provided* , *however* , that in no event shall any Agent Party have any liability to Parent, any Co-Borrower, any Bank, the Issuing Banks or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) arising out of any such transmission.

10.03 No Waiver; Cumulative Remedies . No failure to exercise and no delay in exercising, on the part of the Banks, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses . Parent and the Co-Borrowers shall:

(a) Whether or not the transactions contemplated hereby are consummated, pay or reimburse Agent within five (5) Business Days after demand for all costs and expenses incurred by Agent in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document or any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs in an amount agreed to between Parent, the Co-Borrowers and Agent, and costs of commercial finance examinations, incurred by Agent; and

(b) Pay or reimburse the Banks within five (5) Business Days after demand for all costs and expenses (including Attorney Costs) incurred by it in connection with the monitoring administration, enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

(c) The agreements in this Section shall survive payments of all other Obligations.

10.05 Indemnity . Whether not the transactions contemplated hereby are consummated, Parent and the Co-Borrowers, jointly and severally, shall indemnify and hold the Banks, the Issuing Banks, and each of their Affiliates, officers, directors, employees, counsel, agents and attorneys-in-fact harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination of the Letters of Credit) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or Letters of Credit or the use of the proceeds thereof; *provided , however* , that Parent and the Co-Borrowers shall have no obligation hereunder to any such indemnified Person with respect to any of the foregoing indemnified liabilities found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of such indemnified Person. The agreements in this Section shall survive payment of all Obligations.

10.06 Joint and Several Liability of the Co-Borrowers .

(a) Each Co-Borrower states and acknowledges that: (i) pursuant to this Agreement, the Co-Borrowers desire to utilize their borrowing potential on a combined basis to the same extent possible if they were merged into a single corporate entity; (ii) each Co-Borrower has determined that it will benefit specifically and materially from the advances of credit contemplated by this Agreement; (iii) it is both a condition precedent to the obligations of the Agent and the Banks hereunder and a desire of each Co-Borrower that each Co-Borrower execute and deliver to the Agent and the Banks this Agreement; and (iv) each Co-Borrower has requested and bargained for the structure and terms of and security for the Credit Extensions contemplated by this Agreement. The general partner or managing member, as applicable, of each Co-Borrower has determined that such Co-Borrower's execution, delivery and performance of this Agreement may reasonably be expected to directly or indirectly benefit such Co-Borrower and is in the best interests of such Co-Borrower.

(b) Each Co-Borrower hereby irrevocably and unconditionally: (i) agrees that it is jointly and severally liable to the Agent and the Banks for the full and prompt payment and performance of the obligations of each Co-Borrower under this Agreement that may specify that a particular Co-Borrower is responsible for a given payment or performance; (ii) agrees to fully and promptly perform all of its obligations hereunder with respect to each advance of credit hereunder as if such advance had been made directly to it; and (iii) agrees as a primary obligation to indemnify the Agent and each Bank, on demand, for and against any loss incurred by the Agent or any Bank as a result of any of the Obligations of any Co-Borrower being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Co-Borrower or any Person, the amount of such loss being the amount which the Agent or the Banks (or any of them) would otherwise have been entitled to recover from the Co-Borrowers.

(c) The direct or indirect value of the consideration received and to be received by any Co-Borrower in connection herewith is reasonably worth at least as much as the liability and obligations of each such Co-Borrower hereunder and the incurrence of such liability and Obligations in return for such consideration may reasonably be expected to benefit such Co-Borrower, directly or indirectly.

10.07 Successors and Assigns .

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Co-Borrowers may not assign or transfer any of their rights or Obligations under this Agreement without the written consent of the Banks.

(b) The Agent, acting solely for this purpose as an agent of the Co-Borrowers, shall maintain a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive absent manifest error, and each Co-Borrower, the Agent and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement.

10.08 Assignments, Participants, etc .

(a) Each Bank, at any time, may, subject to the consent of the Agent and each Issuing Bank, and, so long as no Event of Default has occurred and is continuing, the Co-Borrowers, such consent not to be unreasonably withheld, assign and delegate all, or any ratable part of all, of the rights and obligations of such Bank hereunder to one or more Eligible Assignees; *provided , however ,* that the consent of the Co-Borrowers shall not be required with respect to an assignment from a Bank to one or more of its Affiliates or with respect to the assignment from one Bank to another Bank; *provided , further ,* that (i) any such disposition shall not, without the prior consent of the Co-Borrowers, require the Co-Borrowers to apply to register or qualify the Loans or any Note under the securities laws of any state, (ii) Co-Borrowers and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Eligible Assignee until (x) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Eligible Assignee, shall have been given to the Co-Borrowers and the Agent by such Bank and the Eligible Assignee; (y) such Bank and its Eligible Assignee shall have delivered to the Co-Borrowers and the Agent an Assignment and Assumption (" Assignment and Assumption ") in form attached hereto as Exhibit I , together with any Note or Notes subject to such assignment; and (z) the assignor Bank or Eligible Assignee has paid to the Agent a processing fee in the amount of $3,500 (other than in the case of an assignment to an Affiliate of the assigning Bank) and (iii) each such assignment to an Eligible Assignee (other than any Bank) shall be in an aggregate principal amount of $5,000,000 or a whole multiple in excess thereof (other than in the case of (A) an assignment of all of a Bank's interests under this Agreement or (B) an assignment to an Affiliate of the assigning Bank), and *provided , further ,* that such an assignment may not be made to any Co-Borrower or an Affiliate thereof.

(b) From and after the date that a Bank gives such notice to the Co-Borrowers, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to an Assignment and Assumption agreement, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) The Co-Borrowers shall execute and deliver new Notes evidencing such assignee's assigned Loans and the Commitment, and, if the assignor Bank has retained a portion of its Loans and the Commitment, replacement Notes in the principal amount of the Loans and the Commitment retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by the Bank). Upon receipt by the applicable Banks of the new Notes, the applicable Banks shall promptly deliver the original Notes to the Co-Borrowers. This Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the assignee and the resulting adjustment of the Commitment arising therefrom. The Commitment allocated to each assignee shall reduce such Commitment of the assigning Bank *pro tanto* .

(d) Each Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Co-Borrowers (each, a " Participant ") participating interests in any Loans and the Commitment of such Bank and the other interests of such Bank (the " Originating Bank ") hereunder and under the other Loan Documents; *provided , however* , that the Co-Borrowers shall continue to deal solely and directly with the Originating Bank in connection with the Originating Bank's rights and obligations under this Agreement and the other Loan Documents.

Any agreement or instrument pursuant to which a Originating Bank sells such a participation shall provide that such Originating Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Originating Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 10.01(a), (b), (c), (d) or (e) that affects such Participant. Each Co-Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.01, 4.02 and 4.03 (subject to the requirements and limitations therein) to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (a) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 10.16 as if it were an assignee under paragraph (a) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 4.01 or 4.02, with respect to any participation, than its Originating Bank would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in Requirements of Law that occurs after the Participant acquired the applicable participation. Each Bank that sells a participation agrees, at the Co-Borrowers' request, to use reasonable efforts to cooperate with the Co-Borrowers to effectuate the provisions of Section 10.16 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Bank; provided that such Participant agrees to be subject to Section 2.16 as though it were a Bank. Each Originating Bank shall, acting solely for this purpose as an agent of the Co-Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the " Participant Register "); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Co-Borrowers and provided to it by the Co-Borrowers under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except

to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by such Bank or any of its representatives, (ii) was or becomes available on a non-confidential basis from a source other than the Co-Borrowers, *provided* that such source is not bound by a confidentiality agreement with the Co-Borrowers known to such Bank, or (iii) any information internally developed by a Bank or its employees without the use of confidential or secret information furnished by any of the Co-Borrowers; *provided* , *however* , that each Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which such Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which such Bank or its Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; (G) to any Affiliate of such Bank and to the Bank's and such Affiliates' respective officers, directors, employees, agents, consultants and counsel, for whom such Bank shall be responsible, or to any participant or assignee, actual or potential, any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to the Co-Borrowers, their Subsidiaries and the Obligations; *provided* , *however* , that such Affiliate, participant or assignee agrees to keep such information confidential to the same extent required of such Bank hereunder, (H) to any credit insurer or reinsurer and (I) as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Co-Borrowers are party or are deemed party with such Bank.

(f) Notwithstanding any other provision in this Agreement, any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

10.09 Set-off . In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists, the Agent, the Issuing Bank and the Banks are authorized at any time and from time to time, without prior notice to the Co-Borrowers, any such notice being waived by the Co-Borrowers to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, the Agent, the Issuing Bank and the Banks to or for the credit or the account of the Co-Borrowers against any and all Obligations owing to the Agent, the Issuing Bank and the Banks, now or hereafter existing, irrespective of whether or not the Agent, the Issuing Bank or the Banks shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. The Agent, the Issuing Bank and the Banks agree promptly to notify the Co-Borrowers after any such set-off and application made by the Agent, the Issuing Bank or the Banks; *provided* , *however* , that the failure to give such notice shall not affect the validity of such set-off and application.

10.10 Counterparts . This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.11 Automatic Debit . With respect to any commitment, fee, arrangement fee, letter of credit fee or other fee, or any other cost or expense (including Attorney Costs) due and payable to the Banks under the Loan Documents, the Co-Borrowers hereby irrevocably authorize the Agent to debit any deposit account of Co-Borrowers with the Agent in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such fee or other cost or expense. If there are insufficient funds in such deposit accounts to cover the amount of the fee or the cost or expense then due, such debits will be reversed (in whole or in part, in Agent's sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section shall be deemed a set-off.

10.12 Bank Blocked Account Charges and Procedures . Agent is hereby authorized to charge any deposit account of the Co-Borrowers or any of them maintained at Agent for any fee, cost or expense (including Attorney Costs) due and payable to the Banks under the Loan Documents. If the available balances in such deposit accounts are not sufficient to compensate the Banks for any such charges or fees due the Banks, the Co-Borrowers agree to pay on demand the amount due the Banks. Each of the Co-Borrowers agrees that it will not permit the Bank Blocked Accounts to become subject to any other pledge, assignment, Lien, charge or encumbrance of any kind, nature or description, other than the Banks' security interest or any Lien the bank where such Bank Blocked Accounts are held may have.

10.13 Severability . The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.14 No Third Parties Benefited . This Agreement is made and entered into for the sole protection and legal benefit of the Loan Parties and the Banks and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.15 Acknowledgments . Parent and the Co-Borrowers hereby acknowledge that:

(a) they have been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) the Agent, the Issuing Bank and the Banks have no fiduciary relationship with or duty to any Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Agent, the Issuing Bank and the Banks on the one hand and the Loan Parties on the other hand, in connection herewith or therewith is solely that of debtors and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Agent, the Issuing Bank, the Banks and the Loan Parties.

10.16 Replacement of Banks . If any Bank requests compensation under Section 4.02 , or if any Co-Borrower is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 4.01 , or in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.01 , the consent of the Majority Banks shall have been obtained but the consent of one or more of such other Banks whose consent is required shall not have been obtained, or with respect to any Bank during such time as such Bank is a Defaulting Bank, then the Co-Borrowers may, at their sole expense and effort, upon notice to such Bank and the Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.08), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment), *provided* that:

(a) Such Bank shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 4.03) from the assignee (to the extent of such outstanding principal and accrued interest and fees);

(b) in the case of any such assignment resulting from a claim for compensation under Section 4.02 or payments required to be made pursuant to Section 4.01 , such assignment will result in a reduction in such compensation or payments thereafter; and

(c) such assignment does not conflict with applicable Laws.

A Bank shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling a Co-Borrower to require such assignment and delegation cease to apply.

10.17 GOVERNING LAW AND JURISDICTION .

(a) THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW (WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) OF THE STATE OF NEW YORK; *PROVIDED , HOWEVER* , THAT THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK; OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF PARENT, THE CO-BORROWERS AND THE BANKS

CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. PARENT, THE CO-BORROWERS AND THE BANKS EACH IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS* , WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. PARENT AND THE CO-BORROWERS EACH HEREBY WAIVE PERSONAL SERVICE OF ANY AND ALL PROCESS UPON PARENT OR THE CO-BORROWERS AND IRREVOCABLY APPOINT CT CORPORATION SYSTEM, 111 EIGHTH AVENUE, NEW YORK, NEW YORK 10011, AS REGISTERED AGENT FOR THE PURPOSE OF ACCEPTING SERVICE OF PROCESS WITHIN THE STATE OF NEW YORK AND AGREE TO OBTAIN A LETTER FROM CT CORPORATION ACKNOWLEDGING SAME AND CONTAINING THE AGREEMENT OF CT CORPORATION TO PROVIDE THE BANKS WITH THIRTY (30) DAYS ADVANCE NOTICE PRIOR TO ANY RESIGNATION OF CT CORPORATION SYSTEM AS SUCH REGISTERED AGENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

10.18 WAIVER OF JURY TRIAL . THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF, THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.19 ENTIRE AGREEMENT . THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING AMONG THE PARTIES HERETO, AND SUPERCEDES ALL PRIOR OR CONTEMPORANEOUS AGREEMENTS AND UNDERSTANDINGS OF SUCH PERSONS, VERBAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF.

10.20 Intercreditor Agreement . Each Bank hereby agrees that it shall take no action to terminate its obligations under the Intercreditor Agreement and will otherwise be bound by and take no actions contrary to the Intercreditor Agreement.

10.21 Amendment and Restatement . On the Closing Date, the Existing Credit Agreement shall be amended, restated and superseded in its entirety by this Agreement. The parties hereto acknowledge and agree that the liens and security interests granted under the Security Documents (as defined in the Existing Credit Agreement) are continuing and in full force and effect and, upon the amendment and restatement of the Existing Credit Agreement pursuant to this Agreement, such liens and security interests secure and continue to secure the payment of the Obligations, and that the Working Capital Notes outstanding under and as defined in the Existing Credit Agreement are, upon the Closing Date, replaced by the Notes issued hereunder.

10.22 USA Patriot Act Notice . Each Bank and the Agent (for itself and not on behalf of any Bank) hereby notifies Parent and each Co-Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the " Act "), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Bank or the Agent, as applicable, to identify each Loan Party in accordance with the Act. Each Loan Party shall, and shall cause each of its Subsidiaries to, provide, to the extent commercially reasonably, such information and take such actions as are reasonably requested by each Bank and the Agent to maintain compliance with the Act.

10.23 Keepwell . Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under the Loan Documents in respect of CEA Swap Obligations, if any (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under any Loan Document, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Each Qualified ECP Guarantor intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

10.24 IPO Consents . The undersigned Banks hereby agree, subject to the terms and conditions of this Agreement, to consent to:

(a) the consummation of the IPO;

(b) the release and discharge of each of the Initial Drop Down Entities from all present and future obligations and liabilities under the Loan Documents (as defined in the Existing Credit Agreement);

(c) the release and discharge of any security interest in or Lien upon any Collateral (as defined in the Existing Credit Agreement) of the Initial Drop Down Entities granted to or held by the Agent;

(d) the release and discharge of any security interest in or Lien on the Equity Interests issued by the Initial Drop Down Entities granted to or held by the Agent; and

(e) the Initial Drop Down and the transactions contemplated by the Initial Drop Down Documents to occur on or about the Closing Date.

The consents are limited to the extent described herein and shall not be construed to be a consent to or a permanent waiver of any other terms, provisions, covenants, warranties or agreements contained in the Existing Credit Agreement or in any of the other Loan Documents (as defined in the Existing Credit Agreement).

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CO-BORROWERS:

SPARK ENERGY, L.P.
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

SPARK ENERGY GAS, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

ASSOCIATED ENERGY SERVICES, LP ,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

PARENT:

SPARK ENERGY VENTURES, LLC,
a Texas limited liability company

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

AGENT:

SOCIÉTÉ GÉNÉRALE , as Administrative Agent

By: /s/ Emmanuel Chesneau
Name: Emmanuel Chesneau
Title: Managing Director

By: /s/ R. Corey Hingson
Name: R. Corey Hingson
Title: Director

BANKS:

SOCIÉTÉ GÉNÉRALE , as an Issuing Bank and a Bank

By: /s/ Emmanuel Chesneau
Name: Emmanuel Chesneau
Title: Managing Director

By: /s/ R. Corey Hingson
Name: R. Corey Hingson
Title: Director

NATIXIS, NEW YORK BRANCH , as a Bank

By: /s/ Arnaud Stevens
Name: Arnaud Stevens
Title: Managing Director

By: /s/ Paul Moisselin
Name: Paul Moisselin
Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND," NEW YORK BRANCH , as a Bank

By: /s/ Rodney P. Hutchinson
Name: Rodney P. Hutchinson
Title: Executive Director

By: /s/ Tim Hogebrug
Name: Tim Hogebrug
Title: Executive Director

RBI INTERNATIONAL FINANCE (USA) LLC , as a Bank

By: /s/ Astrid Wilke
Name: Astrid Wilke
Title: Group Vice President

By: /s/ Pearl Geffers
Name: Pearl Geffers
Title: First Vice President

COMPASS BANK , as a Bank

By: /s/ Adrayll Askew
Name: Adrayll Askew
Title: Senior Vice President

ANNEX A

SECURITY SCHEDULE

1. Security Agreement
2. Guaranty of Parent
3. Second Amended and Restated Pledge Agreement of Parent
4. Second Amended and Restated Pledge Agreement of SEH
5. Blocked Account Agreements
   (a) Second Amended and Restated Three Party Agreement Relating to Bank Accounts among Agent, SEG and Compass Bank
   (b) Second Amended and Restated Three Party Agreement Relating to Bank Accounts among Agent, AES and Compass Bank
   (c) Second Amended and Restated Three Party Agreement Relating to Bank Accounts among Agent, Spark and Compass Bank
   (d) Second Amended and Restated, Assignment of Hedging Account and Control Agreement among SEG, Agent and Newedge USA, LLC
   (e) Deposit Account Control Agreement (Access Restricted After Notice) among SEG, Agent and Wells Fargo Bank, National Association covering the Wells Fargo Bank Blocked Account

Annex B

CREDIT LIMITS

Counterparty	For customers and markets where Co-Borrowers are able to include mark-to-market component solely with respect to fixed price sales. Variable price sales shall have a credit limit as authorized below.	For customers and markets where Co-Borrowers are unable to include mark-to-market component solely with respect to fixed price sales. Variable price sales shall have a credit limit as authorized in the second column.
Residential*	$ 5,000	$ 500
Small and Medium Businesses*	$ 50,000	$ 5,000
Commercial and Industrial customers and customers that are governmental entities with no credit rating or a credit rating of less than Baa3/BBB- by Moodys/S&P*	$ 1,000,000	$ 500,000
Commercial and Industrial customers and customers that are governmental entities with a credit rating of Baa3/BBB- or higher by Moodys/S&P or supported by credit insurance acceptable in form and substance to Agent **	$ 5,000,000	$ 2,500,000
POR Receivables from counterparties with no credit rating or a credit rating of less than Baa3/BBB- by Moodys/S&P *	$ 5,000,000	$ 5,000,000
POR Receivables from counterparties with a credit rating of Baa3/BBB- or higher by Moodys/S&P or supported by credit insurance acceptable in form and substance to Agent **	$ 25,000,000	$ 25,000,000

* Such Accounts shall be classified as Tier II Accounts.
** Such Accounts shall be classified as Tier I Accounts.

Annex B

Annex C

APPROVED ACCOUNT DEBTORS

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Anadarko Energy Services, Corp.		$ 3,000,000	2	
Anadarko E&P Onshore LLC (fka Anadarko E&P Company LP)	N/R	$ 3,000,000	2	None
Anadarko Gathering Company LLC	N/R	$ 1,500,000	2	None
Atmos Energy Marketing, LLC		$ 6,000,000	1	Atmos Energy Holdings, Inc.
Autonation USA Corp.		$ 2,000,000	2	
Barclays Bank, PLC	A+	$10,000,000	1	
BG Americas & Global LLC		$ 2,000,000	2	
BG LNG Services, LLC		$ 3,000,000	2	
BP Canada Energy Co.	A	$12,000,000	1	
BP Energy Co.	A	$15,000,000	1	
BP Products North America	A+	$ 6,000,000	1	
Burger King Corp.	B+	$ 2,000,000	2	
Burlington Northern Santa Fe, LLC	BBB+	$ 1,500,000	2	
Calpine Energy Services, LP		$ 5,000,000	1	Calpine Corporation
Campbell Soup Supply Company, LLC		$ 6,000,000	2	
Capital District Energy Center Cogeneration Associates		$ 2,000,000	2	Power Corp max 2MM for Capital District, Pawtucket & Pittsfield

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
CenterPoint Energy Services, Inc.		$ 2,000,000	2	
Chesapeake Energy Marketing, Inc		$ 3,000,000	2	
Chevron Phillips Chemical Company LP	BBB+	$ 6,000,000	2	
Chevron Texaco Natural Gas, a division of Chevron (USA), Inc		$ 2,000,000	2	
CHS, Inc.		$ 5,000,000	2	
CIMA Energy, Ltd		$ 2,000,000	2	
City of San Antonio, TX		$10,000,000	2	
Colonial Energy, Inc.		$ 2,000,000	2	
Columbia Gas of Ohio		$ 4,000,000	2	
Conectiv Energy Supply, Inc.		$ 1,500,000	2	
ConocoPhillips	A	$ 6,000,000	1	
Conopco Inc. dba Unilever North America		$ 5,000,000	2	
Consolidated Edison Solutions		$ 2,000,000	2	
Constellation Energy Commodities Group (fka Constellation Power Source, Inc)		$ 5,000,000	2	
Davison Petroleum Supply, LLC	BB-	$ 2,000,000	2	Genesis Energy LP
DCP Midstream Marketing, LP (fka Duke Energy Field Services Marketing, LP)		$ 1,500,000	2	
DCP NGL Services, LLC		$ 7,500,000	2	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Devon Energy Production Company, LP		$ 3,000,000	2	
Dillard's, Inc.	BB	$ 2,000,000	2	
Dollar Tree Stores, Inc.		$ 1,500,000	2	
Dow Hydrocarbons & Resources, Inc.		$ 5,000,000	2	
Dufour Petroleum Inc.		$ 5,000,000	2	
Dynegy Inc.		$ 2,000,000		
EDF Trading North America, LLC		$ 5,000,000	2	
Emera Energy Services		$ 5,000,000	1	Emera Inc.
Enbridge Marketing (US) LP		$ 2,000,000	2	
EnCana Marketing (USA) LP		$ 2,000,000	2	
Energy Authority, Inc. (The)		$ 3,000,000	2	
Energy USA-TPC Corp		$ 2,500,000	2	
Enjet, Inc.		$ 0	2	
Enserco Energy, Inc.		$ 2,000,000	2	
Enterprise Products Operating LLC	BBB	$18,000,000	1	
ERCOT		$ 5,000,000	2	
ETC Marketing Ltd		$ 2,500,000	2	
Exempla Healthcare		$ 2,500,000	2	
FerrellGas, LP	B	$ 2,000,000	2	
Fitchburg Gas and Electric Light Company		$ 3,000,000	2	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Forest Oil Corp	B+	$ 1,100,000	2	
Formosa Plastics Corp. USA		$ 2,000,000	2	
Gavilon, LLC	BB	$ 4,000,000	2	Gavilon Group LLC
Gazprom Marketing & Trading USA, Inc.		$ 5,000,000	2	Gazprom Marketing & Trading, Ltd.
General Services Administration	US Gov	$10,000,000	1	
Goodrich Petroleum Corp	**B-**	$ 5,000,000	2	
Hannaford Bros. Co.		$ 2,500,000	2	
Hartford Hospital		$ 3,000,000	2	
Heritage Energy Resources, LLC		$ 3,000,000	2	
Hess Corp	BBB	$10,000,000	1	
Home Depot USA, Inc.		$ 1,500,000	2	
Hopewell Cogeneration LP		$ 2,000,000	2	
Houston Pipeline Co.		$ 3,000,000	2	
Inergy Propane, LLC		$ 3,500,000	2	
Integrys Energy Services, Inc. (fka WPS Energy Services, Inc.)		$ 4,000,000	2	
Interstate Gas Supply, Inc.		$ 3,000,000	2	
J.Aron & Co.		$ 3,000,000	2	
Jefferson and Cocke Counties, TN		$ 3,000,000	2	
Jefferson County School District		$ 1,500,000	2	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
JP Morgan Ventures Energy Corporation		$ 5,000,000	1	JP Morgan Chase & Company
Kinder Morgan Tejas Pipeline, LLC		$ 4,000,000	2	Kinder Morgan Energy Partners, LP
Kinder Morgan Texas Pipeline, LLC		$ 4,000,000	2	Kinder Morgan Energy Partners, LP
Kinetic Resources(USA)		$ 1,500,000	2	
Koch Supply & Trading, LP		$ 4,000,000	2	
Lion Oil Trading & Transportation Inc.	N/R	$ 3,000,000	2	Delek US Holdings Inc.
Long Island Lighting Company (dba Long Island Power Authority)		$ 0	0	
Macquarie Energy, LLC (fka Macquarie Cook Energy, LLC and Cook Inlet Energy Services)		$ 3,000,000	2	
Marathon Petroleum Corp.	BBB	$10,000,000	1	
Mieco, Inc.		$ 1,500,000	2	
Merrill Lynch Commodities, Inc.		$ 3,000,000	2	
MHC Operating Limited Partnership		$ 1,500,000	2	
MillerCoors LLC		$ 2,000,000	2	
Mohegan Tribal Gaming Authority	**B-**	$ 2,000,000	2	
Morgan Stanley Capital Group, Inc.		$ 3,000,000	2	
Murphy Gas Gathering		$ 3,000,000	2	
New York City Housing Authority		$12,000,000	1	
New York State Power Authority		$ 7,000,000	1	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Nexen Inc	BBB-	$ 6,000,000	1	
Nexen Marketing (USA) Inc.		$ 2,000,000	2	
NextEra Energy Power Marketing, Inc. (fka FPL Energy Power Marketing, Inc.)		$ 1,500,000	2	
Niska Gas Storage		$ 2,000,000	2	
NuStar Supply & Trading LLC	BB+	$ 5,000,000	2	NuStar Energy LP
Occidental Energy Marketing, Inc		$ 6,000,000	2	
ONEOK Energy Services Company, LP		$ 3,000,000	2	
ONEOK Hydrocarbon, LP		$ 3,000,000	2	
Pacific Gas & Electric Company	BBB	$10,000,000	1	
Pacific Summit Energy, LLC		$ 5,000,000	1	Sumitomo Corporation
Pawtucket Power Associates Limited Partnership		$ 2,000,000	2	Power Corp max 2MM for Capital District, Pawtucket & Pittsfield
Philadelphia Gas Works		$ 3,000,000	2	
Pittsfield Generating Company LP		$ 2,000,000	2	Power Corp max 2MM for Capital District, Pawtucket & Pittsfield
Placid Refining Co, LLC		$ 2,000,000	2	
Plains Marketing, LP		$ 5,000,000	2	
Pontchartrain Natural Gas System	BBB	$ 2,000,000	2	Enterprise Products Operating, LLC

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Praxair Surface Technologies, Inc.	A	$7,500,000	1	
Proliance Energy LLC		$5,000,000	2	
PSEG Power New York, Inc.		$2,000,000	2	
Range Resources Corp	BB	$3,000,000	2	
Repsol Energy North America Corporation		$5,000,000	2	Repsol YPF S.A. for $2.5 million
Saint Gobain Corp.		$5,000,000	2	
Sempra Energy	BBB+	$6,000,000	1	
Sempra Energy Trading Corp.		$6,000,000	2	
Sequent Energy Management, L.P. and Sequent Energy Canada Corp.	BBB+	$5,000,000	1	AGL Resources, Inc.
Shell Energy North America (Canada) Inc.		$7,000,000	1	
Shell Energy North America (US) LP	A-	$7,000,000	1	
Shell Energy Trading (US) Company		$6,000,000	1	
Sikorsky Aircraft Corp.		$3,000,000	2	
SM Energy Company (fka St. Mary Land & Exploration Co.)	BB	$2,000,000	2	
Southern Connecticut Gas	BBB	$3,000,000	2	
SouthWest Gas Corp.	BBB+	$6,500,000	1	
Southwestern Energy Company	BBB-	$2,000,000	2	
Sprague Energy Corp.		$3,700,000	2	
Springfield Pipeline LLC	N/R	$1,000,000	2	None

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Starwood Hotels & Resorts Worldwide, Inc.	BBB	$ 3,000,000	2	
Statoil Natural Gas LLC		$ 2,000,000	2	
Tauber Oil Company		$ 2,000,000	2	
TC Ravenswood, LLC		$10,000,000	2	
Tenaska Marketing Ventures		$ 2,000,000	2	
Texon, LP		$ 5,000,000	2	
Toray Plastics (America), Inc.		$ 3,000,000	2	
Total Gas & Power North America, Inc.		$ 6,000,000	2	
Twin Eagle Resource Management, LLC		$ 1,500,000	2	
U.S. Energy Corp.		$ 4,000,000	2	
UGI Energy Services Inc.		$ 4,000,000	2	
United Energy Trading, LLC		$ 2,000,000	2	
Vitol Inc		$10,000,000	2	
Westlake Petrochemicals, LP		$ 5,000,000	2	
Westlake Vinyls, LP		$ 5,000,000	2	
Wild Goose Storage, LLC		$ 2,000,000	2	
Williams NGL Marketing, LLC		$ 2,000,000	2	
Williams Power Company, Inc.		$ 3,000,000	2	

SCHEDULE 1.01(a)

EXISTING LETTERS OF CREDIT

LC#	Customer's Reference Number	L/C Type	Issuance Date	Expiry Date	Currency	Outstanding Liability	Beneficiary
SPARK ENERGY GAS, LP							
N.SOL.15426		Standby Performance	03-Jan-13	23-Nov-13	USD	200,000.00	PUBLIC SERVICE ELECTRIC & GAS CO.
N.SOL.15428		Standby Performance	27-Dec-12	30-Oct-13	USD	38,000.00	COLUMBIA GAS OF OHIO, INC.
N.SOL.15432		Standby Performance	27-Dec-12	29-Oct-13	USD	90,000.00	BAY STATE GAS COMPANY
N.SOL.15451		Standby Performance	31-Dec-12	23-Sept-13	USD	104,375.00	NORTHERN INDIANA PUBLIC SERVICE COMPANY
N.SOL.15473		Standby Performance	04-Jan-13	03-Jan-14	USD	2,000,000.00	KERN RIVER GAS TRANSMISSION CO.
N.SOL.15483		Standby Performance	10-Jan-13	20-Apr-14	USD	90,000.00	VECTOR PIPELINE L.P.
N.SOL.15484		Standby Performance	10-Jan-13	20-Apr-14	USD	20,000.00	VECTOR PIPELINE LIMITED PARTNERSHIP
N.SOL.15514		Standby Performance	07-Feb-13	31-Oct-13	USD	441,000.00	NORTHERN ILLINOIS GAS COMPANY
N.SOL.15526		Standby Performance	15-Jan-13	04-Oct-13	USD	520,000.00	PACIFIC GAS AND ELECTRIC COMPANY

LC#	Customer's Reference Number	L/C Type	Issuance Date	Expiry Date	Currency	Outstanding Liability	Beneficiary
N.SOL.15574		Standby Performance	28-Jan-13	28-Jan-14	USD	45,000.00	SAN DIEGO GAS & ELECTRIC COMPANY
N.SOL.15575		Standby Performance	28-Jan-13	28-Jan-14	USD	500,000.00	SOUTHERN CALIFORNIA GAS COMPANY
N.SOL.15588		Standby Performance	30-Jan-13	29-Jan-14	USD	100,000.00	CITIZENS ENERGY GROUP
N.SOL.15606		Standby Performance	01-Feb-13	31-Jan-14	USD	112,574.00	SOUTHERN CONNECTICUT GAS COMPANY
N.SOL.15607		Standby Performance	01-Feb-13	31-Jan-14	USD	119,218.00	CONNECTICUT NATURAL GAS CORPORATION
N.SOL.15652		Standby Performance	14-Feb-13	13-Aug-13	USD	1,900,000.00	BERRY PETROLEUM COMPANY
N.SOL.15863		Standby Performance	02-Apr-13	15-Oct-13	USD	2,000,000.00	ETC TEXAS PIPELINE, LTD.
N.SOL.16278		Standby Performance	03-Jul-13	30-Sept-13	USD	1,700,000.00	EP ENERGY E&P COMPANY, L.P.
N.SOL.16326		Standby Performance	11-July-13	08-Oct-13	USD	4,000,000.00	BILL BARRETT CORPORATION
SPARK ENERGY LP							
N.SOL.15394		Standby Performance	26-Dec-12	04-Dec-13	USD	400,000.00	SHELL ENERGY NORTH AMERICA (US), L.P.

LC#	Customer's Reference Number	L/C Type	Issuance Date	Expiry Date	Currency	Outstanding Liability	Beneficiary
N.SOL.15406		Standby Performance	21-Dec-12	07-Jul-14	USD	3,400,000.00	PJM SETTLEMENT, INC.
N.SOL.15409		Standby Performance	24-Dec-12	26-Dec-13	USD	1,700,000.00	NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
N.SOL.15416		Standby Performance	26-Dec-12	15-Oct-13	USD	1,150,000.00	ISO NEW ENGLAND, INC.
N.SOL.15427		Standby Performance	03-Jan-13	23-Nov-13	USD	150,000.00	PUBLIC SERVICE ELECTRIC & GAS CO.
N.SOL.15506		Standby Performance	29-Jan-13	10-Jan-14	USD	500,000.00	PUBLIC UTILITY COMMISSION OF TEXAS
N.SOL.15869		Standby Performance	04-Apr-13	18-Sept-13	USD	740,000.00	NRG POWER MARKETING INC.
N.SOL.16315		Standby Performance	09-Jul-13	07-Oct-13	USD	1,300,000.00	MACQUARIE ENERGY LLC

SCHEDULE 1.01(b)

POR AGREEMENTS

1. Electric Billing Services Agreement dated October 15, 2010, by and between Baltimore Gas and Electric Company and Spark Energy, L.P.
2. Billing Services Agreement dated October 18, 2010, by and between Baltimore Gas and Electric Company and Spark Energy Gas, LP.
3. Billing Services, Purchase of Accounts Receivables, and Assignment Agreement dated as of July 31, 2009 between The Brooklyn Union Gas Company d/b/a National Grid, and Spark Energy Gas. LP.
4. Billing Services, Purchase of Accounts Receivables, and Assignment Agreement dated as of July 31, 2009 between KeySpan Gas East Corporation d/b/a National Grid, and Spark Energy Gas. LP.
5. Agreement for Billing Services and for the Purchase of Electric Accounts Receivable dated July 24, 2007, by and between Niagara Mohawk Power Corporation and Spark Energy, L.P., as amended by Amendment No. 1 To The Agreement for Billing Services and for the Purchase of Electric Accounts Receivable (ESCO Referral Program) effective as of July 24, 2007, by and between Niagara Mohawk Power Corporation and Spark Energy, L.P.
6. Agreement for Billing Services and for the Purchase of Gas Accounts Receivable dated July 11, 2007, by and between Niagara Mohawk Power Corporation and Spark Energy Gas, LP.
7. Supplier Aggregation Service Agreement dated May 1, 2010, by and between Northern Indiana Public Service Company and Spark Energy Gas, LP.
8. Consolidated Utility Billing Service and Assignment Agreement dated January 25, 2006, by and between Consolidated Edison Company of New York, Inc. and Spark Energy, L.P.
9. Consolidated Utility Billing Service and Assignment Agreement dated , by and between Consolidated Edison Company of New York, Inc. and Spark Energy Gas, LP.
10. Accounts Receivable Purchase Agreement dated October 14, 2011, by and between Columbia Gas of Ohio, Inc. and Spark Energy Gas, LP.
11. Commonwealth Edison Rider PORCB Election dated January 25, 2011, by Spark Energy, LP.

12. Public Service Electric and Gas Company Third Party Supplier Customer Account Master Service Agreement, by Spark Energy, L.P.

13. Public Service Electric and Gas Company Third Party Supplier Customer Account Master Service Agreement, by Spark Energy Gas, LP.

14. Coordination Agreement dated June 11, 2010, by and between PECO Energy and Spark Energy, L.P., referencing PECO EGS Coordination Tariff, wherein POR is described in Competitive Billing Specifications Rider.

15. Coordination Agreement dated December 14, 2009, by and between PP&L, Inc. and Spark Energy, L.P., referencing PPL EGS Coordination Tariff, wherein POR is described in Section 12, Payment and Billing.

16. Electric Supplier Service Agreement dated July 20, 2010, by and between The United Illuminating Company and Spark Energy, L.P., wherein Section 7 references billing and payment processing and the DPUC-approved Bills Rendered Payment Mechanism.

17. Electric Supplier Service Agreement dated , by and between Connecticut Light & Power Company and Spark Energy, L.P., wherein Section 7 references billing and payment processing and the DPUC-approved Bills Rendered Payment Mechanism.

18. Service Agreement dated November 25, 2008, by and between The East Ohio Gas Company and Spark Energy Gas, LP, wherein purchase of receivables is referenced in Billing Agreement - Option 2.

Schedule 1.01(b)

SCHEDULE 2.01

COMMITMENTS

Société Générale	$25,000,000.00	31.25%
Natixis, New York Branch	$15,000,000.00	18.75%
Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," New York Branch	$15,000,000.00	18.75%
RBI International Finance (USA) LLC	$15,000,000.00	18.75%
Compass Bank	$10,000,000.00	12.50%
	$80,000,000.00	100%

SCHEDULE 6.15

SUBSIDIARIES AND EQUITY INVESTMENTS

1. Spark Energy Ventures, LLC:
   (a) Associated Energy Services, LP (1% Limited Partnership Interest)
   (b) Spark Energy Gas, LP (1% Limited Partnership Interest)
   (c) Spark Energy, L.P. (1% Limited Partnership Interest)
   (d) Spark Energy Holdings, LLC (100% Membership Interest)
2. Spark Energy Holdings, LLC:
   (a) Associated Energy Services, LP (99% General Partnership Interest)
   (b) Spark Energy Gas, LP (99% General Partnership Interest)
   (c) Spark Energy, L.P. (99% General Partnership Interest)
3. Associated Energy Services, LP: NONE
4. Spark Energy Gas, LP: NONE
5. Spark Energy, L.P.: NONE

SCHEDULE 6.21

DEPOSIT ACCOUNTS, SECURITIES ACCOUNTS AND HEDGING ACCOUNTS

A. Deposit Accounts and Securities Accounts

Associated Energy Services, LP

Compass Bank Account No.:	29200300

Spark Energy Gas, LP

Compass Bank Account Nos.:	87113329 29200734 29200815 (Lockbox)
Wells Fargo Account Nos.:	4174907669 (Lockbox) 4945021152

Spark Energy, L.P.

Compass Bank Account Nos.:	87113124 12217196 23158868 29200793 (Lockbox)

B. Hedging Accounts

Spark Energy Gas, LP

Newedge USA, LLC Account Nos.:	F TX600 GGG15310 F TX600 03915310
BNPP Commodity Futures Account No:	GRP5755

SCHEDULE 7.10

PERMITTED INDEBTEDNESS AND LIENS

None.

SCHEDULE 7.18

LOCATIONS OF INVENTORY

Spark Energy Gas, LP:

ANR

Osceola, Clare & Montcalm County

Baltimore Gas & Electric (BG&E)

Baltimore County

Carthage

Panola, TX

Columbia Ohio

Richland, Franklin, Montgomery, Hocking, Vinton & Guernse County

Dominion East Ohio

Wayne, Stark & Summit county

Natural Gas Pipeline Co. (NGPL)

Douglas (IL), Shelby (IL), Kankake (IL), Iowa (IA) & Louisa (IA) County

Nicor

Troy Grove Storage Field

169 N 36 th Road

Mendota, IL 61342

Nipsco

Cass County

Panhandle Eastern Pipeline (PEPL)

Livingston County

Dominion Transmission, Inc.

Storage for Dominion operates as an aggregate with the following breakdown allocation:

PA (63.405%)
NY (9.7463%)
W. VA (26.8487%)

Egan

Acadia County (LA)

KMTP

Jackson, TX

Moss Bluff

Liberty County (TX)

NIMO - National Grid

Suffolk, MA

National Fuel

Onondaga & Kings (NY)

PG&E

San Joaquin & Costa County, CA

San Diego Gas & Electric (SDG&E)

San Diego County, CA

SOCAL

Los Angeles County, CA

Tennessee Gas Pipeline

Ellisburg-Northern Storage

Potter's County, PA

Tetco

Juniata, PA

Washington 10

Macomb County

Associated Energy Services, LP:

America West Resources, Inc.

Price, UT

Trafigura

Seabrook, TX

SCHEDULE 10.02

ADDRESSES FOR NOTICES

PARENT & CO-BORROWERS:

2105 CityWest Blvd,
Suite 100
Houston, TX 77042
Attention: Nathan Kroeker
Telephone: (281) 833-4153
Facsimile: (281) 833-4859
Email: nkroeker@sparkenergy.com

With a copy to:

2105 CityWest Blvd,
Suite 100
Houston, TX 77042
Attention: Terry D. Jones, Executive Vice President & General Counsel
Telephone: (832) 217-1848
Facsimile: (281) 833-4815
Email: tjones@sparkenergy.com

AGENT :

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Telephone: 972 387 5002
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Prior to September 1, 2013, with a copy to:

Société Générale, as Administrative Agent
1221 Avenue of the Americas
New York, New York 10020
Attention: Huub Kops
Telephone: (212) 278-7592
Facsimile: (212) 278-7987
Email: huub.kops@sgcib.com

On or after September 1, 2013 with a copy to:

Société Générale, as Administrative Agent
245 Park Ave
New York, New York, 10167
Attention: Huub Kops
Telephone: (212) 278-7592
Facsimile: (212) 278-7987
Email: huub.kops@sgcib.com

Schedule 10.02

EXHIBIT A-1

NOTICE OF BORROWING
(Working Capital Loan)

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy Ventures, LLC (" Parent "), Spark Energy Holdings, LLC (" SEH "), Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG "), Associated Energy Services, LP (" AES "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

Reference is made to the Agreement (capitalized terms used herein that are not defined shall have the respective meanings ascribed thereto in the Agreement). SEH hereby gives notice of its intention to borrow under the Working Capital Line.

[Please advance $ as a Working Capital Loan (and [Base Rate Loan][COF Rate Loan]), effective on , 20 . (This Notice of Borrowing is delivered prior to 1:00 p.m. New York City time, on the Borrowing Date.)] [Please advance $ ($5,000,000 or an increment of $1,000,000 in excess thereof) as a Working Capital Loan (and Eurodollar Rate Loan), effective on , 20 with an Interest Period of . (This Notice of Borrowing is delivered prior to 1:00 p.m. New York City time, three (3) Business Days prior to the Borrowing Date.)]

The requested advance relates to the following Advance Sub-limit Cap:

(a) For the purchase of Product: _____

(b) For Contango Transactions: _____

The requested advance will be used on behalf of the following Co-Borrower(s): .

SEH represents and warrants, as of the date hereof and as of the date any Working Capital Loan is made or renewed, that (i) no Default or Event of Default has occurred and is continuing; (ii) that after giving effect to the

Working Capital Loan requested above, the appropriate Advance Sub-limit Cap and the Borrowing Base Advance Cap will not be exceeded and (iii) the Loan Parties' representations and warranties under the Agreement are true and correct in all material respects.

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

NOTICE OF BORROWING
(Letters of Credit)

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy Ventures, LLC (" Parent "), Spark Energy Holdings, LLC (" SEH "), Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG "), Associated Energy Services, LP (" AES "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

Reference is made to the Agreement (capitalized terms used herein that are not defined shall have the respective meanings ascribed thereto in the Agreement). SEH hereby gives notice of its intention to request the **[issuance, amendment, or renewal]** of Letters of Credit under the Working Capital Line as is further described on the Letter of Credit Application(s) attached hereto.

The requested [issuance/amendment/renewal] relates to the following L/C Sub-limit Cap:

(a) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product, financing Capacity Obligations and Performance Standby Letters of Credit, in each case with terms of up to 90 days: _____

(b) Standby Letters of Credit issued for the purpose of financing a Contango Transaction with terms of up to 365 days: _____

(c) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product and financing Capacity Obligations and Performance Standby Letters of Credit, in each case with terms of greater than 90 days and up to 365 days: _____

Documentary and Standby Letters of Credit issued in favor of MMP and its Subsidiaries for the purpose of financing Capacity Obligations and Performance Standby Letters of Credit, in each case with terms of up to 365 days: _____

SEH represents and warrants, as of the date hereof and as of the date any Letter of Credit is Issued, amended or renewed, that (i) no Default or Event of Default has occurred and is continuing; (ii) that after giving effect to the Letters of Credit requested above, none of the following limits, as applicable, will be exceeded: (a) the Borrowing Base Advance Cap; (b) any L/C Sub-limit Cap; or (c) the Advance Sub-Limit Cap; and (iii) the Loan Parties' representations and warranties under the Agreement are true and correct in all material respects.

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A-2

FORM OF
NOTICE OF CONVERSION/CONTINUATION

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy Ventures, LLC (" Parent "), Spark Energy Holdings, LLC (" SEH "), Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG "), Associated Energy Services, LP (" AES "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

SEH hereby gives you irrevocable notice pursuant to Section 2.05 of the Agreement that they hereby request a [conversion] [continuation] of [outstanding Borrowings] [an outstanding Borrowing] into a new Borrowing (the " Proposed Borrowing ") on the terms set forth below:

Outstanding Borrowing #1

Date of Borrowing:
Aggregate Amount for Conversion [1] :
Type of Advance:
Interest Period:

[1] The aggregate amount for conversion or continuation with respect to Borrowings comprised of Eurodollar Rate Loans must be made in an amount equal to $5,000,000 and multiples of $1,000,000 in excess thereof.

Proposed Borrowing

Date of Conversion or Continuation [2] :
Aggregate Amount:
Type of Advance:
Interest Period:

SEH hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing:

(a) the representations and warranties contained in the Agreement are correct in all material respects, before and after giving effect to the proposed Borrowing and the application of the proceeds therefrom;

(b) no Default has occurred and is continuing, nor would result from the proposed Borrowing; and

(c) the Borrowing Base Advance Cap will not be exceeded after giving effect to the proposed Borrowing.

Very truly yours,

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

[2] The date of the proposed conversion must be a Business Date. Borrower must give three(s) Business Days' advance notice for conversions into or continuations of Borrowings comprised of Eurodollar Rate Loans, and the same Business Day advance notice for conversions into or continuations of Borrowings comprised of Base Rate Loans or COF Rate Loans.

EXHIBIT B

FORM OF NOTE

$, 20

FOR VALUE RECEIVED, **SPARK ENERGY, L.P.** (" Spark "), a Texas limited partnership, **SPARK ENERGY GAS, LP** (" SEG "), a Texas limited partnership, **ASSOCIATED ENERGY SERVICES, LP** (" AES "), a Texas limited partnership, **SPARK ENERGY HOLDINGS, LLC** (" SEH "), a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), jointly and severally promise to pay to , a (" Bank "), at the office of Agent (as defined in the Credit Agreement defined below) or at such other place as Bank from time to time may designate, the principal sum of and no/100 Dollars ($) (the " Maximum Loan Amount "), or so much of that sum as may be advanced under this promissory note (" Note "), plus interest as specified in this Note. This Note evidences a loan (" Loan ") from Bank to the Co-Borrowers.

This Note is issued pursuant to that certain Seventh Amended and Restated Credit Agreement, dated effective as of July 31, 2013, among Spark Energy Ventures, LLC, the Co-Borrowers and Bank, *et al*. (as it may be amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "). Each capitalized term used but not otherwise defined in this Note shall have the meaning ascribed to such term in the Credit Agreement. Some or all of the Loan Documents, including the Credit Agreement, contain provisions for the acceleration of the maturity of this Note.

This Note shall bear interest as is provided for in the Credit Agreement.

Principal and accrued interest hereunder shall be due and payable as is provided for in the Credit Agreement.

The Co-Borrowers may prepay the principal under this Note only in accordance with the Credit Agreement.

If any Event of Default occurs, Bank shall have all remedies provided for under the terms of the Credit Agreement.

All amounts payable under this Note are payable in lawful money of the United States during normal business hours of Agent at the office of Agent indicated in paragraph one above or at such other place as Agent from time to time may designate. Checks constitute payment only when collected.

Whenever the Co-Borrowers are obligated to pay or reimburse Bank for any attorneys' fees, those fees shall include the reasonably allocated costs for services of in-house counsel.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW (WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) OF THE STATE OF NEW YORK; *PROVIDED , HOWEVER* , THAT THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

The Co-Borrowers agree that the holder of this Note may accept additional or substitute security for this Note, or release any security or any party liable for this Note, and without affecting the liability of any Co-Borrower.

If Bank delays in exercising or fails to exercise any of its rights under this Note, that delay or failure shall not constitute a waiver of any of Bank's rights, or of any breach, default or failure of condition of or under this Note.

No waiver by Bank of any of its rights, or of any such breach, default or failure of condition shall be effective, unless the waiver is expressly stated in a writing signed by Bank. All of Bank's remedies in connection with this Note or under applicable law shall be cumulative, and Bank's exercise of any one or more of those remedies shall not constitute an election of remedies.

Regardless of any provision contained in this Note or in any of the other Loan Documents, Bank shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest on the Loan, pursuant to this Note or any other Loan Document, or otherwise, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and, in the event that Bank ever receives, collects or applies as interest any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Loan, and, if the principal balance of the Loan is paid in full, any remaining excess shall forthwith be paid to the Co-Borrowers. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate, the Co-Borrowers and Bank shall, to the maximum extent permitted under applicable law, (a) characterize any non-principal payment as an expense, fee, or premium, rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) spread the total amount of interest throughout the entire contemplated term of the Loan so that the interest rate is uniform throughout such term; *provided* , that if the Loan is paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual term thereof exceeds the maximum lawful rate, Bank shall refund to the Co-Borrowers the amount of such excess, or credit the amount of such excess against the aggregate unpaid principal balance of the Loan at the time in question.

This Note inures to and binds the successors and assigns of the Co-Borrowers and Bank; *provided , however ,* that the Co-Borrowers may not assign this Note or assign or delegate any of their rights or obligations except as permitted under the Credit Agreement.

As used in this Note, the terms "Bank," "holder" and "holder of this Note" are interchangeable. As used in this Note, the word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to."

THIS WRITTEN AGREEMENT AND THE CREDIT AGREEMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF , the undersigned have caused this Note to be executed and delivered as of the date above first written.

CO-BORROWERS:

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY, L.P.
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY GAS, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

Exhibit B

ASSOCIATED ENERGY SERVICES, LP ,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

Exhibit B

EXHIBIT C

FORM OF NET POSITION REPORT

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Net Positions

In my capacity as Responsible Officer, authorized to act on behalf of each of Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG ") and Associated Energy Services, LP (" AES "), I hereby certify to you that as of the date written above,

	Spark's aggregate Net Position is as follows:
	Electricity Megawatt Hours
Long Position	
Short Position	( )
Net Position	

	SEG's aggregate Net Position is as follows:	**AES's aggregate Net Position is as follows:**
	Natural gas MMBtus	Natural gas MMBtus
Long Position		
Short Position	( )	( )
Net Position		
	Crude Oil bbl	Crude Oil bbl
Long Position		
Short Position	( )	( )
Net Position		

	Natural Gas Liquids bbl	Natural Gas Liquids bbl
Long Position		
Short Position	( )	( )
Net Position		

	Petroleum Products bbl	Petroleum Products bbl
Long Position		
Short Position	( )	( )
Net Position		

To the best of my knowledge, the aggregate Net Position for the Loan Parties has at no time exceeded the applicable limitation set forth in Section 7.17 of that certain Seventh Amended and Restated Credit Agreement, dated to be effective as of July 31, 2013 by and among Spark, SEG, AES and related entities, Société Générale, and the other financial institutions which may become parties thereto (the " Credit Agreement "). Terms not defined herein have the meanings assigned to them in the Credit Agreement.

Very truly yours,

SPARK ENERGY HOLDINGS, LLC ,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

Exhibit C

EXHIBIT D

FORM OF
COLLATERAL POSITION REPORT

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy Ventures, LLC (" Parent "), Spark Energy Holdings, LLC (" SEH "), Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG "), Associated Energy Services, LP (" AES "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

The undersigned Responsible Officer (as that term is defined in the Agreement), who is authorized to act on behalf of SEH, Spark, SEG and AES, delivers the attached report to the Banks and certifies to the Banks that it is in compliance with the Agreement. Further, the undersigned hereby certifies that the undersigned has no knowledge of any Defaults or Events of Default under the Agreement which exist as of the date of this letter.

The undersigned also certifies that the amounts set forth on the attached report constitute all Collateral which has been or is being used in determining availability for a Letter of Credit or advance under the Working Capital Line as of the preceding date. This certificate and attached report are submitted pursuant to Subsection 7.02(b) of the Agreement.

Very truly yours,

SPARK ENERGY HOLDINGS, LLC ,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

COLLATERAL POSITION REPORT

COLLATERAL POSITION REPORT AS OF:

To: Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

I hereby certify that as of the date written above, the amounts indicated below were, to the best of my knowledge, true and accurate as of the date of preparation, and have not and are not being used in determining availability for any other advance or Letter of Credit Issuance.

I. COLLATERAL

		Spark	SEG	AES	Gross Collateral	Advance Rate	Net Collateral
A.	Cash Collateral & other liquid investments (not being used in determining availability for any other advance or Letter of Credit Issuance)	0	0	0	0	100%	0
B.	Equity in Approved Brokerage Accounts	0	0	0	0	90%	0
C.	Tier I Accounts net of deductions, offsets and counterclaims	0	0	0	0	90%	0
D.	Tier II Accounts net of deductions, offsets and counterclaims	0	0	0	0	85%	0
E.	Tier I Unbilled Qualified Accounts net of deductions, offsets and counterclaims	0	0	0	0	85%	0
F.	Tier II Unbilled Qualified Accounts net of deductions, offsets and counterclaims	0	0	0	0	80%	0
G.	Hedged/Pre-sold Inventory	0	0	0	0	85%	0
H.	Eligible Inventory	0	0	0	0	80%	0
I.	Net Eligible Exchange Receivables	0	0	0	0	80%	0
J.	Letters of Credit for Products Not Yet Delivered	0	0	0	0	80%	0
K.	In-The-Money positions with tenors up to 12 months	0	0	0	0	60%	0
L.	Line-fill inventory and recoverable tank bottom inventory	0	0	0	0	60%	0

Less any of the following:							
M.	The amounts (including disputed items) which would be subject to a so-called "First Purchaser Lien" as explained in Clause (c)(xiii) of Borrowing Base Advance Cap	0	0	0	0	100%	0
N.	115% of the amount of any mark to market exposure to the Swap Banks under Swap Contracts as reported by the Swap Banks, reduced by Cash Collateral held by a Swap Bank	0	0	0	0	115%	0
O.	115% of the amount of any mark to market exposure to the Swap Banks under Physical Trade Contracts as reported by the Swap Banks, until nomination for delivery is made and then 115% of the notional amount of exposure to the Swap Banks, in each case, reduced by Cash Collateral held by a Swap Bank	0	0	0	0	115%	0
P.	Reserves	0	0	0	0	100%	0
Q.	Sales Taxes	0	0	0	0	100%	0
R.	**TOTAL COLLATERAL**	**0**	**0**	**0**	**0**		**0**

II. BANK OUTSTANDING (Net of Letters of Credit):

TOTAL REDUCTIONS IN COLLATERAL	**$0**

Loans		**LC's**	
SEG Contango =	0	SEG Contango =	0
Spark =	0	Spark =	0
SEG =	0	SEG =	0
AES =	0	AES =	0
	0		0

IV. EXCESS/(DEFICIT) COLLATERAL:

Actual =	**$0**

V. Enclosed are all the necessary reports with details for the above including the following:

1. Schedule of qualified customers that shows the aging of such accounts.
2. Schedule of netted qualified exchange balances.
3. Schedule of qualified inventory.

4. Brokerage statements.
5. Detailed information related to forward in-the-money positions by counterparty.
6. Reporting by Swap Banks.
7. Bank statements.
8. Schedule of all contras applied against any of the above.
9. Mark-to-market profit and loss statement (if applicable).

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

Exhibit D

EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy Ventures, LLC (" Parent "), Spark Energy Holdings, LLC (" SEH "), Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG "), Associated Energy Services, LP (" AES "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

The undersigned Responsible Officer (as that term is defined in the Agreement) certifies to the Banks that SEH, Spark, SEG, AES and are in compliance with the Agreement and in particular certifies the following as of :

	Actual Level		Required Level	
(i) Net Working Capital	$	;	$	;
(ii) Tangible Net Worth	$	;	$	;
(iv) Fixed Charge Coverage Ratio	to	;	to	;

Further, the undersigned hereby certify that they have no knowledge of any Defaults under the Agreement which exists as of the date of this letter.

The undersigned also certifies that the accompanying financial statements present fairly, in all material respects, the financial condition of SEH, Spark, SEG and AES as of [ ], and the related results of operations for the [ ] then ended, in conformity with generally accepted accounting principles.

Very truly yours,

SPARK ENERGY VENTURES, LLC
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

Exhibit E

EXHIBIT F

CERTIFICATE OF RESPONSIBLE OFFICER OF PARENT

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy Ventures, LLC (" Parent "), Spark Energy Holdings, LLC (" SEH "), Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG "), Associated Energy Services, LP (" AES "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

The undersigned, in his capacity as Responsible Officer (as such term is defined in the Agreement) of each of Parent, SEH, Spark, SEG and AES certifies the following to the Banks on behalf of itself in accordance with Section 5.01(f) of the Agreement:

1. The representations and warranties contained in Article VI of the Agreement are true and correct on and as of the date hereof, as though made on and as of the date hereof;

2. No Default or Event of Default exists or would result from the Credit Extension; and

3. There has occurred since December 31, 2012, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect.

CO-BORROWERS:

SPARK ENERGY, L.P.
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: _____
Title: Responsible Officer

SPARK ENERGY GAS, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company, its General Partner

By: _____
Name: _____
Title: Responsible Officer

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

ASSOCIATED ENERGY SERVICES, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: _____
Title: Responsible Officer

PARENT:

SPARK ENERGY VENTURES, LLC
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

Exhibit F

EXHIBIT G

FORM OF COMMITMENT INCREASE AGREEMENT

THIS COMMITMENT INCREASE AGREEMENT, dated as of , 20 (this " Commitment Increase Agreement ") is made by and among **SPARK ENERGY, L.P.** , a Texas limited partnership, **SPARK ENERGY GAS, LP** , a Texas limited partnership, **ASSOCIATED ENERGY SERVICES** , a Texas limited partnership, **SPARK ENERGY HOLDINGS, LLC** , a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY VENTURES, LLC** (" Parent "), a Texas limited liability company, and each of the undersigned subsidiaries of Parent that are guarantors (the " Guarantors "), **SOCIÉTÉ GÉNÉRALE** , in its capacity as administrative agent under the Credit Agreement (as defined below) (in such capacity, the " Agent "), and (the " Increasing Bank "). Reference is made to the Seventh Amended and Restated Credit Agreement dated as of July 31, 2013, among Parent, the Co-Borrowers, the banks party thereto from time to time (the " Banks "), and the Agent (as the same may be amended or modified from time to time, the " Credit Agreement "). Capitalized terms used herein but not defined herein shall have the meanings specified by the Credit Agreement.

PRELIMINARY STATEMENTS

A. Pursuant to Section 2.02 of the Credit Agreement, and subject to the terms and conditions thereof, SEH may request that the amount of the Commitments be increased.

B. SEH has given notice to the Agent of such a request pursuant to Section 2.02 of the Credit Agreement.

C. The terms and conditions of Section 2.02 have been met or satisfied, as applicable, and the Co-Borrowers, the Agent, and the Increasing Bank now wish to increase the Commitment of the Increasing Bank for the Co-Borrowers from $ to $.

AGREEMENT

1. Increase of Commitments . Pursuant to Section 2.02 of the Credit Agreement, the Commitment of the Increasing Bank for the Co-Borrowers is hereby increased from $ to $.

2. New Note . The Co-Borrowers agree to promptly execute and deliver to the Increasing Bank a new Note in the principal amount of the Increasing Bank's Commitment (the " New Note "), and Increasing Bank agrees to return to the Co-Borrowers with reasonable promptness, the Note previously delivered to the Increasing Bank by the Co-Borrowers pursuant to Section 2.02 of the Credit Agreement.

3. Governing Law . This Commitment Increase Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York.

4. Bank Credit Decision . The Increasing Bank acknowledges that is has, independently and without reliance upon the Agent or any other Bank, and based on the Financial Statements referred to in Section 6.11 of the Credit Agreement and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Commitment Increase Agreement and to agree to the various matters set forth herein. The Increasing Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement.

5. Representations and Warranties of the Co-Borrowers . The Co-Borrowers represent and warrant that no Default has occurred and is continuing, or would result from the increase in Commitments described in this Commitment Increase Agreement.

6. Default . Without limiting any other event that may constitute an Event of Default, in the event any representation or warranty set forth herein shall prove to have been incorrect or misleading in any material respect when made, such event shall constitute an "Event of Default" under the Credit Agreement. This Commitment Increase Agreement is a "Loan Document" for all purposes.

7. Expenses . The Co-Borrowers agree to pay within ten (10) days of receipt of written demand therefore all costs and expenses of the Agent in connection with the preparation, execution and delivery of this Commitment Increase Agreement and the New Note, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto.

8. Counterparts; Facsimile Signature . The parties may execute this Commitment Increase Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. Delivery of an executed counterpart signature page by facsimile is as effective as executing and delivering this Commitment Increase Agreement in the presence of the other parties to this Commitment Increase Agreement. This Commitment Increase Agreement is effective upon delivery of one fully executed counterpart to the Agent.

9. Increase Effective Date . The Increase Effective Date is , 20 .

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Increase Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

CO-BORROWERS:

SPARK ENERGY, L.P.
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY GAS, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

ASSOCIATED ENERGY SERVICES, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

GUARANTORS:

SPARK ENERGY VENTURES, LLC
a Texas limited liability company

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

AGENT:

SOCIÉTÉ GÉNÉRALE

By: _____
Name: _____
Title: _____

INCREASING BANK:

_____

By: _____
Name: _____
Title: _____

EXHIBIT H

FORM OF NEW BANK AGREEMENT

THIS NEW BANK AGREEMENT, dated as of , 20 (this " New Bank Agreement ") is made by and among **SPARK ENERGY, L.P.** , a Texas limited partnership, **SPARK ENERGY GAS, LP** , a Texas limited partnership, **ASSOCIATED ENERGY SERVICES** , a Texas limited partnership, **SPARK ENERGY HOLDINGS, LLC** , a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY VENTURES, LLC** (" Parent "), a Texas limited liability company, and each of the undersigned subsidiaries of Parent that are guarantors (the " Guarantors "), **SOCIÉTÉ GÉNÉRALE** , in its capacity as administrative agent under the Credit Agreement (as defined below) (in such capacity, the " Agent "), and (the " New Bank "). Reference is made to the Seventh Amended and Restated Credit Agreement dated as of July 31, 2013, among Parent, the Co-Borrowers, the banks party thereto from time to time (the " Banks "), and the Agent (as the same may be amended or modified from time to time, the " Credit Agreement "). Capitalized terms used herein but not defined herein shall have the meanings specified by the Credit Agreement.

PRELIMINARY STATEMENTS

A. Pursuant to Section 2.02 of the Credit Agreement, and subject to the terms and conditions thereof, financial institutions may become Banks with Commitments in the event SEH requests an increase in the aggregate Commitments and certain other conditions are met and satisfied.

B. SEH has given notice to the Agent of such a request pursuant to Section 2.02 of the Credit Agreement.

C. The Co-Borrowers, the Agent, and the New Bank now wish to enter into this New Bank Agreement to add the New Bank as a Bank under the Credit Agreement and to establish a Commitment of $ for the New Bank in accordance with the terms and conditions of the Credit Agreement.

AGREEMENT

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

1. Addition of New Bank . Pursuant to Section 2.02 of the Credit Agreement, New Bank is hereby added to the Credit Agreement as a Bank with a Commitment of $. The New Bank specifies the following as its address for notices:

_____

_____

_____

Attention: _____

Facsimile: _____

2. Delivery of Note . The Co-Borrowers shall promptly execute and deliver to the New Bank a Note, dated as of the effective date of this New Bank Agreement, in the principal amount of the New Bank's Commitment set forth in Section 1 above.

3. Governing Law . This New Bank Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York.

4. Bank Credit Decision . The New Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank, and based on the Financial Statements referred to in Section 6.11 of the Credit Agreement and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this New Bank Agreement and to agree to the various matters set forth herein. The New Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement.

5. Representations and Warranties of the Co-Borrowers . The Co-Borrowers represent and warrant as follows:

(a) the representations and warranties contained in the Credit Agreement, the Security Documents, the Guaranties, and each of the other Loan Documents are correct in all material respects on and as of the date of the addition of the New Bank as a Bank under the Credit Agreement and the establishment of the New Bank's Commitment pursuant to this New Bank Agreement, before and after giving effect to such events as though such representations and warranties were made on the date of such increase, except to the extent any such representations and warranties are expressly limited to an earlier date; and

(b) no Default has occurred and is continuing, or would result from the increase in Commitments described in this New Bank Agreement.

6. Appointment of Agent . The New Bank hereby appoints and authorizes the Agent to take such action as Agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to the Agent thereby, together with such powers and discretion as are reasonably incidental thereto.

7. Default . Without limiting any other event that may constitute an Event of Default, the Co-Borrowers acknowledge and agree that any representation or warranty made by the Co-Borrowers set forth in this New Bank Agreement that proves to have been incorrect or misleading in any material respect when made shall constitute an " Event of Default " under the Credit Agreement. This New Bank Agreement is a "Loan Document" for all purposes.

8. Expenses . The Co-Borrowers agree to pay within ten (10) days of receipt of written demand therefore all costs and expenses of the Agent in connection with the preparation, execution and delivery of this New Bank Agreement and the Note, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto.

9. Counterparts; Facsimile Signature . The parties may execute this New Bank Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. Delivery of an executed counterpart signature page by facsimile is as effective as executing and delivering this New Bank Agreement in the presence of the other parties to this New Bank Agreement. This New Bank Agreement is effective upon delivery of one fully executed counterpart to the Agent.

10. Increase Effective Date . The Increase Effective Date is , 20 .

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Increase Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

CO-BORROWERS:

SPARK ENERGY, L.P.
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY GAS, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

ASSOCIATED ENERGY SERVICES, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

GUARANTORS:

SPARK ENERGY VENTURES, LLC
a Texas limited liability company

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

AGENT:

SOCIÉTÉ GÉNÉRALE

By: _____
Name: _____
Title: _____

NEW BANK:

_____

By: _____
Name: _____
Title: _____

EXHIBIT I

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the " Assignment ") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " Assignor ") and [*Insert name of Assignee*] (the " Assignee "). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the " Credit Agreement "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including, to the extent included in any such facilities, letters of credit) (the " Assigned Interest "). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment, without representation or warranty by the Assignor.

1. Assignor:	_____
2. Assignee:	_____ [and is an Affiliate/Eligible Assignee [1]]
3. Co-Borrower(s):	SPARK ENERGY, L.P., a Texas limited partnership, SPARK ENERGY GAS, LP, a Texas limited partnership, ASSOCIATED ENERGY SERVICES, LP, a Texas limited partnership, and SPARK ENERGY HOLDINGS, LLC, a Texas limited liability company
4. Administrative Agent:	SOCIÉTÉ GÉNÉRALE, as administrative agent under the Credit Agreement
5. Credit Agreement	The Seventh Amended and Restated Credit Agreement dated as of July 31, 2013, among Spark Energy Ventures, LLC, the Co-Borrowers, the Banks parties thereto and Société Générale, as Administrative Agent.

[1] Select as applicable.

6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Banks	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans [2]
$	$	%
$	$	%
$	$	%

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

[2] Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Banks thereunder.

[Consented to and] [3] Accepted:

SOCIÉTÉ GÉNÉRALE,
as Administrative Agent

By: _____
Title:

[Consented to:] [4]

[Borrower Name]

By: _____
Title:

[SOCIÉTÉ GÉNÉRALE, as an Issuing Bank]

By: _____
Title:

[, as an Issuing Bank]

By: _____
Title:

[3] To be added only if the consent of Administrative Agent is required by the terms of the Credit Agreement.
[4] To be added only if the consent of Company and/or other parties (Issuing Bank) is required by the terms of the Credit Agreement.

SPARK ENERGY, L.P., SPARK ENERGY GAS, LP, ASSOCIATED ENERGY SERVICES, LP and SPARK ENERGY HOLDINGS, LLC,
SEVENTH AMENDED AND RESTATED CREDIT AGREEMENT
DATED AS OF JULY 31, 2013
STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT
AND ASSUMPTION AGREEMENT

1. Representations and Warranties .

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with any Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document delivered pursuant thereto, other than this Assignment (herein collectively the " Loan Documents "), or any collateral thereunder, (iii) the financial condition of Co-Borrowers, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Co-Borrowers, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision, and (v) if it is a Foreign Bank, attached to the Assignment is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Bank.

2. Payments . From and after the Effective Date, Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions . This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS (WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) OF THE STATE OF NEW YORK.

EXHIBIT J

FORM OF ELECTED WORKING CAPITAL LINE CAP ELECTION

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Seventh Amended and Restated Credit Agreement, dated as of July 31, 2013 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy Ventures, LLC (" Parent "), Spark Energy Holdings, LLC (" SEH "), Spark Energy, L.P. (" Spark "), Spark Energy Gas, LP (" SEG "), Associated Energy Services, LP (" AES "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

The undersigned, in his capacity as Responsible Officer (as such term is defined in the Agreement) of SEH, who is authorized to act on behalf of SEH, Spark, SEG and AES, notifies the Agent and the Banks that the Co-Borrowers elect an Elected Working Capital Line Cap of $, effective as of , and certifies to the Agent and the Banks that the Co-Borrowers are in compliance with the Agreement, and in particular certifies the following as of :

(a)	Elected Working Capital Line Cap:	$	;
(b)	Minimum Net Working Capital required under Section 7.09(a) to make election in (a) above:	$	;
(c)	Actual Net Working Capital as of the last day of the most recently ended month for which financial statements are available on the basis of the Compliance Certificate most recently received by the Agent pursuant to Section 7.02(a) :	$	;

(d)	Minimum Tangible Net Worth required under Section 7.09(b) to make election in (a) above:	$	;
(e)	Actual Tangible Net Worth as of the last day of the most recently ended month for which financial statements are available on the basis of the Compliance Certificate most recently received by the Agent pursuant to Section 7.02(a) :	$	;

Further, the undersigned hereby certifies:

1. The representations and warranties contained in Article VI of the Agreement are true and correct on and as of the date hereof, as though made on and as of the date hereof;

2. No Default or Event of Default exists as of the date hereof; and

3. There has occurred since December 31, 2012, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect.

Very truly yours,

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

AMENDMENT NO. 1

THIS AMENDMENT NO. 1 (this " Amendment "), dated as of December 11, 2013 (the " Effective Date "), is made by and among **SPARK ENERGY, L.P.** , a Texas limited partnership, **SPARK ENERGY GAS, LP** , a Texas limited partnership, **ASSOCIATED ENERGY SERVICES** , a Texas limited partnership, **SPARK ENERGY HOLDINGS, LLC** , a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY VENTURES, LLC** (" Parent "), a Texas limited liability company, the banks party hereto (the " Banks "), and **SOCIÉTÉ GÉNÉRALE** , in its capacity as administrative agent under the Credit Agreement (as defined below) (in such capacity, the " Agent "). Capitalized terms used herein but not defined herein shall have the meanings specified by the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS , the Co-Borrowers, Spark Energy Ventures, LLC, a Texas limited liability company, the Agent and the Banks have entered into that certain Seventh Amended and Restated Credit Agreement dated as of July 31, 2013 (as may be amended, restated, extended, supplemented or otherwise modified in writing from time to time, the " Credit Agreement "); and

WHEREAS, the parties hereto have agreed to make certain amendments to the Credit Agreement as provided for herein;

NOW THEREFORE , in consideration of the foregoing and the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. Amendments . As of the Effective Date, the Credit Agreement is hereby amended as follows:

(a) The definition of "Adjusted Unutilized Capacity Amount" in Section 1.01 of the Credit Agreement is hereby replaced in its entirety with the following:

" Adjusted Unutilized Capacity " means, on any date of determination, an amount equal to (a) the Capacity Obligations Amount for the following six-month period less (b) 75% of Projected Utilized Capacity less (c) 75% of Historical Utilized Capacity; provided that if the foregoing calculation results in a negative number, "Adjusted Unutilized Capacity" shall be deemed to be equal to $0.

(b) The definition of "Historical Utilized Capacity" in Section 1.01 of the Credit Agreement is hereby replaced in its entirety with the following:

" Historical Utilized Capacity " means, on any date of determination, the realized gross margin of the Loan Parties for the most recently ended Historical Period attributable to contracts for natural gas processing and crude oil transfer, transloading and terminalling (excluding any such contracts which are fixed-fee minimum volume commitment contracts entered into by AES with unaffiliated third parties).

(c) The definition of "Projected Utilized Capacity" in Section 1.01 of the Credit Agreement is hereby replaced in its entirety with the following:

" Projected Utilized Capacity " means, on any date of determination, the expected gross margin of the Loan Parties during the following six-month period attributable to fixed-fee minimum volume commitment contracts for natural gas processing and crude oil transfer, transloading and terminalling entered into by AES with unaffiliated third parties. The calculation of such expected gross margin shall be subject to the prior approval of the Agent.

(d) Section 1.01 of the Credit Agreement is hereby amended by inserting the following definitions in their appropriate alphabetical order:

" Historical Period " means, (a) on any date of determination during the first six-month period following the Closing Date, the period consisting of the months elapsed since the Closing Date and (b) on any date of determination thereafter, the most recently ended six-month period.

SECTION 2. Effectiveness . This Amendment shall be effective as of the Effective Date upon the satisfaction of the following conditions precedent:

(a) Documentation . The Agent shall have received counterparts hereof duly executed by the Co-Borrowers, the Agent and the Majority Banks.

(b) Fees and Expenses . On the Effective Date, the Co-Borrowers shall have paid all costs and expenses which have been invoiced and are payable pursuant to Section 10.04 of the Credit Agreement.

(c) Representations and Warranties . The representations and warranties contained in Section 3 hereof and in each of the other Loan Documents shall be true and correct in all material respects after giving effect to this Amendment (except to the extent such representations and warranties relate solely to an earlier date).

(d) No Default . After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

SECTION 3. Representations and Warranties . Each of the Co-Borrowers hereby represents and warrants that after giving effect hereto:

(a) The execution, delivery and performance by each Co-Borrower of this Amendment, have been duly authorized by all necessary partnership or limited liability company action, as applicable, and do not and will not contravene, conflict with or result in any breach or contravention of, or the creation of any Lien under any of such Co-Borrower's organizational and governing documents, or any document evidencing any contractual obligation to which such Co-Borrower is a party or any order, injunction, writ or decree of any Governmental Authority to which such Co-Borrower or its property is subject or any Requirement of Law, to the extent any such contravention, conflict or breach has or could reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

(b) The representations and warranties of the Co-Borrowers contained in the Loan Documents are true and correct in all material respects on and as of the Effective Date and after giving effect to this Amendment (except to the extent such representations and warranties relate solely to an earlier date).

(c) No event has occurred and is continuing which constitutes a Default, an Event or Default or both.

SECTION 4. Ratification of Obligations. Each of the Co-Borrowers hereby ratifies and confirms its Obligations under the Credit Agreement and the other Loan Documents and acknowledges that all other terms, provisions and conditions of the Credit Agreement and the other Loan Documents remain unchanged (except as modified hereby) and are in full force and effect.

SECTION 5. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law (without reference to principles of conflicts of laws other than Sections 5-1401 and 5-1402 of the New York General Obligations Law) of the State of New York.

SECTION 6. Execution in Counterparts. This Amendment may be executed by facsimile signatures with the same force and effect as if manually signed and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 7. Loan Document. This Amendment is a Loan Document.

SECTION 8. Headings. The headings set forth in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

SECTION 9. Entire Agreement. This Amendment, the Credit Agreement and the other Loan Documents constitute the entire agreement and understanding among the parties and supersede all prior agreements and understandings, whether written or oral, among the parties hereto concerning the transactions provided herein and therein.

SECTION 10. Severability. In case any provision in or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

[The Remainder of Page Left Intentionally Blank. Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

CO-BORROWERS:

SPARK ENERGY, L.P.
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY GAS, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

ASSOCIATED ENERGY SERVICES, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SOCIÉTÉ GÉNÉRALE,
as Agent, an Issuing Bank and a Bank

By: /s/ Michiel V.M. Van Der Voort
Name: Michiel V.M. Van Der Voort
Title: Managing Director

NATIXIS, NEW YORK BRANCH, as a Bank

By: /s/ Arnaud Stevens
Name: Arnaud Stevens
Title: Managing Director

By: /s/ Paul Moisselin
Name: Paul Moisselin
Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND," NEW YORK BRANCH, as a Bank

By: /s/ Rodney P. Hutchinson
Name: Rodney P. Hutchinson
Title: Executive Director

By: /s/ Xander Willemsen
Name: Xander Willemsen
Title: Executive Director

RBI INTERNATIONAL FINANCE (USA) LLC,
as a Bank

By: /s/ Astrid Wilke
Name: Astrid Wilke
Title: Group Vice President

By: /s/ Pearl Geffers
Name: Pearl Geffers
Title: First Vice President

COMPASS BANK, as a Bank

By: /s/ Adrayll Askew
Name: Adrayll Askew
Title: Senior Vice President

AMENDMENT NO. 2

THIS AMENDMENT NO. 2 (this " Amendment "), dated as of April 22, 2014 (the " Effective Date "), is made by and among **SPARK ENERGY, L.P.** , a Texas limited partnership, **SPARK ENERGY GAS, LP** , a Texas limited partnership, **ASSOCIATED ENERGY SERVICES** , a Texas limited partnership, **SPARK ENERGY HOLDINGS, LLC** , a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY VENTURES, LLC** (" Parent "), a Texas limited liability company, the banks party hereto (the " Banks "), and **SOCIÉTÉ GÉNÉRALE** , in its capacity as administrative agent under the Credit Agreement (as defined below) (in such capacity, the " Agent "). Capitalized terms used herein but not defined herein shall have the meanings specified by the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS , the Co-Borrowers, Spark Energy Ventures, LLC, a Texas limited liability company, the Agent and the Banks have entered into that certain Seventh Amended and Restated Credit Agreement dated as of July 31, 2013 (as may be amended, restated, extended, supplemented or otherwise modified in writing from time to time, the " Credit Agreement "); and

WHEREAS, the parties hereto have agreed to make certain amendments to the Credit Agreement as provided for herein;

NOW THEREFORE , in consideration of the foregoing and the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. Amendments . As of the Effective Date, the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended by inserting the following definition in its appropriate alphabetical order:

" Income Statement Presentation Change " means the adjustment to the income statement of the Parent to reflect (i) the net asset optimization revenues as separate from retail revenues and (ii) net asset optimization revenues as a single line item within the revenue section of the income statement, net of cost of revenues.

(b) Section 7.01(a) of the Credit Agreement is hereby replaced in its entirety with the following:

(a) (i) for the fiscal year ending December 31, 2013, as soon as possible, but not later than May 30, 2014, (x) a copy of the audited Consolidated and consolidating financial statements of Parent (which include the Co-Borrowers) to include a balance sheet as at the end of such year and the related statements of income and loss, member's or partner's equity and cash flows for such year, accompanied by the opinion of a nationally-recognized independent public accounting firm which opinion (A) shall state that such financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent (other than the Income Statement

Presentation Change) with prior years and (B) shall not be qualified or limited because of a restricted or limited examination by the public accounting firm of any material portion of Co-Borrowers' records and (y) unaudited Consolidated and consolidating financial statements of Parent (which include the Co-Borrowers) as at the end of the fiscal year ending December 31, 2012 and giving pro forma effect to the Income Statement Presentation Change, prepared by Parent in form acceptable to the Banks, and setting forth in comparative form the figures as provided in clause (x) above for the fiscal year ending December 31, 2013; and

(ii) for each fiscal year ending on or after December 31, 2014, as soon as possible, but not later than 120 days after the end of each such fiscal year, a copy of the audited Consolidated and consolidating financial statements of Parent (which include the Co-Borrowers) to include a balance sheet as at the end of such year and the related statements of income and loss, member's or partner's equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm which opinion shall state that such financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with the financial statements delivered pursuant to Section 7.01(a)(i)(x) above. Such opinion shall not be qualified or limited because of a restricted or limited examination by the public accounting firm of any material portion of Co-Borrowers' records; and

SECTION 2. Effectiveness. This Amendment shall be effective as of the Effective Date upon the satisfaction of the following conditions precedent:

(a) Documentation. The Agent shall have received counterparts hereof duly executed by the Co-Borrowers, the Agent and the Majority Banks.

(b) Fees and Expenses. On the Effective Date, the Co-Borrowers shall have paid all costs and expenses which have been invoiced and are payable pursuant to Section 10.04 of the Credit Agreement.

(c) Representations and Warranties. The representations and warranties contained in Section 3 hereof and in each of the other Loan Documents shall be true and correct in all material respects after giving effect to this Amendment (except to the extent such representations and warranties relate solely to an earlier date).

(d) No Default. After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

SECTION 3. Representations and Warranties. Each of the Co-Borrowers hereby represents and warrants that after giving effect hereto:

(a) The execution, delivery and performance by each Co-Borrower of this Amendment, have been duly authorized by all necessary partnership or limited liability company action, as applicable, and do not and will not contravene, conflict with or result in any breach or contravention of, or the creation of any Lien under any of such Co-

Borrower's organizational and governing documents, or any document evidencing any contractual obligation to which such Co-Borrower is a party or any order, injunction, writ or decree of any Governmental Authority to which such Co-Borrower or its property is subject or any Requirement of Law, to the extent any such contravention, conflict or breach has or could reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

(b) The representations and warranties of the Co-Borrowers contained in the Loan Documents are true and correct in all material respects on and as of the Effective Date and after giving effect to this Amendment (except to the extent such representations and warranties relate solely to an earlier date).

(c) No event has occurred and is continuing which constitutes a Default, an Event or Default or both.

SECTION 4. Ratification of Obligations. Each of the Co-Borrowers hereby ratifies and confirms its Obligations under the Credit Agreement and the other Loan Documents and acknowledges that all other terms, provisions and conditions of the Credit Agreement and the other Loan Documents remain unchanged (except as modified hereby) and are in full force and effect.

SECTION 5. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law (without reference to principles of conflicts of laws other than Sections 5-1401 and 5-1402 of the New York General Obligations Law) of the State of New York.

SECTION 6. Execution in Counterparts. This Amendment may be executed by facsimile signatures with the same force and effect as if manually signed and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 7. Loan Document. This Amendment is a Loan Document.

SECTION 8. Headings. The headings set forth in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

SECTION 9. Entire Agreement. This Amendment, the Credit Agreement and the other Loan Documents constitute the entire agreement and understanding among the parties and supersede all prior agreements and understandings, whether written or oral, among the parties hereto concerning the transactions provided herein and therein.

SECTION 10. Severability. In case any provision in or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

[The Remainder of Page Left Intentionally Blank. Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

CO-BORROWERS:

SPARK ENERGY, L.P.
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY GAS, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

ASSOCIATED ENERGY SERVICES, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ W. Keith Maxwell III
Name: W. Keith Maxwell III
Title: Chief Executive Officer

SOCIÉTÉ GÉNÉRALE,
as Agent, an Issuing Bank and a Bank

By: /s/ Michiel V.M. Van Der Voort
Name: Michiel V.M. Van Der Voort
Title: Managing Director

NATIXIS, NEW YORK BRANCH, as a Bank

By: /s/ David Pershad
Name: David Pershad
Title: Managing Director

By: /s/ Severine Pardo
Name: Severine Pardo
Title: Executive Director

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND," NEW YORK BRANCH, as a Bank

By: /s/ Chan K. Park
Name: Chan K. Park
Title: Managing Director

By: /s/ Chung-Taek Oh
Name: Chung-Taek Oh
Title: Executive Director

RBI INTERNATIONAL FINANCE (USA) LLC,
as a Bank

By: /s/ Astrid Wilke
Name: Astrid Wilke
Title: Group Vice President

By: /s/ Pearl Geffers
Name: Pearl Geffers
Title: First Vice President

COMPASS BANK, as a Bank

By: /s/ Adrayll Askew
Name: Adrayll Askew
Title: Senior Vice President

AMENDMENT NO. 3

THIS AMENDMENT NO. 3 (this " Amendment "), dated as of May 22, 2014 (the " Effective Date "), is made by and among **SPARK ENERGY, LLC** (f/k/a Spark Energy, L.P.), a Texas limited liability company, **SPARK ENERGY GAS, LLC** (f/k/a Spark Energy Gas, LP), a Texas limited liability company, **ASSOCIATED ENERGY SERVICES** , a Texas limited partnership, **SPARK ENERGY HOLDINGS, LLC** , a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY VENTURES, LLC** (" Parent "), a Texas limited liability company, the banks party hereto (the " Banks "), and **SOCIÉTÉ GÉNÉRALE** , in its capacity as administrative agent under the Credit Agreement (as defined below) (in such capacity, the " Agent "). Capitalized terms used herein but not defined herein shall have the meanings specified by the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS , the Co-Borrowers, Spark Energy Ventures, LLC, a Texas limited liability company, the Agent and the Banks have entered into that certain Seventh Amended and Restated Credit Agreement dated as of July 31, 2013 (as may be amended, restated, extended, supplemented or otherwise modified in writing from time to time, the " Credit Agreement "); and

WHEREAS, the parties hereto have agreed to make certain amendments to the Credit Agreement as provided for herein;

NOW THEREFORE , in consideration of the foregoing and the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. Amendments . As of the Effective Date, Section 7.15(e) of the Credit Agreement is hereby replaced in its entirety with the following:

(e) declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities to another Loan Party, or purchase, redeem or otherwise acquire for value any of their capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding, from another Loan Party.

SECTION 2. Effectiveness . This Amendment shall be effective as of the Effective Date upon the satisfaction of the following conditions precedent:

(a) Documentation . The Agent shall have received counterparts hereof duly executed by the Co-Borrowers, the Agent and the Majority Banks.

(b) Fees and Expenses . On the Effective Date, the Co-Borrowers shall have paid all costs and expenses which have been invoiced and are payable pursuant to Section 10.04 of the Credit Agreement.

(c) Representations and Warranties . The representations and warranties contained in Section 3 hereof and in each of the other Loan Documents shall be true and correct in all material respects after giving effect to this Amendment (except to the extent such representations and warranties relate solely to an earlier date).

(d) No Default . After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

SECTION 3. Representations and Warranties . Each of the Co-Borrowers hereby represents and warrants that after giving effect hereto:

(a) The execution, delivery and performance by each Co-Borrower of this Amendment, have been duly authorized by all necessary partnership or limited liability company action, as applicable, and do not and will not contravene, conflict with or result in any breach or contravention of, or the creation of any Lien under any of such Co-Borrower's organizational and governing documents, or any document evidencing any contractual obligation to which such Co-Borrower is a party or any order, injunction, writ or decree of any Governmental Authority to which such Co-Borrower or its property is subject or any Requirement of Law, to the extent any such contravention, conflict or breach has or could reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

(b) The representations and warranties of the Co-Borrowers contained in the Loan Documents are true and correct in all material respects on and as of the Effective Date and after giving effect to this Amendment (except to the extent such representations and warranties relate solely to an earlier date).

(c) No event has occurred and is continuing which constitutes a Default, an Event or Default or both.

SECTION 4. Ratification of Obligations . Each of the Co-Borrowers hereby ratifies and confirms its Obligations under the Credit Agreement and the other Loan Documents and acknowledges that all other terms, provisions and conditions of the Credit Agreement and the other Loan Documents remain unchanged (except as modified hereby) and are in full force and effect.

SECTION 5. Governing Law . This Amendment shall be governed by, and construed in accordance with, the law (without reference to principles of conflicts of laws other than Sections 5-1401 and 5-1402 of the New York General Obligations Law) of the State of New York.

SECTION 6. Execution in Counterparts . This Amendment may be executed by facsimile signatures with the same force and effect as if manually signed and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 7. Loan Document . This Amendment is a Loan Document.

SECTION 8. Headings. The headings set forth in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

SECTION 9. Entire Agreement. This Amendment, the Credit Agreement and the other Loan Documents constitute the entire agreement and understanding among the parties and supersede all prior agreements and understandings, whether written or oral, among the parties hereto concerning the transactions provided herein and therein.

SECTION 10. Severability. In case any provision in or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

[The Remainder of Page Left Intentionally Blank. Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

CO-BORROWERS:

SPARK ENERGY, LLC,
a Texas limited liability company

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

SPARK ENERGY GAS, LLC,
a Texas limited liability company

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

SPARK ENERGY HOLDINGS, LLC,
a Texas limited liability company

By: /s/ Nathan Kroeker
Name: Nathan Kroeker
Title: President

ASSOCIATED ENERGY SERVICES, LP,
a Texas limited partnership

By: Spark Energy Holdings, LLC,
a Texas limited liability company,
its General Partner

By: /s/ Terry Jones
Name: Terry Jones
Title: Executive Vice President
and General Counsel

Signature Page to Amendment No. 3

SOCIÉTÉ GÉNÉRALE,
as Agent, an Issuing Bank and a Bank

By: /s/ Michiel V.M. Van Der Voort
Name: Michiel V.M. Van Der Voort
Title: Managing Director

NATIXIS, NEW YORK BRANCH, as a Bank

By: /s/ Arnaud Stevens
Name: Arnaud Stevens
Title: Managing Director

By: /s/ Paul Moisselin
Name: Paul Moisselin
Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND," NEW YORK BRANCH , as a Bank

By: /s/ Rodney P. Hutchinson
Name: Rodney P. Hutchinson
Title: Executive Director

By: /s/ Chan K. Park
Name: Chan K. Park
Title: Managing Director

RBI INTERNATIONAL FINANCE (USA) LLC,
as a Bank

By: /s/ Astrid Wilke
Name: Astrid Wilke
Title: Group Vice President

By: /s/ Pearl Geffers
Name: Pearl Geffers
Title: First Vice President

Exhibit 10.2

Execution Version

CREDIT AGREEMENT

among

SPARK ENERGY, INC.,
as Parent,

SPARK HOLDCO, LLC,
SPARK ENERGY, LLC,

and

SPARK ENERGY GAS, LLC,
as Co-Borrowers,

SOCIÉTÉ GÉNÉRALE,
as Administrative Agent, an Issuing Bank and a Bank,

and

SG AMERICAS SECURITIES, LLC,
as Sole Lead Arranger and Sole Bookrunner,

NATIXIS, NEW YORK BRANCH,
COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK NEDERLAND," NEW YORK BRANCH, AND
RB INTERNATIONAL FINANCE (USA) LLC,
as Co-Documentation Agents,

COMPASS BANK,
as Senior Managing Agent,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY
HERETO FROM TIME TO TIME

Dated as of [ ], 2014

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this " Agreement ") is dated as of [ ], 2014, among **SPARK HOLDCO, LLC** (" HoldCo "), a Delaware limited liability company, **SPARK ENERGY, LLC** (" Spark "), a Texas limited liability company, and **SPARK ENERGY GAS, LLC** (" SEG "), a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY, INC.** (" Parent "), a Delaware corporation, **SOCIÉTÉ GÉNÉRALE** , as Agent, Issuing Bank and a Bank, **SG AMERICAS SECURITIES, LLC** , as Sole Lead Arranger and Sole Bookrunner, and each other financial institution which may become a party hereto (collectively, the " Banks ").

In consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.01 Certain Defined Terms . The following terms have the following meanings:

" Account " has the meaning stated in the New York Uniform Commercial Code.

" Advance Maturity Date " means the maturity date of each Working Capital Loan made under the Working Capital Line which will be the earliest to occur of (a)(i) 365 days from the date of Borrowing or (ii) the date of the L/C Borrowing, if an advance under a Letter of Credit; or (b) the Expiration Date. All advances made under the Working Capital Line after the Expiration Date because of a drawing under a Letter of Credit shall be due and payable on the day such advance is made and, in order to pay such amounts, Agent shall apply any Cash Collateral held by it as security for such Letters of Credit in payment of same.

" Advance Sub-limit Cap " means at any time, the maximum amount which may be advanced by the Banks to the Co-Borrowers under the Working Capital Line, as determined by the Collateral Position Report, which amount shall, in no event, exceed $45,000,000.00 in the aggregate, subject to the following Advance Sub-limit Caps:

(a) For the purchase of Product and other uses permitted under Section 7.07	$45,000,000.00
(b) For Contango Transactions	$45,000,000.00

If Commitments are increased pursuant to Section 2.02 , the foregoing Advance Sub-limit Caps shall be increased pro-rata based on the amount of any increase in the Commitments under Section 2.02 in excess of $70,000,000 in the aggregate, but shall not exceed $70,000,000. Such increases in the Advance Sub-limit Cap and the Commitments to be notified to the Co-Borrowers and the Banks pursuant to Section 2.02(c) .

" Affiliate " means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

" Affiliate Obligation " means indebtedness owing by an Affiliate of a Loan Party (which is not a Loan Party itself) to a Loan Party, *provided* that a first priority security interest has been granted by such Loan Party to Agent in the amounts owed by the Affiliate in a manner satisfactory to Agent.

" Agent " means Société Générale in its capacity as administrative agent for the Banks hereunder, and any successor agent arising under Section 9.09 .

" Agent Parties " has the meaning specified in Subsection 10.02(f) .

" Agent-Related Persons " means Société Générale and any successor agent arising under Section 9.09 , together with their respective Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

" Agent's Payment Office " means the address for payments set forth on Schedule 10.02 hereto in relation to Agent, or such other address as Agent may from time to time specify.

" Aggregate Amount " means the Effective Amount of all outstanding Working Capital Loans plus the Effective Amount of all outstanding L/C Obligations.

" Agreement " means this Credit Agreement.

" Anti-Terrorism Law " means any law relating to terrorism or money laundering, including, without limitation, the Patriot Act.

" Applicable Margin " means, with respect to Working Capital Loans, the following percentages per annum:

(a) if the average daily Aggregate Amount during the most recently ended fiscal quarter was less than fifty percent (50%) of the average daily aggregate Commitments of the Banks in effect during such fiscal quarter, (i) two and three-quarters percent (2.75%) for Eurodollar Rate Loans, (ii) two and one-quarter percent (2.25%) for COF Rate Loans and (iii) one and three-quarters percent (1.75%) for ABR Loans; and

(b) if the average daily Aggregate Amount during the most recently ended fiscal quarter was greater than or equal to fifty percent (50%) of the average daily aggregate Commitments of the Banks in effect during such fiscal quarter, (i) three percent (3.00%) for Eurodollar Rate Loans, (ii) two and one-half percent (2.50%) for COF Rate Loans and (iii) two percent (2.00%) for ABR Loans.

The Applicable Margin for any fiscal quarter shall be determined by the Agent based upon the average Aggregate Amount outstanding and the average aggregate Commitments of the Banks in effect, in each case, on each day during the fiscal quarter most recently ended, and any such determination shall be conclusive and binding absent manifest error. Any increase

or decrease in the Applicable Margin resulting from a change in the average daily Aggregate Amount or aggregate Commitments of the Banks during any fiscal quarter shall become effective as of the first day of the subsequent fiscal quarter, as notified by the Agent to the Co-Borrowers. Notwithstanding the foregoing, the Applicable Margin shall be deemed to be the Applicable Margin described in clause (a) above from and after the Closing Date through and including the last day of the first full fiscal quarter ending after the Closing Date.

" Approved Brokerage Accounts " means brokerage accounts maintained by the Co-Borrowers or any of them with an Eligible Broker for the purpose of allowing the Co-Borrowers or any of them to engage in the purchase and sale of commodity futures, commodity options, forward or leverage contracts and/or actual or cash commodities, and subject to a fully perfected first priority security interest in favor of the Agent, for its benefit and the benefit of the Banks (including a tri-party control agreement, acceptable to the Agent).

" Approved Location " means a terminal, storage facility or pipeline approved by the Agent with respect to which the Agent may request a bailee letter in form and substance acceptable to Agent with respect to any Collateral stored at such terminal, facility or pipeline.

" Assignment and Assumption " has the meaning specified in Subsection 10.08(a) .

" Attorney Costs " means and includes all fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

" Availability Period " means the period from and including the Closing Date to the earliest of (a) the Expiration Date, (b) the date of termination of all Commitments pursuant to Section 2.08 , and (c) the date of termination of the commitment of each Bank to make Working Capital Loans and of the obligation of the Issuing Bank to Issue Letters of Credit pursuant to Section 8.02 .

" Bank Blocked Accounts " means the Spark Bank Blocked Account, the SEG Bank Blocked Account, and the Wells Fargo Bank Blocked Account.

" Banks " means Société Générale and each other financial institution that is or may become a party to this Agreement. References to the "Banks" shall include each Issuing Bank; for purposes of clarification only, to the extent that any Issuing Bank may have any rights or obligations in addition to those of the Banks due to its status as an Issuing Bank, its status as such will be specifically referenced.

" Bankruptcy Code " means the Federal Bankruptcy Reform Act of 1978, as amended (11 U.S.C. § 101, et seq.).

" Base Rate " means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus $^1/_2$ of 1% and (c) the Eurodollar Rate for a one month maturity on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%; *provided* that, for the avoidance of doubt, for purposes of calculating the "Base Rate", (x) "Prime Rate" shall mean, for any day, a rate per annum that is equal to the corporate base rate of interest established by the

Agent prior to the delivery of the relevant borrowing notice (the Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually available) and (y) the Eurodollar Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR 01 Page (or on any successor or substitute page of such page as determined by the Agent) at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate, respectively.

" Base Rate Loan " means any Loan bearing interest based upon the Base Rate.

" Benefit Plan " means any employee benefit plan as defined in Section 3(3) of ERISA (whether governed by the laws of the United States or otherwise) to which any Loan Party incurs or otherwise has any obligation or liability, contingent or otherwise.

" Blocked Account Agreements " means the deposit account control agreements, three party agreements, and other similar agreements listed on the Security Schedule.

" Borrower Materials " has the meaning specified in Subsection 10.02(e) .

" Borrowing " means a borrowing hereunder consisting of a Working Capital Loan made to one or more of the Co-Borrowers by the Banks under Article II or continuation or conversion of loans consisting of simultaneous Working Capital Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by the Banks pursuant to Section 2.01.

" Borrowing Base Advance Cap " means at any time an amount equal to the least of:

(a) the aggregate Commitments of the Banks at such time; or

(b) the sum of:

(i) 100% of the amount of Cash Collateral and other liquid investments of the Co-Borrowers which are acceptable to the Agent in its sole discretion and which are subject to a first perfected security interest in favor of the Agent, for its benefit and the benefit of the Banks, and which have not been used in determining availability for any other advance or Letter of Credit Issuance; **plus**

(ii) 90% of equity (net liquidity value) in Approved Brokerage Accounts; **plus**

(iii) 90% of the amount of Tier I Accounts, net of deductions, offsets and counterclaims; **plus**

(iv) 85% of the amount of Tier II Accounts, net of deductions, offset and counterclaims; **plus**

(v) 85% of the amount of Tier I Unbilled Qualified Accounts, net of deductions, offset and counterclaims; **plus**

(vi) 80% of the amount of Tier II Unbilled Qualified Accounts, net of deductions, offset and counterclaims; **plus**

(vii) 80% of the amount of Eligible Inventory; **plus**

(viii) 85% of the amount of Hedged Eligible Inventory; **plus**

(ix) 80% of the amount of net Eligible Exchange Receivables; **plus**

(x) 80% of the amount of Letters of Credit for Product Not Yet Delivered; **plus**

(xi) 60% of In-the-Money Positions from counterparties due to any Co-Borrower with tenors up to twelve (12) months; **less**

(xii) the amounts (including disputed items) which would be subject to a so-called "First Purchaser Lien" as defined in Texas Bus. & Com. Code Section 9.343, comparable laws of the states of Oklahoma, Kansas, Wyoming or New Mexico, or any other comparable law, except to the extent a Letter of Credit secures payment of amounts subject to such First Purchaser Liens; **less**

(xiii) 115% of the amount of any mark to market exposure to the Swap Banks under Swap Contracts other than Swap Contracts involving physical delivery as reported by the Swap Banks, reduced by cash collateral held by a Swap Bank; **less**

(xiv) with respect to Swap Contracts involving physical delivery, 115% of the amount of mark to market exposure to the Swap Banks under such Swap Contracts until nomination for delivery has been made and 115% of the amount of notional exposure to the Swap Banks under such Swap Contracts after such nomination for delivery has been made, in each case, reduced by cash collateral held by a Swap Bank; **less**

(xv) Reserves; **less**

(xvi) sales Taxes;

provided that, (x) in no event shall the amounts described in (b)(xi) above be in excess of the lesser of (1) $40,000,000.00 and (2) forty percent (40%) of the sum of the items in subsections (b)(i) through (b)(xvi) above, in the aggregate, be counted when making the calculation under subsection (b) of this definition; (y) in no event shall any amounts described in (b)(i) through (b)(xvi) above which may fall into more than one of such categories be counted more than once when making the calculation under subsection (b) of this definition; and (z) in the event the amounts described in (b)(iii), (iv), (v), (vi), (ix) and (xi) in the aggregate for any counterparty exceed the amounts set forth on the Credit Limits Annex or the amount approved for other counterparties not listed on the Credit Limits Annex (including, without limitation the amounts set forth on Annex C), such excess amounts may not be included in the Borrowing Base Advance Cap unless approved by the Majority Banks.

" Borrowing Date " means any date on which a Borrowing occurs under Section 2.04 .

" Building " means any "building" or "manufactured (mobile) home" (in each case, as such terms are defined for purposes of the National Flood Insurance Program).

" Business Day " means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; and if such day relates to a Borrowing or continuation of, a payment or prepayment of principal of or interest on, or a conversion of or into, or the Interest Period for, a Eurodollar Loan or a notice by the Co-Borrowers with respect to any such Borrowing or continuation, payment, prepayment, conversion or Interest Period, any day which is also a day on which dealings in dollar deposits are carried out in the London interbank market.

" Capital Lease " means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

" Capital Lease Obligation " means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person as of the date of any determination thereof.

" Cash Collateral " means currency issued by the United States and Marketable Securities which have been Cash Collateralized for the benefit of the Secured Parties.

" Cash Collateralize " means to pledge and deposit with or deliver to the Agent, for the benefit of the Secured Parties, Cash Collateral as collateral for the Obligations pursuant to documentation in form and substance satisfactory to the Agent. The Co-Borrowers hereby grant the Agent, for the benefit of the Secured Parties, a security interest in all Cash Collateral and deposit account balances.

" CEA Swap Obligation " means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

" Close-Out Amount " shall have the meaning ascribed to it in the Intercreditor Agreement.

" Closing Date " means the date on which all conditions precedent set forth in Section 5.02 are satisfied or waived by the Banks.

" Co-Borrowers " means, together, HoldCo, Spark, and SEG. Any of the individual Co-Borrowers may be generically referred to as " Co-Borrower ".

" Code " means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

" COF Rate " means the rate per annum quoted by Agent in New York City to the Co-Borrowers at or about the time of the making of any Loan as the cost of funds of the Agent (as determined by the Agent in its reasonable discretion which determination may include, without limitation, market, regulatory and liquidity conditions), provided that such rate is not necessarily the cost to the Banks of funding the specific Loan, and may exceed the Agent's actual cost of borrowing in the interbank market or other markets in which the Agent may obtain funds from time to time for amounts similar to the amount of the Loan but such rate shall not exceed the rate utilized (quoted) for other similar customers of Agent utilizing such rate for loans at or about the time of the making of any Loan.

" COF Rate Loan " means any Loan bearing interest based upon the COF Rate.

" Collateral " means all assets of the Loan Parties including, without limitation, all accounts, equipment, chattel paper, inventory, Product in transit, the Bank Blocked Accounts, instruments, investment property, contract rights, general intangibles, fixed assets, and real estate, whether presently existing or hereafter acquired or created and the proceeds thereof, excluding the POR Collateral but only to the extent the applicable POR Agreement requires the release of Agent's lien in such POR Collateral.

" Collateral Position " means Collateral of the Loan Parties available to support a Credit Extension under the Working Capital Line, as determined in the Collateral Position Report.

" Collateral Position Report " means the Collateral Position Report substantially in the form attached hereto as Exhibit D , which Collateral Position Report sets forth all of the Loan Parties' eligible assets, including, without limitation, all unrealized gains, a description of all offsets, counterclaims or deductions by counterparty and mark-to-market exposure by counterparty, including counterparty details, in sufficient detail and in form satisfactory to Agent.

" Commitment " means, as to each Bank, its obligation to (a) make Loans pursuant to Section 2.01, and (b) purchase participations in L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth as its "Commitment" opposite such Bank's name on Schedule 2.01 (subject to increase as provided in Section 2.02) or in the Assignment and Assumption pursuant to which such Bank becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

" Commitment Increase Agreement " means a Commitment Increase Agreement, substantially in the form of Exhibit G , among the Co-Borrowers, the Agent and a Bank, pursuant to which such Bank agrees to increase its Commitment as described in Section 2.02 of this Agreement.

" Commodity Exchange Act " means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

" Compliance Certificate " means a certificate, in the form attached hereto as Exhibit E , or any other form acceptable to the Agent.

" Consolidated " refers to the consolidation of any Person, in accordance with GAAP, with its properly Consolidated Subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc., refer to the Consolidated financial statements, financial position, financial condition, liabilities, etc., of such Person and its properly Consolidated Subsidiaries.

" Contango Loan " means any Working Capital Loan hereunder requested for the purpose of financing a Contango Transaction.

" Contango Transaction " means the purchase by SEG of natural gas for physical storage at an Approved Location which qualifies as Hedged Eligible Inventory or, when sold, will generate a Qualified Account.

" Controlling Percentage " means, with respect to any Person, the percentage of the outstanding voting Equity Interests (including any options, warrants or similar rights to purchase such Equity Interests) of such Person having ordinary voting power which gives the direct or indirect holder of such Equity Interests the power to elect a majority of the board of directors (or other applicable governing body), or directors holding a majority of the votes of the board of directors (or other applicable governing body) of such Person.

" Conversion/Continuation Date " means any date on which, under Section 2.05 , the Co-Borrowers (a) convert Loans of one Type to another Type, or (b) continue such Loans as Loans of the same Type, but with a new Interest Period.

" Credit Extension " means and includes (a) the making of any Loans hereunder, and (b) the Issuance of any Letters of Credit hereunder.

" Credit Limits Annex " means Annex B to this Agreement, as the same may be modified from time to time as mutually agreed to in writing by the Co-Borrowers and the Agent, which may be effectuated without the necessity of amending this Agreement. The Credit Limits Annex shall be re-determined based on factors such as Product prices and other factors determined by the Co-Borrowers and the Agent on a reasonable basis and in good faith on a semi-annual basis as of July 15 and January 15 of each year and effective five (5) days after the date of re-determination. In addition to the scheduled redeterminations set forth above, each of the Agent and/or the Co-Borrowers shall have the right to request two additional re-determinations of the Credit Limits Annex per year.

" Credit Policy " means the credit risk management policy of the Co-Borrowers, as such policy may be amended from time to time pursuant to Section 7.27 .

" Cure Contribution " means an equity contribution by NuDevco Holdings, NuDevco Retail or the holder of an Equity Interest in Parent permitted by the applicable organizational documents of Parent or the incurrence of Subordinated Debt permitted by Section 7.13(c), in each case, for purpose of curing a Default or Event of Default which, without such contribution, would occur as a result of a failure to comply with Section 7.09(a) , (b) or (c) .

" Cure Period " has the meaning specified in Subsection 7.09(d) .

" Default " means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

" Default Period " means with respect to any Bank, the period during which such Bank is a Defaulting Bank.

" Default Rate " has the meaning specified in Section 2.10(a) .

" Defaulting Bank " means any Bank, as reasonably determined by the Agent or the Issuing Banks, that has (a) failed to fund any portion of Loans or participations in any Letter of Credit within two (2) Business Days of the date required to be funded by it hereunder, unless such Bank notifies the Agent and the Co-Borrowers in writing that such failure is the result of such Bank's reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing), (b) notified the Co-Borrowers, the Agent, any Issuing Bank or any Bank in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under any other agreement in which it commits to extend credit (unless such writing or public statement relates to such Bank's obligation to fund a Loan hereunder and states that such position is based on such Bank's reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) failed, within two (2) Business Days after a request by the Agent or an Issuing Bank to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit, (d) otherwise failed to pay over to the Agent, any Issuing Bank or any other Bank any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, or (e) become or is insolvent or has a parent company that has become or is insolvent or become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or has taken any action in furtherance of, or has indicated its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or has indicated its consent to, approval of or acquiescence in any such proceeding or appointment. With respect to any Bank that is a "Defaulting Bank" pursuant to clauses (a) , (c) or (d) above, upon (i) such "Defaulting Bank" paying all amounts owed to the applicable Bank(s), Issuing Banks or the Agent pursuant to the terms hereof, as reasonably determined by such Bank(s), Issuing Banks, and the Agent, as applicable, and (ii) the approval of the Co-Borrowers, Issuing Banks, and Agent, such "Defaulting Bank" shall cease to be a "Defaulting Bank".

" Disposition " or " Dispose " means the sale, transfer, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

" Documentary Letter of Credit " means a Letter of Credit which is intended at the time of Issuance to be drawn upon and excludes Standby Letters of Credit.

" Dollars ," " dollars " and " $ " each mean lawful money of the United States.

" Effective Amount " means (i) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any Borrowings and prepayments or repayments of Loans occurring on such date; and (ii) with respect to any outstanding L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any Issuances of Letters of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including changes as a result of expiration or cancellation, any reimbursements of outstanding unpaid drawings under any Letters of Credit and any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

" Eligible Accounts " means, at the time of any determination thereof, each Co-Borrower's Accounts as to which the following requirements have been fulfilled to the satisfaction of the Agent (unless otherwise indicated):

(a) Such Account either (i) is the result of a sale to an account debtor who has been pre-approved for such purpose by the Majority Banks in writing, in their sole discretion, or (ii) is secured by letters of credit in form acceptable to the Agent in its sole discretion and issued by banks approved by the Agent in its sole discretion, or (iii) is within the credit limits set forth on the Credit Limits Annex;

(b) The applicable Co-Borrower has lawful and absolute title to such Account;

(c) Such Account is a valid, legally enforceable obligation of the Person who is obligated under such Account (1) for Products actually delivered to such account debtor or (2) for services rendered for such account debtor, in each case in (1) and (2) above in the ordinary course of the applicable Co-Borrower's business;

(d) Such Account shall have excluded therefrom any portion that is subject to any dispute, offset, counterclaim or other claim or defense on the part of the account debtor or to any claim on the part of the account debtor denying liability under such Account;

(e) Such Account is not evidenced by any chattel paper, promissory note or other instrument;

(f) Such Account is subject to a fully perfected first priority security interest (or properly filed and acknowledged assignment, in the case of U.S. government contracts, if any) in favor of the Agent for the benefit of the Secured Parties pursuant to the Loan Documents, prior to the rights of, and enforceable as such against, any other Person, and such Account is not subject to any security interest or Lien in favor of any Person other than the Liens of the Agent for the benefit of the Secured Parties pursuant to the Loan Documents;

(g) Such Account shall have excluded any portion which is not payable in Dollars in the U.S. and/or any portion with respect to which a currency valuation or conversion risk rests with Co-Borrowers;

(h) Such Account has been due and payable for thirty (30) days or less from the date of the invoice and no extension or indulgence has been granted extending the due date beyond a 30-day period, except (i) if such Account is owing from an account debtor who pays via automated clearinghouse (ACH) transactions, then the number 35 shall be substituted for the number 30 in the foregoing, (ii) if such Account is from federal, state, county or municipal account debtors under government contracts, then the number 45 shall be substituted for the number 30 in the foregoing and (iii) if the Co-Borrowers have purchased credit insurance on such Account, which such insurance names Agent as co-beneficiary and is acceptable in form and substance to Agent, then the number 90 shall be substituted for the number 30 in the foregoing;

(i) No account debtor in respect of such Account is (i) an Affiliate of either Co-Borrower, or (ii) incorporated in or primarily conducting business in any jurisdiction outside of the U.S., unless such account debtor and the account is approved in writing by the Banks;

(j) The applicable Co-Borrower shall have notified the account debtor (pursuant to the contract under which such Account arises or by separate notice) of the assignment of the Account to the Banks and shall have given irrevocable instructions to pay proceeds of the Account to the Agent on behalf of the Banks without offset or counterclaim, and the account debtor shall have acknowledged and agreed to such assignment. In the alternative, the Agent and the applicable Co-Borrower shall have notified the account debtor of the assignment and give irrevocable instructions to the account debtor to pay proceeds as directed by the Agent on behalf of the Banks; and

(k) Such Account meets and complies with the Credit Policy; provided that, if any credit limits for any account debtor in the Credit Policy are less than the credit limit set forth for such account debtor on Annex C , the Accounts for such account debtor shall be deemed to be in compliance with the credit limits set forth in the Credit Policy for purposes of this clause (l) to the extent such Accounts are within the credit limit for such account debtor set forth on Annex C .

Eligible Accounts shall exclude any portion of such Accounts relating to (i) Transmission and Distribution Service Provider (" TDSP ") charges billed to ERCOT customers to the extent that such TDSP charges owed to the TDSP have not been paid by Co-Borrowers prior to the creation of the Account from such ERCOT customers and (ii) purchase of receivables fees and related sales Taxes to the extent that such fees and related sales Taxes applicable to purchase of receivables markets have not already been taken into consideration in calculating the amount owed from the particular local distribution company and such net-amounts are reflected on Co-Borrowers books and records.

For purposes of applying the above requirements for determining an Eligible Account, if the Co-Borrowers request the approval of the Banks to treat an Account as an Eligible Account, the Banks shall have five (5) Business Days after receipt of such request (and all relevant supporting information) to respond thereto (but not necessarily make a decision with

respect to eligibility). If a Bank does not respond to Agent within such five (5) Business Days period, such Bank shall be deemed to have approved the treatment of the Account as an Eligible Account. Notwithstanding the foregoing, the Banks shall be deemed to have approved the Accounts resulting from the sale to the account debtors listed on Annex C , up to the amounts set forth on Annex C for each such Account Debtor.

" Eligible Assignee " means any Person that meets the requirements to be an assignee under Section 10.08 (subject to such consents, if any, as may be required under Section 10.08(a)).

" Eligible Broker " means, with respect to hedging accounts and transactions, Newedge USA, LLC and any other broker reasonably acceptable to the Agent.

" Eligible Exchange Receivables " means all enforceable rights of any Co-Borrower to receive natural gas in exchange for the sale or trade of natural gas previously delivered to the exchange debtor by such Co-Borrower which, in each case, (a) are evidenced by a written agreement enforceable against the exchange debtor thereof, (b) are current pursuant to the terms of the contract or invoice, (c) are subject to a perfected, first Lien for the benefit of the Secured Parties subject only to Permitted Liens, and no other Lien, charge, offset or claim, (d) are not the subject of a dispute between the exchange debtor and such Co-Borrower, (e) are valued at Platt's spot market price or another independent posting acceptable to the Agent in its sole discretion, (f) are evidenced by contracts with exchangers pre-approved by the Agent in writing in its sole discretion, or contracts secured by letters of credit in form acceptable to the Agent in its sole discretion and issued by banks approved by the Agent in its sole discretion, (g) have not been otherwise determined by the Agent in its sole discretion to be unacceptable to it.

" Eligible Inventory " means, at the time of determination thereof, each Co-Borrower's inventory consisting of natural gas, valued at current market (as referenced by a published source acceptable to the Banks in their sole discretion) net of any setoff, counterclaim or netting, as to which the following requirements have been fulfilled to the satisfaction of the Agent:

(a) The inventory is owned by such Co-Borrower, free and clear of all Liens in favor of third parties, except Liens in favor of the Banks under the Loan Documents and except for Permitted Liens;

(b) The inventory has not been identified to deliveries with the result that a buyer would have rights to the inventory that would be superior to the Banks' security interest, nor shall such inventory have become the subject of a customer's ownership or Lien;

(c) The inventory is in transit in the U.S. or a bill of lading has been issued or endorsed to the Agent if such inventory is in the hands of a third party carrier, or is located at a storage facility or at the owned sites, or leased premises, at the locations described on Schedule 7.18 , or at such other place as has been specifically agreed to in writing by the Agent and the applicable Co-Borrower; and

(d) The inventory is subject to a fully perfected first priority security interest in favor of the Agent for the benefit of the Secured Parties pursuant to the Loan Documents.

Such Eligible Inventory shall not include "virtual storage", "winter bundled sales" and future purchase commitments made during bid week.

" Equity Interest " means, with respect to any Person, the shares of capital stock of (or other ownership or profit interests in) such Person, the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interest in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and any of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

" Equity Investment " means the purchase or other acquisition by a Loan Party of any Equity Interest in another Person engaged in a line of business similar or complimentary to the lines of business carried on by the Loan Parties or in other business activities in the energy business related to such lines of business.

" ERISA " means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

" ERISA Affiliate " means, collectively, any Loan Party, and any Person under common control, or treated as a single employer, with any Loan Party, within the meaning of Section 414(b), (c), (m) or (o) of the Code.

" ERISA Event " means any of the following: (a) a reportable event described in Section 4043 of ERISA (other than those events with respect to which the 30-day notice requirement has been duly waived under the applicable regulations) with respect to a Title IV Plan, (b) the withdrawal of any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (c) the complete or partial withdrawal of any ERISA Affiliate from any Multiemployer Plan, (d) with respect to any Multiemployer Plan, the filing of a notice of reorganization, insolvency or termination (or treatment of a plan amendment as termination) under Section 4041A of ERISA, (e) the filing of a notice of intent to terminate a Title IV Plan (or treatment of a plan amendment as termination) under Section 4041(c) of ERISA, (f) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC, (g) the failure to make any required contribution to any Title IV Plan or Multiemployer Plan when due, (h) the imposition of a lien under Section 430 of the Code or Section 303 or 4068 of ERISA on any property (or rights to property, whether real or personal) of any ERISA Affiliate, and (i) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for a distress or involuntary termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of any liability upon any ERISA Affiliate under Title IV of ERISA other than for PBGC premiums due but not delinquent.

" Eurocurrency Liabilities " has the meaning specified in Section 4.06 .

" Eurodollar Rate " means for any Interest Period with respect to any Eurodollar Rate Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Reuters Reference LIBOR 01 (or otherwise on such screen) at approximately, with respect to any Notice of Borrowing or Notice of Conversion/Continuation (as applicable), 11:00 am (London time) two (2) Business Days prior to the first day of such Interest Period. In the event that such rate does not appear or shall cease to be available from Reuters Reference LIBOR 01, then the Eurodollar Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Agent and the Co-Borrowers that reflects an average ICE Benchmark Administration (or the successor thereto if the ICE Benchmark Administration is no longer making a Eurodollar Rate available) Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

" Eurodollar Rate Loan " means a Loan that bears interest at a rate based on the Eurodollar Rate.

" Event of Default " means any of the events or circumstances specified in Section 8.01 .

" Excluded Swap Obligation " means, with respect to any Loan Party, any CEA Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such CEA Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Loan Party or the grant of such security interest becomes effective with respect to such CEA Swap Obligation. If a CEA Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such CEA Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

" Excluded Taxes " means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, state gross receipts Taxes imposed in lieu of net income or franchise Taxes, and branch profits Taxes, in each case, imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Bank, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof), (b) in the case of a Bank, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Commitment pursuant to a Requirement of Law in effect on the date on which (i) such Bank acquires such interest in the Loan or Commitment or (ii) such Bank changes its lending office, except in each case to the extent that,

pursuant to Section 4.01 amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its lending office, (c) Taxes attributable to a Foreign Bank's failure to comply with Section 9.10(b) and (d) any U.S. federal withholding Taxes imposed under FATCA.

" Existing Credit Agreement " means that certain Seventh Amended and Restated Credit Agreement dated as of July 31, 2013, among Ventures, Spark Energy Holdings, LLC, Spark, SEG, Associated Energy Services, LP, a Texas limited partnership, Société Générale, as agent, issuing bank and a bank, and each other financial institution party thereto.

" Existing Letters of Credit " means all Letters of Credit issued for the account of Spark and SEG which are outstanding as of the date hereof under the Existing Credit Agreement and listed on Schedule 1.01 .

" Expiration Date " means [ ], 2016.

" FATCA " means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code and any fiscal or regulatory legislation on, rules or practices adopted pursuant to such intergovernmental agreement.

" FDIC " means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

" Federal Funds Rate " means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)" on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal Funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal Funds transactions in New York City selected by the Agent.

" Foreign Bank " means any Bank that is not a U.S. Person.

" FRB " means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

" GAAP " means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination, consistently applied.

" Governmental Authority " means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

" Guarantors " means Parent and each Subsidiary of a Loan Party (other than a Co-Borrower) which has executed a Guaranty Agreement.

" Guaranty Agreement " means (i) that certain Guaranty Agreement made by Parent in favor of the Agent for the ratable benefit of the Secured Parties and (ii) any other guaranty agreement executed from time to time by any Person in favor of the Agent in respect of any or all of the Obligations, as each may be amended, restated, supplemented or otherwise modified from time to time.

" Hedged Eligible Inventory " means natural gas owned by a Co-Borrower (a) which has been presold in a manner resulting in, or which at the time of delivery, will result in, a Qualified Account, or (b) which has been hedged by a NYMEX contract or an over-the-counter contract acceptable to Agent, which NYMEX contract is subject to a tri-party account control agreement with Agent and which natural gas, upon such purchase by a Co-Borrower, shall qualify as Eligible Inventory. Such Hedged Eligible Inventory shall be valued at current market (as referenced by a public source acceptable to the Agent in its sole discretion) net of any setoff, counterclaim or netting. Such Hedged Eligible Inventory shall not include "virtual storage" or "winter bundled sales".

" HoldCo " means Spark HoldCo, LLC, a Delaware limited liability company.

" Honor Date " has the meaning specified in Subsection 3.03(b) .

" Increase Effective Date " has the meaning specified in Subsection 2.02(b) .

" In-the-Money Positions " means the in-the-money marked-to-market value of forward positions from Co-Borrower's forward book from (i) any Accounts of the Co-Borrowers which are Eligible Accounts (other than those Accounts which fail to meet the requirements of subparagraph (h) in the definition of "Eligible Accounts," which Accounts shall be included) and which are attributable to Product which has been contracted to be delivered to an account debtor and (ii) any open financial forward contracts not included in Approved Brokerage accounts, net of , in each case (on a counterparty by counterparty basis) remaining forward out-of-the-money positions, accounts payable and offsets and counterclaims of Co-Borrowers to such counterparty, as such amounts may be adjusted to account for the effective amount of posted cash and Letter of Credit support to such counterparty.

" Indebtedness " means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts payable in the ordinary course of business that are not paid for more than 90 days after the date on which such trade account payable was due, and (ii) obligations that are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by any Co-Borrower);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) Capital Lease Obligations and Synthetic Lease Obligations;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any equity interest in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all guaranties of such Person in respect of any of the foregoing, but only to the extent that any such guaranty does not guaranty the payment of amounts owed or which may be owed by a Co-Borrower or is not otherwise included as Indebtedness of a Co-Borrower.

For all purposes hereof, the Indebtedness of any Person shall (i) include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless, and to the extent that, such Indebtedness is expressly made non-recourse to such Person, and (ii) exclude any loans from an insurance company or an insurance premium finance company to finance all or any portion of the premium on any insurance policy maintained by any Co-Borrower or any of its Subsidiaries, but only to the extent consistent with past practice. The amount of any Capital Lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Indebtedness attributable in respect thereof as of such date. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date if the Swap Termination Value shows that the Parent or any of its Consolidated Subsidiaries is the party owing such amount.

" Indemnified Taxes " means all Taxes other than Excluded Taxes.

" Insolvency Proceeding " means with respect to any Person (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangements in respect of its creditors generally or any substantial portion of its creditors; undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

" Intercreditor Agreement " means the Intercreditor Agreement dated as of [ ], 2014 among the Banks and the Loan Parties relating to the sharing of Collateral with and among the Swap Banks, as amended from time to time.

" Interest Payment Date " means, (a) as to any Loan other than a Base Rate Loan or COF Rate Loan, the last day of each Interest Period applicable to such Loan except if the Interest Period for such Loan is longer than 90 days, then the 90 th day after such Loan is made; and (b) as to any Base Rate Loan or COF Rate Loan, the later of (i) the 5th Business Day of each fiscal quarter, or (ii) the date of payment shown on the billing delivered to the Co-Borrowers by the Agent, but in no event later than the Expiration Date.

" Interest Period " means, as to any Eurodollar Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as a Eurodollar Rate Loan, and ending on the date that is one or two weeks or one, two, three or six months thereafter, as selected by HoldCo in its Notice of Borrowing or Notice of Conversion/Continuation as the ending date thereof; *provided* , *however* , that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the preceding Business Day;

(b) any Interest Period pertaining to a Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the scheduled Expiration Date.

" Interest Rate Contract " means any agreement entered into with any Swap Bank, whether or not in writing, relating to any single transaction that is an interest rate protection agreement, interest rate future, interest rate option, interest rate swap, interest rate cap, collar or other interest rate hedge arrangement. No Interest Rate Contract will be executed hereunder unless it is subject to the applicable ISDA Master Agreement or its equivalent (i.e., long-form confirmations).

" IPO " means the initial public offering of the Parent's Class A common stock.

" IPO Restructuring " means (a) the initial formation of Parent, HoldCo and NuDevco Holdings as wholly owned Subsidiaries of Ventures, (b) the conversion of Spark and SEG from Texas limited partnerships to Texas limited liability companies, (c) the distribution by Spark Energy Holdings, LLC of all of its Equity Interests in Spark and SEG to Ventures, (d) the contribution by Ventures of all of its Equity Interests in Parent, HoldCo, Spark, SEG to NuDevco

Holdings in exchange for all Equity Interests issued by NuDevco Holdings, (e) the contribution by NuDevco Holdings of all of its Equity Interests in Spark and SEG to HoldCo in exchange for Equity Interests issued by HoldCo, (f) the initial formation of NuDevco Retail as a wholly owned Subsidiary of NuDevco Holdings, (g) the contribution by NuDevco Holdings of 1% of the Equity Interests issued by HoldCo to NuDevco Retail in exchange for all Equity Interests issued by NuDevco Retail, (h) the transfer by NuDevco Holdings of certain Equity Interests issued by HoldCo with a value of $50,000 to Parent in exchange for a $50,000 intercompany promissory note by Parent to NuDevco Holdings, (i) the amendment of the limited liability company agreement of HoldCo to admit Parent as the sole managing member of HoldCo, (j) the issuance of Class B common stock of Parent to HoldCo, (k) the distribution by HoldCo of all such Class B common stock of Parent to NuDevco Holdings and NuDevco Retail, (l) the amendment and restatement of the limited liability company agreement of HoldCo, (m) the cancellation of all Equity Interests of Parent held by NuDevco Holdings, (n) the consummation of the IPO, (o) the purchase from NuDevco Holdings by the Parent of a portion of the Equity Interests of HoldCo and the repayment of the intercompany promissory note referred to in clause (h) above in exchange for cash consideration, and (m) the repayment of all obligations under the Existing Credit Agreement allocable to the Loan Parties and the release and termination of all obligations, liabilities and Liens of each Loan Party relating to the Existing Credit Agreement and the other Loan Documents (as defined in the Existing Credit Agreement).

" IPO Restructuring Documents " means (a) the Transaction Agreement dated as of June 18, 2014 among Ventures, NuDevco Holdings, NuDevco Retail, Spark Energy Holdings, LLC, HoldCo, and Parent, (b) the Transaction Agreement II dated as of [ ], 2014 among Parent, HoldCo, NuDevco Retail, NuDevco Holdings, and Associated Energy Services, LP, (c) the Tax Receivable Agreement, (d) the Underwriting Agreement dated as of [ ], 2014 among Robert W. Baird & Co. Incorporated, Stifel, Nicolaus & Company, Incorporated, and the other parties listed on Schedule A thereto, (e) the Inter-Borrower Agreement dated as of [ ], 2014 among Ventures, Spark Energy Holdings, LLC, Spark, SEG, and Associated Energy Services, LP, (f) and the Registration Rights Agreement dated as of [ ], 2014 among Parent, NuDevco Retail, and NuDevco Holdings, and (g) the Promissory Note dated June 18, 2014 by Spark payable to Ventures in the principal amount of $50,000.

" IRS " means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

" Issuance Date " means the date on which any Letter of Credit is actually Issued hereunder.

" Issue " means, with respect to any Letter of Credit, to issue or to extend the expiry of, or to renew or increase the amount of, such Letter of Credit; and the terms " Issued ," " Issuing " and " Issuance " have corresponding meanings.

" Issuing Bank Sub-Limit " means, with respect to each Issuing Bank, the limit set opposite such Issuing Bank under the heading "Sub-Limit" in the table below or such other amount as may be agreed to in writing by the Co-Borrowers, the Agent and the applicable Issuing Bank:

Issuing Bank	Sub-Limit
Société Générale	$70,000,000

" Issuing Bank " means Société Générale and any of its Affiliates and any other Bank or any Affiliate of any Bank that has requested and has received Agent's consent to Issue Letters of Credit hereunder, in such Bank's or Affiliate's capacity as an issuer of one or more Letters of Credit hereunder.

" L/C Advance " means each Bank's participation in any L/C Borrowing or Reducing L/C Borrowing in accordance with its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Agreement, with respect to each Non-Defaulting Bank, its Pro Rata Adjusted Advance Share, if applicable) with respect to Letters of Credit Issued prior to the Conversion to Reduced Funding Banks Date and the Approving Banks' participation in any L/C Borrowing or Reducing L/C Borrowing in accordance with its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Agreement, with respect to each Non-Defaulting Bank, its Pro Rata Adjusted Advance Share, if applicable) with respect to all Letters of Credit Issued thereafter.

" L/C Amendment Application " means an application form for amendment of outstanding Standby or Documentary Letters of Credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

" L/C Application " means an application form for Issuances of Standby or Documentary Letters of Credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

" L/C Borrowing " means an extension of credit under the Working Capital Line resulting from either a drawing under any Letter of Credit or a Reducing L/C Borrowing, which extension of credit shall not have been reimbursed on the date when made nor converted into a Borrowing of Working Capital Loans under Section 3.03 .

" L/C Issuance " means the Issuance of a Letter of Credit under the Working Capital Line.

" L/C Obligations " means at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the amount of all unreimbursed drawings under all Letters of Credit, which will constitute an L/C Borrowing until reimbursed or converted into a Borrowing of Working Capital Loans.

" L/C-Related Documents " means the Letters of Credit, the L/C Applications, the L/C Amendment Applications and any other document relating to any Letter of Credit, including, but not limited to, any of the Issuing Bank's standard form documents for letter of credit issuances.

" L/C Sub-limit Caps " means the following sub-limit caps upon L/C Obligations under particular types of Letters of Credit Issued under the Working Capital Line as follows:

(a) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product and Performance Standby Letters of Credit, in each case with terms of up to 90 days - $70,000,000.00.

(b) Standby Letters of Credit issued for the purpose of financing a Contango Transaction with terms of up to 365 days - $70,000,000.00.

(c) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product and Performance Standby Letters of Credit, in each case with terms of greater than 90 days and up to 365 days - $45,833,333.33 in the aggregate.

Provided that , any Letters of Credit that do not match the terms stated above due to the inclusion of an automatic renewal provision shall be permitted as long as the maximum number of days required for notice of non-renewal is ninety (90) days for Performance Standby Letters of Credit, and sixty (60) days for all other types of Letters of Credit. If Commitments are increased pursuant to Section 2.02 , L/C Sub-limit Caps (a) and (b) shall be correspondingly increased and L/C Sub-limit Cap (c) shall be increased pro-rata based on the amount of any increase in the Commitments under Section 2.02 in excess of $70,000,000 in the aggregate, but shall not exceed $75,000,000. Such increases to be notified to the Co-Borrowers and the Banks pursuant to Section 2.02(c) .

" Letters of Credit " means (a) any letters of credit (whether Standby Letters of Credit or Documentary Letters of Credit) issued by the Issuing Bank under the Working Capital Line pursuant to Article III, and (b) any Reducing Letters of Credit.

" Letters of Credit Fee Rate " means the following percentages per annum:

(a) if the average daily Aggregate Amount during the most recently ended fiscal quarter was less than fifty percent (50%) of the average daily aggregate Commitments of the Banks in effect during such fiscal quarter, (i) two percent (2.00%) for Letters of Credit described in clauses (a) and (b) under L/C Sub-limit Caps and (ii) two and one-quarter percent (2.25%) for Letters of Credit described in clause (c) under L/C Sub-limit Caps; and

(b) if the average daily Aggregate Amount during the most recently ended fiscal quarter was greater than or equal to fifty percent (50%) of the average daily aggregate Commitments of the Banks in effect during such fiscal quarter, (i) two and one-quarter percent (2.25%) for Letters of Credit described in clauses (a) and (b) under L/C Sub-limit Caps and (ii) two and one-half percent (2.50%) for Letters of Credit described in clause (c) under L/C Sub-limit Caps.

The Letter of Credit Fee Rate for any fiscal quarter shall be determined by the Agent based upon the average Aggregate Amount outstanding and the average aggregate Commitments of the Banks in effect, in each case, on each day during the fiscal quarter most recently ended, and any such determination shall be conclusive and binding absent manifest error. Any increase or decrease in the Letter of Credit Fee Rate resulting from a change in the

average daily Aggregate Amount or aggregate Commitments of the Banks during any fiscal quarter shall become effective as of the first day of the subsequent fiscal quarter, as notified by the Agent to the Co-Borrowers. Notwithstanding the foregoing, the Letter of Credit Fee Rate shall be deemed to be the Letter of Credit Fee Rate described in clause (a) above from and after the Closing Date through and including the last day of the first full fiscal quarter ending after the Closing Date.

" Letters of Credit for Product Not Yet Delivered " shall mean an amount equal to the face amount of any Letter of Credit for the purchase of Product minus (i) the value (determined by means of a commercially reasonable method agreed to between Co-Borrowers and Agent) of accounts payable and any other costs and liabilities incurred by the Co-Borrowers for the purchase of Products related to such Letter of Credit by the Co-Borrowers under such Letters of Credit with respect to which title to such Products has passed to a Co-Borrower as of the date of calculation thereof and is included as part of the Co-Borrowers' Eligible Inventory, minus (ii) any marked-to-market loss liability on any open forward contract or open over-the-counter transaction, minus (iii) any liability pertaining to an exchange payable, minus (iv) any other counterclaim that can be made against such Letter of Credit. The amounts resulting from such calculation shall not be duplicative of amounts included in the calculation of any other line item in the Borrowing Base Advance Cap for any reason.

" Lien " means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or other encumbrance, lien (statutory or otherwise) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming any Co-Borrower as debtor, under the Uniform Commercial Code or any comparable law).

" Loan " means an extension of credit by the Banks to the Co-Borrowers under Article II or Article III, including Working Capital Loans.

" Loan Documents " means this Agreement, the Notes, the Guaranty Agreement, the Security Documents, the Intercreditor Agreement, the Documents, each Subordination Agreement, if and when in effect, and all other documents delivered to the Banks in connection herewith, each as amended, modified or restated from time to time.

" Loan Party " means each Co-Borrower and each Guarantor.

" Lock Box " has the meaning specified in Subsection 7.08(a) .

" Long Position " means for each Co-Borrower, (a) the aggregate number of MMBtus of natural gas which are either held in inventory by such Co-Borrower or which such Co-Borrower has contracted to purchase (whether by purchase of a contract on a commodities exchange or otherwise), or which such Co-Borrower will receive on exchange or under a swap contract including, without limitation, all option contracts representing the obligation of such Co-Borrower to purchase natural gas at the option of a third party, and in each case, for which a

fixed purchase price has been set or (b) the aggregate number of megawatt hours of electricity, which such Co-Borrower has contracted to purchase (whether by purchase of a contract on a commodities exchange or otherwise), or which such Co-Borrower will receive on exchange or under a swap contract including, without limitation, all option contracts representing the obligation of such Co-Borrower to purchase electricity at the option of a third party, and in each case, for which a fixed purchase price has been set. Long Positions will be expressed as a positive number.

" Majority Banks " means, as of any date of determination, one or more Banks having more than 50% of Commitments or, if the Commitment of each Bank to make Loans and the obligation of the Issuing Bank to Issue Letters of Credit have been terminated pursuant to Section 8.02 , Banks holding in the aggregate more than 50% of the Effective Amount of all Loans and L/C Obligations (with the aggregate amount of each Bank's risk participation and funded participation in L/C Obligations being deemed "held" by such Bank for purposes of this definition).

" Margin Stock " means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

" Marketable Securities " means (a) certificates of deposit issued by any bank with a Fitch rating of A or better, (b) commercial paper rated P-1, A-1 or F-1, (c) bankers acceptances rated Prime, or (d) U.S. Government obligations with tenors of 90 days or less.

" Material Adverse Effect " means (a) a material adverse effect upon, the operations, business, properties, or condition (financial or otherwise) of the Loan Parties taken as a whole, (b) a material impairment of the ability of any Loan Party or the Loan Parties to perform under any Loan Document, or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document or the rights and remedies of the Agent, Issuing Bank or the Banks thereunder.

" Multiemployer Plan " means any multiemployer plan, as defined in Section 400l(a)(3) of ERISA, to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

" Net Position " means the sum of all Long Positions and Short Positions of each of the Co-Borrowers.

" Net Position Report " means a report which details the Net Position of each of the Co-Borrowers and includes each Co-Borrower's certification that it is in compliance with Section 7.17 of this Agreement, substantially in the form attached hereto as Exhibit C , or in any other form acceptable to the Banks, which Net Position Report shall include, on a monthly basis, detailed information on volumetric positions with mark to market valuation on a dollar basis.

" Net Working Capital " means the net working capital of Parent (which includes the Co-Borrowers) on a Consolidated basis (i) including the portion of accumulated other comprehensive income (to the extent negative) for which there exists an offsetting unrecognized profit from physical transactions not included elsewhere on the balance sheet, (ii) excluding accumulated other comprehensive income (to the extent positive), (iii) including unrealized

losses recorded on the balance sheet and income statement to the extent that there is an offsetting physical transaction with a gain that has not been recorded on the balance sheet and income statement, and excluding unrealized gains recorded on the balance sheet and income statement but only to the extent that such unrealized gains exceed losses on offsetting physical transactions for which losses have been recorded on the balance sheet and income statement, (iv) excluding any accrued and unpaid interest under the Working Capital Line if not already recorded in current liabilities, (v) excluding cash deposits subject to Liens permitted by Section 7.10(n) in excess of $5,000,000, (vi) excluding any Subordinated Debt permitted by Section 7.13(c) from current liabilities, (vii) excluding unsecured Indebtedness permitted under Section 7.13(j) from current liabilities, (viii) excluding all amounts due from employees, owners, Subsidiaries and Affiliates which are not a Co-Borrower or a Guarantor, other than Affiliate Obligations which will be included if the amount owing from any Affiliate or Subsidiary that is not a Co-Borrower is less than $1,000,000 individually and less than $3,000,000 in the aggregate, or if any such individual or aggregate amount is more, such Affiliate Obligation is acceptable to the Agent, (ix) excluding securities which are not "Marketable Securities" as defined herein and which the Agent decides to exclude from Net Working Capital, (x) excluding mark-to-market losses (not already deducted in (iii) above), and (xi) excluding the value of any Equity Investment (included in net working capital) if the Agent, on behalf of the Secured Parties, has not been granted a first priority security interest in such Equity Investment. In calculating Net Working Capital, the amount of Subordinated Debt permitted by Section 7.13(c) excluded from liabilities in such calculation shall not exceed 50% of the resultant Net Working Capital.

" New Bank Agreement " means a New Bank Agreement, substantially in the form of Exhibit H , among the Co-Borrowers, the Agent, and a new financial institution making a Commitment pursuant to Section 2.02 of this Agreement.

" Non Defaulting Bank " means, at any time, each Bank that is not a Defaulting Bank at such time.

" Note " means a promissory note made by a Co-Borrower in favor of a Bank evidencing Loans made by such Bank, substantially in the form of Exhibit B .

" Notice of Borrowing " means a request by the Co-Borrowers to the Agent for either a Borrowing of Loans or an L/C Issuance, each such notice to be in the appropriate form attached hereto as Exhibit A-1 or in any other form acceptable to the Agent.

" Notice of Conversion/Continuation " means a notice in substantially the form of Exhibit A-2 .

" NuDevco Holdings " means NuDevco Retail Holdings, LLC, a Delaware limited liability company.

" NuDevco Retail " means NuDevco Retail, LLC, a Delaware limited liability company.

" NYMEX " means the New York Mercantile Exchange.

" Obligations " means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, including, but not limited to, the obligation to reimburse L/C Obligations to an Issuing Bank, due or to become due, now existing or hereafter arising and, including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof or any proceeding under any debtor relief laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding, and (b) all indebtedness, liabilities and obligations owing by any Loan Party to any Swap Bank under a Swap Contract, whether due or to become due, absolute or contingent, or now existing or hereafter arising, including Swap Contracts in effect on the Closing Date (as such Swap Contracts may be amended from time to time); provided that (i) when any Swap Bank assigns or otherwise transfers any interest held by it under any Swap Contract to any other Person pursuant to the terms of such agreement, the obligations thereunder shall constitute Swap Obligations only if such assignee or transferee is also then a Bank or an Affiliate of a Bank and a party to the Intercreditor Agreement and (ii) if a Swap Bank ceases to be a Bank or an Affiliate of a Bank hereunder, obligations owing to such Swap Bank shall be included as Swap Obligations only to the extent such obligations arise from transactions under such individual Swap Contracts (and not the master agreement between such parties) entered into prior to the time such Swap Bank ceases to be a Bank or an Affiliate of a Bank hereunder, without giving effect to any extension, increases, or modifications thereof which are made after such Swap Bank ceases to be a Bank or an Affiliate of a Bank hereunder; provided further that, "Obligations" shall exclude any Excluded Swap Obligations. For purposes of determining the amount of the Loan Parties' Swap Obligations, the amount of such Swap Obligation shall be an amount equal to the Close-Out Amount with respect to any Swap Contract.

" OFAC " means the U.S. Treasury Department Office of Foreign Assets Control.

" Originating Bank " has the meaning specified in Subsection 10.08(d) .

" Other Taxes " means any present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

" Parent " means Spark Energy, Inc., a Delaware corporation.

" Participant " has the meaning specified in Subsection 10.08(d) .

" Participant Register " has the meaning specified in Subsection 10.08(d) .

" Patriot Act " has the meaning specified in Section 10.21 .

" PBGC " means the Pension Benefit Guaranty Corporation and any successor thereto.

" Performance Standby Letters of Credit " means Standby Letters of Credit securing performance obligations, transportation obligations, swap obligations or other obligations of the Co-Borrowers owing to pipeline and storage companies.

" Permitted Acquisitions " means the acquisition of 50% or more of the Equity Interest in another Person or the acquisition of any business, division or enterprise, or all or substantially all of the assets of another Person, *provided* (a) such acquisition is consistent with or complimentary to the lines of business presently conducted by the Co-Borrowers or in other business activities in the energy business related to such lines of business, (b) before and immediately after giving effect to such acquisition no Default or Event of Default shall have occurred and be continuing, (c) immediately after giving effect to such acquisition, the Loan Parties shall be in pro forma compliance with the financial covenants in Section 7.09 , (d) the purchase price for any such acquisition does not exceed $10,000,000.00 without the prior written consent of the Agent or $20,000,000.00 without the prior written consent of the Majority Banks, and (e) (i) in the case of an acquisition of Equity Interests, the acquisition is structured so that the acquired Person becomes a Subsidiary of a Co-Borrower, and the Co-Borrowers comply with Section 7.23 with respect to such Person and (ii) in the case of an acquisition of assets, such acquisition is structured so that a Loan Party acquires such assets.

" Permitted Liens " has the meaning specified in Section 7.10 .

" Person " means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

" Platform " has the meaning specified in Subsection 10.02(e) .

" Pledge Agreement " means each pledge agreement listed on the Security Schedule and each other pledge agreement executed from time to time by any Person in favor of the Agent in respect of any or all of the Obligations, as each may be amended, restated, supplemented or otherwise modified from time to time.

" POR Agreement " means any agreement for billing services and for the assignment of accounts receivables between a Co-Borrower and a third party as may be approved by the Agent from time to time in its sole discretion. The POR Agreements in effect as of the Closing Date are set forth in Schedule 1.01 .

" POR Collateral " means accounts receivable assigned by a Co-Borrower pursuant to a POR Agreement.

" PP&E " means all property, plant and equipment that has been or should be, in accordance with GAAP, recorded as property, plant and equipment.

" Pro Rata Adjusted Percentage " means, at any time that one or more Banks qualifies as a Defaulting Bank hereunder, with respect to each Non-Defaulting Bank, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the aggregate Commitments (excluding the Commitments of all Defaulting Banks); *provided* that the application of the Pro Rata Adjusted Percentage shall in no event result in a Non-Defaulting Bank being obligated to extend credit in an amount in excess of its Commitment, and no adjustment to a Non-Defaulting Bank's Commitment shall arise from such Non-Defaulting Bank's agreement herein to fund in accordance with its Pro Rata Adjusted Percentage.

" Pro Rata Share " means, with respect to any Bank at any time, the percentage (carried out to the ninth decimal place) of the aggregate Commitments represented by such Bank's Commitment at such time. If the commitment of each Bank to make Loans has been terminated pursuant to Section 8.02 or if the aggregate Commitments have expired, then the percentage of each Bank shall be determined based on the Pro Rata Share of such Bank most recently in effect, giving effect to any subsequent assignments. The initial Pro Rata Share of each Bank is set forth as its "Pro Rata Share" opposite the name of such Bank on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Bank becomes a party hereto, as applicable.

" Product " means natural gas and electricity.

" Prospectus " means the latest prospectus included in the Registration Statement or filed with the SEC pursuant to Rule 424(b) under the Securities Act prior to the date hereof.

" Public Bank " has the meaning specified in Subsection 10.02(e) .

" Qualified Accounts " means receivables under contracts which upon performance by the applicable Co-Borrower will become Eligible Accounts of such Co-Borrower.

" Qualified ECP Guarantor " means, in respect of any CEA Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such CEA Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

" Recipient " means any (i) Bank, (ii) the Agent, and (iii) the Issuing Bank, as applicable.

" Reducing Letters of Credit " means any standby letters of credit that (a) are Issued by the Issuing Bank under the Working Capital Line pursuant to Article III and (b) specifically provide that the amount available for drawing under such letters of credit will be reduced, automatically and without any further amendment or endorsement to such letters of credit, by the amount of any payment or payments made to the beneficiary of such letter of credit by the Co-Borrowers if (x) Co-Borrowers furnish evidence reasonably acceptable to Agent that such payment or payments have been made, or (y) such payment or payments (i) are made through the Issuing Bank and (ii) reference such Reducing Letters of Credit by the Letter of Credit numbers thereof, notwithstanding the fact that such payment or payments are not made pursuant to conforming and proper draws under such letter of credit.

" Reducing L/C Borrowing " means any extension of credit by the Banks under the Working Capital Line for the purpose of funding any payment or payments made to the beneficiary of a Reducing Letter of Credit by the Co-Borrowers if such payment or payments (i) are made through the Issuing Bank, (ii) reference the Reducing Letter of Credit by the letter of credit number thereof, and (iii) are not made pursuant to a conforming and proper draw under such Reducing Letter of Credit.

" Register " has the meaning specified in Section 10.07(b) .

" Registration Statement " means that Registration Statement on Form S-1 (File No. 333-196375) filed by Parent with the SEC, as amended on or prior to the date hereof.

" Requirement of Law " means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject but excluding any such determination of an arbitrator or Governmental Authority that is being appealed or is being validly challenged in good faith by such Person.

" Reserves " means reserves for any warehouse, bailee or storage charges or rent where inventory is located in an amount not less than an amount necessary to pay all such charges or rents for three months.

" Responsible Officer " means (a) with respect to any Person that is a corporation, the officers of such Person listed on the Responsible Officer List provided by the Loan Parties to the Agent from time to time, (b) with respect to any Person that is a limited liability company, if such Person has officers, then the officers of such Person listed on the Responsible Officer List provided by the Loan Parties to the Agent from time to time, and if such Person is managed by members, then a Responsible Officer of such Person's managing member, and if such Person is managed by managers, then a manager (if such manager is an individual) or a Responsible Officer of such manager (if such manager is an entity), and (c) with respect to any Person that is a general partnership, limited partnership or a limited liability partnership, the Responsible Officer of such Person's general partner or partners.

" Responsible Officer List " means the list of Responsible Officers provided by the Loan Parties to the Agent from time to time.

" Risk Management Policy " means the energy commodity risk management policy of Co-Borrowers, as such policy may be amended from time to time pursuant to Section 7.27 .

" Sanctions " has the meaning specified in Section 6.25 .

" SEC " means the Securities and Exchange Commission.

" Secured Parties " means the Agent, each Issuing Bank, each Bank and each Swap Bank.

" Security Agreement " means that certain Security Agreement among the Co-Borrowers, the Guarantors and Société Générale, as Agent, dated as of [ ], 2014, for the ratable benefit of the Secured Parties, as amended, restated, supplemented or otherwise modified from time to time.

" Security Documents " means the instruments listed in the Security Schedule and all other security agreements, deeds of trust, mortgages, chattel mortgages, pledges, assignments, deposit instruments, guarantees, financing statements, continuation statements, extension agreements and other agreements or instruments now, heretofore, or hereafter delivered by any Co-Borrower to the Agent for the ratable benefit of the Banks and the Swap Banks in connection with this Agreement or any transaction contemplated hereby to secure the payment of any part of the Obligations or the performance of any Co-Borrower's other duties and obligations under the Loan Documents.

" Security Schedule " means Annex A hereto.

" SEG " means Spark Energy Gas, LLC, a Texas limited liability company.

" SEG Bank Blocked Account " means SEG's accounts nos. 87113329, 29200734 and 29200815 maintained with Compass Bank or an account with a depositary institution acceptable to Agent into which collections from SEG's accounts will be deposited pursuant to Section 7.08 .

" Sharing Event " shall have the meaning ascribed to it in the Intercreditor Agreement.

" Short Position " means for each Co-Borrower, (a) the aggregate number of MMBtus of natural gas which such Co-Borrower has contracted to sell (whether by sale of a contract on a commodities exchange or otherwise) or deliver on exchange or under a swap contract, including, without limitation, all option contracts representing the obligation of such Co-Borrower to sell natural gas at the option of a third party and in each case for which a fixed sales price has been set or (b) the aggregate number of megawatt hours of electricity which such Co-Borrower has contracted to sell (whether by sale of a contract on a commodities exchange or otherwise) or deliver on exchange or a swap contract, including, without limitation, all option contracts representing the obligation of such Co-Borrower to sell electricity at the option of a third party and in each case for which a fixed sales price has been set. Short Positions will be expressed as a negative number.

" Spark " means Spark Energy, LLC, a Texas limited liability company.

" Spark Bank Blocked Account " means Spark's accounts nos. 87113124, 12217196, 23158868 and 29200793 maintained with Compass Bank or an account with a depositary institution acceptable to Agent into which collections from Spark's accounts will be deposited pursuant to Section 7.08 .

" Standby Letter of Credit " means a Letter of Credit which is not intended at the time Issued to be drawn upon.

" Subordinated Debt " means unsecured Indebtedness of the Co-Borrowers (a) no part of the principal of which is required to be paid (whether by way of mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the date that is six (6) months after the Expiration Date, (b) the terms and provisions of which are otherwise reasonably satisfactory to the Agent and (c) that has been subordinated to the Obligations in right and time of payment pursuant to the Subordination Agreement.

" Subordination Agreement " means a subordination agreement, in form and substance acceptable to the Agent and the Majority Banks, among the Co-Borrowers, the owner and holder of the Subordinated Debt and the Agent.

" Subsidiary " of a Person means any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. For purposes of this Agreement and each other Loan Document, HoldCo and its Subsidiaries shall constitute Subsidiaries of the Parent. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of any of the Loan Parties.

" Swap Banks " means any Person that, at the time it enters into a Swap Contract with a Co-Borrower permitted under Article 7, is a Bank or an Affiliate of a Bank and is a party to the Intercreditor Agreement, in its capacity as a party to such Swap Contract.

" Swap Contract " means any agreement entered into with any Swap Bank, whether or not in writing, relating to any single transaction that is a rate swap, a basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, currency option or any other similar transaction (including any transaction involving physical delivery and any option to enter into any of the foregoing) or any combination of the foregoing and, unless the context clearly requires, any master agreement relating to or governing any or all of the foregoing. No Swap Contract will be executed hereunder unless it is subject to the applicable ISDA Master Agreement or its equivalent (i.e., long-form confirmations). For the avoidance of doubt, the term "Swap Contract" shall include Interest Rate Contracts.

" Swap Obligations " means the obligations referred to in clause (b) of the definition of Obligations.

" Swap Termination Value " means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Bank or any Affiliate of a Bank).

" Synthetic Lease Obligation " means the monetary obligation of a Person under a so-called synthetic, off-balance sheet or tax retention lease.

" Tangible Net Worth " means the Consolidated equity of Parent (which includes the Co-Borrowers), as determined in accordance with GAAP, (a) plus the portion of accumulated other comprehensive income (to the extent negative) for which there exists an offsetting unrecognized profit from physical transactions not included elsewhere on the balance sheet, (b) minus accumulated other comprehensive income (to the extent positive), (c) plus unrealized losses recorded on the balance sheet and income statement to the extent that there is an offsetting physical transaction with a gain that has not been recorded on the balance sheet and income statement, minus unrealized gains recorded on the balance sheet and income statement but only to the extent that such unrealized gains exceed losses on offsetting physical transactions for which losses have been recorded on the balance sheet and income statement, (d) minus all amounts due from employees, owners, Subsidiaries and Affiliates, investments in capital stock and intangible assets of the Co-Borrowers unless the amount due from an Affiliate constitutes an Affiliate Obligation (but only to the extent that such Affiliate Obligation is permitted to be included in the calculation of Net Working Capital), (e) minus mark-to-market losses (not already deducted in (c) above), (f) minus the value of any Equity Investment if the Agent, on behalf of the Secured Parties, has not been granted a first priority security interest in such Equity Investment, (g) plus Subordinated Debt permitted by Section 7.13(c); *provided* , that for purposes of calculating Tangible Net Worth, Subordinated Debt permitted by Section 7.13(c) may not exceed fifty percent (50%) of the resultant Tangible Net Worth, (h) minus cash deposits subject to Liens permitted by Section 7.10(n) in excess of $5,000,000.

" Tax Receivable Agreement " means the Tax Receivable Agreement dated as of the Closing Date among the Parent, HoldCo, NuDevco Holdings, and NuDevco Retail.

" Taxes " means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of a Bank, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank is organized or maintains a lending office.

" Tier I Account " means an Eligible Account with a Tier I Account Party.

" Tier I Account Party " means an Account Debtor which is (a) of the type listed as a Tier I Account Party on the Credit Limit Annex, or (b) approved by the Agent as a Tier I Account Party.

" Tier I Unbilled Qualified Account " means Unbilled Qualified Accounts with a Tier I Account Party.

" Tier II Account " means an Eligible Account with a Tier II Account Party.

" Tier II Account Party " means an Account Debtor which is (a) of the type listed on the Credit Limit Annex as a Tier II Account Party or (b) approved by the Agent as a Tier II Account Party.

" Tier II Unbilled Qualified Account " means Unbilled Qualified Accounts with a Tier II Account Party.

" Title IV Plan " means a pension plan subject to Title IV of ERISA, other than a Multiemployer Plan, to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

" Total Available Commitments " means, at any time, the aggregate Commitments of all Banks minus the aggregate Commitments of all Defaulting Banks at such time.

" Type " means a Base Rate Loan, COF Rate Loan or a Eurodollar Rate Loan.

" Unbilled Qualified Accounts " means Eligible Accounts, based upon the value of underlying sales contracts, of the Co-Borrowers for Product which have been delivered to an account debtor and which would be Eligible Accounts but for the fact that such Accounts have not actually been invoiced at such time.

" United States " and " U.S. " each means the United States of America.

" U.S. Person " means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

" U.S. Tax Compliance Certificate " has the meaning specified in Section 9.10(b)(i) .

" Ventures " means Spark Energy Ventures, LLC, a Texas limited liability company.

" Wells Fargo Bank Blocked Account " means SEG's account nos. 4174907669 and 4945021152 maintained with Wells Fargo Bank into which collections from SEG's accounts will be deposited pursuant to Section 7.08 .

" Withdrawal Liability " means, at any time, any liability incurred (whether or not assessed) by any ERISA Affiliate and not yet satisfied or paid in full at such time with respect to any Multiemployer Plan pursuant to Section 4201 of ERISA.

" Working Capital Line " means the line of credit provided hereunder. As of the Closing Date, the Working Capital Line is $70,000,000.00, subject to increase pursuant to Section 2.02 .

" Working Capital Loans " shall have the meaning set forth in Section 2.01 .

1.02 Other Interpretive Provisions .

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and Subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term “documents” includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however, evidenced.

(ii) The term “including” is not limiting and means “including without limitation.”

(iii) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms but only for the specific purposes for which they apply.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Banks and the Co-Borrowers, and are the products of all parties. Accordingly, they shall not be construed against any of the parties merely because of such parties’ involvement in their preparation.

1.03 Accounting Principles .

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made in accordance with GAAP consistently applied.

(b) References herein to “fiscal year” and “fiscal quarter” refer to such fiscal periods of each of the Loan Parties.

(c) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either a Loan Party or the Majority Banks shall so request, the Agent, the Banks and the Loan Parties shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Banks); *provided that* , until so amended, (A) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (B) the Loan Parties shall provide to the Agent and the Banks financial statements and other documents required under this Agreement or as reasonably

requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the financial statements referred to in Section 6.11(a) for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

ARTICLE 2
THE CREDITS

2.01 Working Capital Loans . Subject to the terms and conditions set forth herein, each Bank severally agrees to make loans (each such loan, a " Working Capital Loan ") to the Co-Borrowers from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Bank's Commitment; *provided , however* , that after giving effect to any Borrowing:

(a) the aggregate amount of Working Capital Loans plus the Effective Amount of all L/C Obligations shall not exceed the lesser of (i) the aggregate Commitments of the Banks, or, if a Defaulting Bank exists hereunder, the Total Available Commitments and (ii) the Borrowing Base Advance Cap determined as of the date of such request on the basis of the Collateral Position Report most recently received by the Agent pursuant to Section 7.02(b) two (2) Business Days prior to the date on which the requested Working Capital Loans are to be made,

(b) the aggregate Effective Amount of Working Capital Loans of any Bank, plus such Bank's Pro Rata Share of the Effective Amount of all L/C Obligations shall not exceed such Bank's Commitment, and

(c) the amount of such Working Capital Loan, plus the Effective Amount of all Working Capital Loans made for the purpose described in the applicable Advance Sub-limit Cap shall not exceed the applicable Advance Sub-limit Cap.

Within the limits of each Bank's Commitment, and subject to the other terms and conditions hereof, the Co-Borrowers' ability to obtain Working Capital Loans shall be fully revolving, and accordingly the Co-Borrowers may borrow under this Section 2.01 , prepay under Section 2.06 , and re-borrow under this Section 2.01 . Working Capital Loans may be Base Rate Loans, COF Rate Loans or Eurodollar Rate Loans, as further provided herein.

2.02 Increase in Commitments .

(a) Subject to the conditions set forth in clauses (b) and (c) of this Section 2.02 , the Co-Borrowers may request that the amount of the aggregate Commitments be increased one or more times, in each case in a minimum amount of $5,000,000.00 or in integral multiples of $5,000,000.00 in excess thereof; *provided* that the aggregate Commitments after any such increase may not exceed $120,000,000.

(b) Each such increase shall be effective only upon the following conditions being satisfied: (i) the Agent and each Issuing Bank shall have approved such increase, each such approval not to be unreasonably withheld, (ii) no Default or Event of Default has occurred and is continuing at the time thereof or would be caused thereby, (iii) either the Banks having Commitments hereunder at the time the increase is requested agree to increase their Commitments in the amount of the requested increase or other financial institutions agree to make a Commitment in the amount of the difference between the amount of the increase requested by the Co-Borrowers and the amount by which the Banks having Commitments hereunder at the time the increase is requested are increasing their Commitments, (iv) such Banks and other financial institutions, if any, shall have executed and delivered to the Agent a Commitment Increase Agreement or a New Bank Agreement, as applicable, and (v) the Co-Borrowers shall have delivered such evidence of authority for the increase (including without limitation, certified resolutions of the applicable managers and/or members of the Co-Borrowers authorizing such increase) as the Agent may reasonably request.

(c) Each financing institution to be added to this Agreement as described in Section 2.02(b)(iii) above shall execute and deliver to the Agent a New Bank Agreement, pursuant to which it becomes a party to this Agreement. Each Bank agreeing to increase its Commitment as described in Section 2.02(b)(iii) shall execute and deliver to the Agent a Commitment Increase Agreement pursuant to which it increases its Commitment hereunder. In addition, a Responsible Officer shall execute and deliver to the Agent, for each Bank being added to this Agreement, a Note payable to such new Bank in the principal amount of the Commitment of such Bank, and for each Bank increasing its Commitment, a replacement Note payable to such Bank, in the principal amount of the increased Commitment of such Bank. Each such Note shall be dated the effective date of the pertinent New Bank Agreement or Commitment Increase Agreement. In the event a replacement Note is issued to a Bank, such Bank shall mark the original note as "REPLACED" and shall return such original Note to the Co-Borrowers. Upon execution and delivery to the Agent of the Note and the execution by the Agent of the relevant New Bank Agreement or Commitment Increase Agreement, as the case may be, such new financing institution shall constitute a "Bank" hereunder with a Commitment as specified therein, or such existing Bank's Commitment shall increase as specified therein, as the case may be, and the Agent shall notify the Co-Borrowers and all Banks of such addition or increase, and the final allocations thereof, and provide a revised Schedule 2.01 reflecting such additions or increase together with a schedule showing the revised Advance Sub-limit Caps and the revised L/C Sub-limit Caps.

(d) Notwithstanding anything to the contrary in this Section 2.02 , the Banks having Commitments hereunder at the time any such increase is requested shall have the first right, but shall not be obligated, to participate in such increase by agreeing to increase their respective Commitments by their Pro Rata Share to the extent of such increase. The Agent shall not, and shall not be obligated to, permit any financial institutions that do not have, at that time, Commitments hereunder to make commitments for portions of the requested increase not assumed by the Banks having Commitments hereunder until each of such Banks have agreed to increase their Commitments or declined to do so. To facilitate the Banks' right of first refusal, HoldCo shall, by written notice to the Agent (which shall promptly deliver a copy to each Bank) given not less than 30 days prior to the requested effective date of the increase in Commitments (the " Increase Effective Date "), request that the Banks increase their Commitments. Each Bank shall, by notice to HoldCo and the Agent given not later than 15 days following receipt of HoldCo's request, advise HoldCo whether or not it will increase its Commitments as of the

Increase Effective Date. Any Bank that has not so advised HoldCo and the Agent by such day shall be deemed to have declined to agree to such increase in its Commitment. The decision to increase its Commitment hereunder shall be at the sole discretion of each Bank.

2.03 Loan Accounts . The Loans and Letters of Credit Issued may be evidenced by Notes and loan accounts. Each Bank may endorse on the schedules annexed to its Note the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Co-Borrowers with respect thereto. Each Bank is irrevocably authorized by the Co-Borrowers to endorse its Note and records and such Bank's records shall be conclusive absent manifest error; *provided , however* , that the failure of any Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the Obligations of the Co-Borrowers hereunder or under such Note to such Bank.

2.04 Procedure for Borrowing .

(a) Each Borrowing of Loans consisting only of Base Rate Loans or COF Rate Loans shall be made upon the Co-Borrowers' irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing, which notice must be received by Agent prior to 1:00 p.m. (New York City time) on the Borrowing Date specifying the amount of the Borrowing. Each Borrowing of Loans that includes any Eurodollar Rate Loans shall be made upon the Co-Borrowers' irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by Agent prior to 1:00 p.m. (New York City time) three (3) Business Days prior to the requested Borrowing Date), specifying the amount of the Borrowing. Each such Notice of Borrowing shall be submitted by HoldCo by electronic transfer or facsimile, confirmed immediately in an original writing and shall specify (i) the Type of Loan requested and (ii) the Co-Borrower(s) for whom such Loan is requested. Each requested Eurodollar Rate Loan must be in a principal amount of at least $5,000,000.00 and any multiple of $1,000,000.00 in excess thereof.

(b) Following receipt of a Notice of Borrowing requesting Working Capital Loans, the Agent shall promptly notify each Bank of the amount of its Pro Rata Share of such requested Working Capital Loans.

(c) Each Bank will make the amount of its Pro Rata Share of such Borrowing available to Agent for the account of the Co-Borrowers at Agent's Payment Office by 3:00 p.m. (New York City time) on the Borrowing Date requested by the Co-Borrowers in funds immediately available to Agent. The proceeds of all such Loans will then be made available to the Co-Borrowers by the Agent by crediting the Bank Blocked Account designated by HoldCo with the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent.

2.05 Conversion and Continuation Elections .

(a) The Co-Borrowers may, upon irrevocable written notice to Agent in accordance with Subsection 2.05(b) :

(i) elect, as of any Business Day, in the case of Base Rate Loans or COF Rate Loans, or as of the last day of the applicable Interest Period, in the case of any Eurodollar Rate Loan, to convert any such Loans into Loans of any other Type (*provided , however* , the principal amount of each Eurodollar Rate Loan must be at least $5,000,000.00); or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Loans having Interest Periods expiring on such day (*provided , however* , the principal amount of each Eurodollar Rate Loan must be at least $5,000,000.00);

provided , however , that if at any time the aggregate amount of Eurodollar Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof, to a principal amount that is less than $5,000,000.00, such Eurodollar Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Co-Borrowers to continue such Loans as, and convert such Loans into, Eurodollar Rate Loans shall terminate.

(b) HoldCo shall deliver a Notice of Conversion/Continuation to be received by Agent not later than 1:00 p.m. (New York City time) on the Conversion/Continuation Date if the Loans are to be converted into Base Rate Loans or COF Rate Loans; and three (3) Business Day in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Eurodollar Rate Loans, specifying:

(i) the proposed Conversion/Continuation Date;

(ii) the aggregate amount of Loans to be converted or continued;

(iii) the Type of Loans resulting from the proposed conversion or continuation; and

(iv) other than in the case of conversions into Base Rate Loans or COF Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Eurodollar Rate Loans, the Co-Borrowers have failed to timely select a new Interest Period to be applicable to its Eurodollar Rate Loans, or if any Default or Event of Default then exists, the Co-Borrowers shall be deemed to have elected to convert such Eurodollar Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Co-Borrowers, Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans, with respect to which the notice was given, held by each Bank. Agent will promptly notify, in writing, each Bank of the amount of such Bank’s applicable percentage of that Conversion/Continuation.

(e) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, the Co-Borrowers may not elect to have a Loan converted into or continued as a Eurodollar Rate Loan.

(f) After giving effect to any Borrowing, conversion or continuation of Loans, there may not be more than ten (10) Interest Periods in effect.

2.06 Optional Prepayments . The Co-Borrowers may, at any time or from time to time, upon HoldCo's irrevocable written notice to Agent received prior to 12:00 p.m. noon (New York City time) on the date of prepayment, prepay Loans in whole or in part, without premium or penalty. The Agent will promptly notify each Bank of its receipt of any such prepayment, and of such Bank's applicable percentage of such prepayment (which share may be affected by the allocation rules set forth in Section 2.16 with respect to Defaulting Banks).

2.07 Mandatory Prepayments of Loans .

(a) If on any date (i) the Effective Amount of Working Capital Loans then outstanding under any Advance Sub-limit Cap exceeds the amount of such Advance Sub-limit Cap, or (ii) the Effective Amount of all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations exceeds the lesser of the aggregate of the Commitments or the Borrowing Base Advance Cap, the Co-Borrowers shall within three Business Days, and without notice or demand, (1) prepay the outstanding principal amount of the Working Capital Loans and L/C Borrowings by an amount equal to the applicable excess, such payments to be applied pro rata, or (2) Cash Collateralize on such date the excess amount pursuant to subsection (b) .

(b) If on any date the Effective Amount of all L/C Obligations exceeds the lesser of the aggregate Commitments or the Borrowing Base Advance Cap, or any L/C Obligations relating to a type of Letter of Credit described herein exceeds the applicable L/C Sub-limit Cap, the Co-Borrowers shall Cash Collateralize on such date the outstanding Letters of Credit, or the outstanding type of Letters of Credit, as the case may be, in an amount equal to such excess, and thirty (30) days prior to the Expiration Date, Co-Borrowers shall Cash Collateralize all then outstanding Letters of Credit in an amount equal to one hundred five percent (105%) of the Effective Amount of all L/C Obligations related to such Letters of Credit. If on any date after giving effect to any Cash Collateralization made on such date pursuant to the preceding sentence, the Effective Amount of all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations exceeds the lesser of the aggregate Commitments or the Borrowing Base Advance Cap, the Co-Borrowers shall immediately, and without notice or demand, prepay the outstanding principal amount of the Working Capital Loans and L/C Borrowings by an amount equal to the applicable excess, such payments to be applied pro rata. Any cash deposited as cash collateral or portion thereof, shall be returned to Co-Borrowers as soon as reasonably practicable after notice to Agent of the expiration, termination or satisfaction of the Letters of Credit in sufficient amounts such that the Effective Amount of all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations does not exceed the lesser of the aggregate Commitments or the Borrowing Base Advance Cap.

(c) If an increase in the aggregate Commitments is effected as permitted under Section 2.02, the Co-Borrowers shall prepay any Working Capital Loans and L/C Borrowings outstanding on the date such increase is effected to the extent necessary to keep the outstanding Commitments ratable to reflect the revised Pro Rata Shares of the Banks arising from such increase. Any prepayment made by the Co-Borrowers in accordance with this Section 2.07(c) may be made with the proceeds of Working Capital Loans made by all the Banks in connection such increase occurring simultaneously with the prepayment.

2.08 Termination or Reduction of Commitments . The Co-Borrowers may, upon notice to the Agent by the Co-Borrowers, terminate the aggregate Commitments, or from time to time permanently reduce the aggregate Commitments; *provided* that (i) any such notice shall be received by the Agent not later than noon five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $5,000,000.00 or any whole multiple of $1,000,000.00 in excess thereof, and (iii) the Co-Borrowers may not terminate or reduce the aggregate Commitments if, after giving effect thereto, a mandatory prepayment would be required under Section 2.07(a) . The Agent will promptly notify the Banks of any such termination or reduction of the aggregate Commitments. Any reduction of the aggregate Commitments shall be applied to the Commitment of each Bank according to its Pro Rata Share. All fees accrued until the effective date of any termination of the aggregate Commitments and all other amounts payable shall be paid on the effective date of such termination.

2.09 Repayment . The Co-Borrowers shall repay the principal amount of each Working Capital Loan on the Advance Maturity Date for such Loan.

2.10 Interest .

(a) Each Loan (except for a Working Capital Loan made as a result of a drawing under a Letter of Credit or a Reducing L/C Borrowing) shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a floating rate per annum equal to the Base Rate plus the Applicable Margin at all times such Loan is a Base Rate Loan, at a floating rate per annum equal to the COF Rate plus the Applicable Margin at all times such Loan is a COF Rate Loan or at the Eurodollar Rate plus the Applicable Margin at all times such Loan is an Eurodollar Rate Loan. Each Working Capital Loan made as a result of a drawing under a Letter of Credit or a Reducing L/C Borrowing shall bear interest on the outstanding principal amount thereof from the date funded at a floating rate per annum equal to the Base Rate plus the Applicable Margin until such Loan has been outstanding for more than two (2) Business Days and, thereafter, shall bear interest on the outstanding principal amount thereof at a floating rate per annum equal to the Base Rate plus the Applicable Margin, plus two percent (2.0%) per annum (the " Default Rate ").

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date.

(c) Notwithstanding subsection (a) of this Section, if any amount of principal of or interest on any Loan, or any other amount payable hereunder or under any other Loan Document is not paid in full when due (whether at stated maturity, by acceleration, demand or otherwise), the Co-Borrowers agree to pay interest on such unpaid principal or other amount, from the date such amount becomes due until the date such amount is paid in full, and after as well as before any entry of judgment thereon to the extent permitted by law, payable on demand, at a fluctuating rate per annum equal to the Default Rate.

(d) Anything herein to the contrary notwithstanding, the Obligations of the Co-Borrowers to the Banks hereunder shall be subject to the limitation that payment of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the Banks would be contrary to the provisions of any law applicable to the Banks limiting the highest rate of interest that may be lawfully contracted for, charged or received by the Banks, and in such event the Co-Borrowers shall pay the Banks interest at the highest rate permitted by applicable law.

(e) Regardless of any provision contained in the Notes or in any of the Loan Documents, the Banks shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest under the Notes or any Loan Document, or otherwise, any amount in excess of the maximum rate of interest permitted to be charged under applicable law, and, in the event that the Banks ever receive, collect or apply as interest any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Notes, and, if the principal balance of the Notes is paid in full, any remaining excess shall forthwith be paid to the Co-Borrowers. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate, the Co-Borrowers and the Banks shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee, or premium, rather than as interest, (ii) exclude voluntary prepayments and the effect thereof, and (iii) spread the total amount of interest throughout the entire contemplated term of such Notes so that the interest rate is uniform throughout such term; *provided , however ,* that if all Obligations under the Notes and all Loan Documents are performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual term thereof exceeds the maximum lawful rate, the Banks shall refund to the Co-Borrowers the amount of such excess, or credit the amount of such excess against the aggregate unpaid principal balance of the Banks' Notes at the time in question.

2.11 Non-Utilization Fees . The Co-Borrowers shall pay to the Agent for the account of each Bank in accordance with its Pro Rata Share, a non-utilization fee equal to (a) if the average daily Aggregate Amount during the most recently ended fiscal quarter was less than fifty percent (50%) of the average daily aggregate Commitments of the Banks in effect during such fiscal quarter, 0.50% per annum and (b) if the average daily Aggregate Amount during the most recently ended fiscal quarter was greater than or equal to fifty percent (50%) of the average daily aggregate Commitments of the Banks in effect during such fiscal quarter, 0.375% per annum times the actual daily amount by which the aggregate Commitments exceed the Aggregate Amount; *provided* that for any day that a Bank is a Defaulting Bank hereunder, its Commitments shall be deemed to be, solely for purposes of this Section 2.11 , zero. The non-utilization fees shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article V are not met, and shall be due and payable quarterly in arrears within fifteen (15) days of the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Expiration Date. The non-utilization fees shall be calculated quarterly in arrears.

2.12 Computation of Fees and Interest .

(a) All computations in respect of interest at the Prime Rate shall be made on the basis of a 365/366-day year. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365/366-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof through the last day thereof.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Co-Borrowers.

2.13 Payments by the Co-Borrowers .

(a) All payments to be made by the Co-Borrowers shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Co-Borrowers shall be made to the Agent for the account of the Banks at Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 1:00 p.m. (New York City time) on the date specified herein. Agent will promptly distribute to each Bank its Pro Rata Share (or after the occurrence of a Sharing Event, an amount determined pursuant to the Intercreditor Agreement) of such payment in like funds as received. Any payment received by Agent later than 1:00 p.m. (New York City time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue. If and to the extent the Co-Borrowers make a payment in full to Agent no later than 1:00 p.m. (New York City time) on any Business Day and Agent does not distribute to each Bank its Pro Rata Share of such payment in like funds as received on the same Business Day, Agent shall pay to each Bank on demand interest on such amount as should have been distributed to such Bank at the Federal Funds Rate for each day from the date such payment was received until the date such amount is distributed.

(i) For any payment received by the Agent from or on behalf of the Co-Borrowers in respect of Obligations that are then due and payable (and prepayments pursuant to Section 2.06), the Agent will promptly distribute such amounts in like funds to each Bank, its Pro Rata Share of the Working Capital Loans except that any amount otherwise payable to a Defaulting Bank shall be distributed in the manner described in Section 2.16(g) .

(ii) For any payment received from or on behalf of the Co-Borrowers by the Agent on or after the occurrence of a Sharing Event, the Agent will promptly distribute such payment in accordance with Section 2.01 of the Intercreditor Agreement.

(b) Subject to the provisions set forth in the definition of " Interest Period " herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless Agent receives notice from the Co-Borrowers prior to the date on which any payment is due to the Banks that the Co-Borrowers will not make such payment in full as and when required, Agent may assume that the Co-Borrowers have made such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount

equal to the amount then due such Bank. If and to the extent the Co-Borrowers have not made such payment in full to Agent, each Bank shall repay to Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.14 Payments by the Banks to Agent . If and to the extent any Bank shall not have made its full amount available to Agent in immediately available funds and Agent in such circumstances has made available to the Co-Borrowers such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of Agent submitted to any Bank with respect to amounts owing under this Section 2.14 shall be conclusive, absent manifest error. If such amount is so made available, such payment to Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Borrowing Date, Agent will notify the Co-Borrowers of such failure to fund and, upon demand by Agent, the Co-Borrowers shall pay such amount to Agent for Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

2.15 Sharing of Payments, Etc . If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share (or after the occurrence of a Sharing Event, an amount determined pursuant to the Intercreditor Agreement), such Bank shall immediately (a) notify Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; except that with respect to any Bank that is a Defaulting Bank by virtue of such Bank failing to fund its Pro Rata Share or Pro Rata Adjusted Percentage of any Working Capital Loan or L/C Borrowing, such Defaulting Bank's pro rata share of the excess payment shall be allocated to the Bank (or the Banks, pro rata) that funded such Defaulting Bank's Pro Rata Share or Pro Rata Adjusted Percentage; *provided* , *however* , that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Co-Borrowers agree that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.09) with respect to such participation as fully as if such Bank were the direct creditor of the Co-Borrowers in the amount of such participation. Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.16 Defaulting Bank . Notwithstanding any other provision in this Agreement to the contrary, if at any time a Bank becomes a Defaulting Bank, the following provisions shall apply so long as any Bank is a Defaulting Bank:

(a) Until such time as the Defaulting Bank ceases to be a Bank under this Agreement, it will retain its Commitment and will remain subject to all of its obligations as a Bank hereunder, although it will be presumed that such Defaulting Bank will fail to satisfy any funding obligation and, accordingly, all other Banks hereby agree to fund L/C Borrowings in accordance with the terms hereof and their respective Pro Rata Adjusted Percentage.

(b) The Fees under Section 2.11 shall cease to accrue on that portion of such Defaulting Bank's Commitment that remains unfunded or which has not been included in any L/C Obligations;

(c) A Defaulting Bank may cease to be a Defaulting Bank as specified in the definition thereof.

(d) At any time during a Default Period, Agent may and upon the direction of the Majority Banks shall, upon three (3) Business Days prior notice to the applicable Defaulting Bank (so long as such Default Period remains in effect at the end of such notice period), require such Defaulting Bank to assign all right, title and interest that it may have in all Loans and any other Obligations of the Co-Borrowers under this Agreement and the Loan Documents to another Bank (if another Bank will consent to purchase such right, title and interest) or an Eligible Assignee in accordance with Section 10.07 of this Agreement, if such Eligible Assignee can be found by the Co-Borrowers, for a purchase price equal to 100% of the principal amount of such Loans and any other Obligations ***plus*** the amount of any interest and fees accrued and owing to such Defaulting Bank as of the date of such assignment.

(e) with respect to any L/C Obligation that exists at the time a Bank becomes a Defaulting Bank or thereafter:

(i) all or any part of such Defaulting Bank's Pro Rata Share of the L/C Obligations shall be reallocated among the Non-Defaulting Banks in accordance with their respective Pro Rata Adjusted Percentage but only to the extent (x) the sum of all of the Effective Amounts of the Non-Defaulting Banks plus such Defaulting Bank's Pro Rata Share of the L/C Obligations does not exceed the Total Available Commitment, (y) any Non-Defaulting Bank's Effective Amount plus such Non-Defaulting Bank's Pro Rata Adjusted Percentage of such Defaulting Bank's Pro Rata Percentage of the L/C Obligations does not exceed such Non-Defaulting Bank's Commitment and (z) the conditions set forth in Section 5.02 of this Agreement are satisfied at such time;

(ii) if the reallocation described in clause (i) above cannot, or can only partially be effected, then the Co-Borrowers shall within two (2) Business Days following notice by the Agent Cash Collateralize such Defaulting Bank's Pro Rata Share of the L/C Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the terms of this Agreement, including without limitation Section 3.07 , for so long as such L/C Obligation is outstanding;

(iii) if the Co-Borrowers Cash Collateralize any portion of such Defaulting Bank's Pro Rata Share of the L/C Obligations pursuant to this Section 2.16(e) and Section 3.07 then the Co-Borrowers shall not be required to pay any fees for the pro rata benefit of such Defaulting Bank pursuant to Section 3.08 with respect to such Defaulting Bank's Pro Rata Share of the L/C Obligations during the period such Defaulting Bank's Pro Rata Share of the L/C Obligations is Cash Collateralized; and

(iv) if any Defaulting Bank's Pro Rata Share of the L/C Obligations is neither cash collateralized nor reallocated pursuant to Section 2.16(e)(i) , then, without prejudice to any rights or remedies of the Letter of Credit Issuer or any Bank hereunder, all letter of credit fees payable under this Agreement with respect to such Defaulting Bank's Pro Rata Share of the L/C Obligations shall be payable to the Issuing Banks until such Pro Rata Share of the L/C Obligations is Cash Collateralized, reallocated, or repaid in full.

(f) So long as any Bank is a Defaulting Bank, the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitment of the Non-Defaulting Banks and/or cash collateral will be provided by Defaulting Bank or the Co-Borrowers in accordance with Section 3.07 , and participating interests in any such newly issued or increased Letter of Credit shall be allocated among the Non-Defaulting Banks in a manner consistent with Section 3.03 (and the Defaulting Banks shall not participate therein).

(g) Any amount payable to such Defaulting Bank hereunder (whether on account of principal, interest, fees or otherwise) shall, in lieu of being distributed to such Defaulting Bank, be retained by the Agent in a segregated account and subject to any applicable requirements of law, be applied (i) *first* , to the payment of any amounts owing by such Defaulting Bank to the Agent hereunder, (ii) *second* , to the payment of any amounts owing by such Defaulting Bank to the Issuing Banks hereunder, (iii) *third* , to the funding of cash collateralization of any participating interest in any Letter of Credit in respect of which such Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Agent or the Issuing Bank with the amount so funded reducing the amount the Co-Borrowers were required to Cash Collateralize pursuant to Section 2.16(e)(ii) , (iv) *fourth* , if so determined by the Agent, the Issuing Bank and the Co-Borrowers, held in such account as cash collateral for future funding obligations of any Defaulting Bank under this Agreement, (v) *fifth* , pro rata, to the payment of any amounts owing to the Co-Borrowers or the Banks as a result of any judgment of a court of competent jurisdiction obtained by the Co-Borrowers or any Bank against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement and (vi) *sixth* , to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction, *provided* that if such payment is a prepayment of the principal amount of any Loans or reimbursement obligations in respect of L/C Advances which a Defaulting Bank has funded in accordance with its participation obligations, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all non-Defaulting Banks *pro rata* prior to being applied to the prepayment of any Loans, or reimbursement obligations owed to, any Defaulting Bank.

(h) In the event that the Agent, the Co-Borrowers and the Issuing Bank each agree that a Defaulting Bank has adequately remedied all matters that caused such Bank to be a Defaulting Bank, then the Pro Rata Share of the L/C Obligations of the Banks shall be readjusted to reflect the inclusion of such Bank's Commitment and on such date such Bank shall purchase at par such of the Loans of the other Banks as the Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Pro Rata Share as though it were not a Defaulting Bank.

(i) No Swap Contract entered into by a Swap Bank shall benefit from the security package provided by the Security Documents, if at the time such Swap Contract was entered, such Swap Bank (or its Affiliate) was a Defaulting Bank.

(j) Notwithstanding anything to the contrary herein, the Commitment of such Defaulting Bank shall not be included for purposes of determining the "Majority Banks."

ARTICLE 3
THE LETTERS OF CREDIT

3.01 The Letter of Credit Lines .

(a) Each Issuing Bank agrees, (A) from time to time on any Business Day during the period from the Closing Date to the Expiration Date, to Issue Letters of Credit for the account of the Co-Borrowers under the Working Capital Line and to amend or renew Letters of Credit previously Issued by it, in accordance with Subsections 3.02(c) and 3.02(d) , and (B) to honor drafts under the Letters of Credit. Each of the Banks will be deemed to have approved such Issuance, amendment or renewal, and shall participate in Letters of Credit Issued for the account of the Co-Borrowers. Subject to the other terms and conditions hereof, the Co-Borrowers' ability to request that an Issuing Bank Issue Letters of Credit shall be fully revolving, and, accordingly, the Co-Borrowers may, during the foregoing period, request that Issuing Bank Issue Letters of Credit to replace Letters of Credit which have expired or which have been drawn upon and reimbursed. The parties hereto agree that effective as of the Closing Date, the Existing Letters of Credit shall be deemed to have been issued and maintained under, and to be governed by the terms and conditions of, this Agreement and shall constitute a portion of the L/C Obligations.

(b) No Issuing Bank shall Issue any Letter of Credit unless Agent shall have received notice of the request for Issuance of such Letter of Credit and Agent shall have consented to the Issuance of such Letter of Credit, such consent not to be unreasonably withheld, conditioned or delayed. Additionally, no Issuing Bank shall Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from Issuing such Letter of Credit, or any Requirement of Law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the date hereof, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the date hereof and which such Issuing Bank in good faith deems material to it;

(ii) such Issuing Bank has received written notice from the Agent or the Co-Borrowers, on or prior to the Business Day prior to the requested date of Issuance of such Letter of Credit, that one or more of the applicable conditions contained in Article V is not then satisfied;

(iii) the expiry date of any requested Letter of Credit is after the earlier to occur of (A) the expiry date of the applicable L/C Sub-limit Cap for such Letter of Credit or (B) 365 days after the Expiration Date, unless all the Banks have approved such expiry date in writing;

(iv) the expiry date of any such requested Letter of Credit is prior to the maturity date of any financial obligation to be supported by the requested Letter of Credit;

(v) such requested Letter of Credit is not in form and substance acceptable to such Issuing Bank, or the Issuance of such requested Letter of Credit shall violate any applicable policies of Issuing Bank;

(vi) such Letter of Credit is for the purpose of supporting the Issuance of any letter of credit by any other Person other than another Co-Borrower;

(vii) such Letter of Credit is denominated in a currency other than Dollars;

(viii) the amount of such requested Letter of Credit, plus the Effective Amount of L/C Obligations relating to Letters of Credit Issued under a particular L/C Sub-limit Cap exceeds the applicable L/C Sub-limit Cap;

(ix) the amount of such requested Letter of Credit, plus the Effective Amount of all of the L/C Obligations, plus the Effective Amount of all Working Capital Loans exceeds the lesser of (A) the Borrowing Base Advance Cap determined as of the date of such request on the basis of the Collateral Position Report most recently received by the Agent pursuant to Section 7.02(b) two (2) Business Days prior to the date on which the requested Letter of Credit is to be Issued, or (B) the aggregate Commitments of the Banks, or, if a Defaulting Bank exists hereunder, the Total Available Commitments;

(x) the amount of such Letter of Credit would result in exposure of an Issuing Bank to exceed its Issuing Bank Sub-Limit.

(c) Any Letter of Credit requested by the Co-Borrowers to be Issued hereunder may be Issued by any Issuing Bank or any Affiliate of such Issuing Bank acceptable to the Co-Borrowers, and if a Letter of Credit is Issued by an Affiliate of such Issuing Bank, such Letter of Credit shall be treated, for all purposes of this Agreement and the Loan Documents, as if it were issued by such Issuing Bank.

3.02 Issuance, Amendment and Auto-extension of Letters of Credit .

(a) Each Letter of Credit Issued hereunder shall be Issued upon the irrevocable written request of HoldCo pursuant to a Notice of Borrowing in the applicable form attached hereto as Exhibit A-1 received by an Issuing Bank and the Agent by no later than 12:00 p.m. noon (New York City time) on the proposed date of Issuance. Each such request for Issuance of a Letter of Credit shall be by electronic transfer or facsimile, confirmed immediately in an original writing or by electronic transfer, in the form of an L/C Application, and shall specify in form and detail satisfactory to such Issuing Bank: (i) the proposed date of Issuance of the Letter of Credit (which shall be a Business Day); (ii) the face amount of the Letter of Credit; (iii) the expiry date of the Letter of Credit; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (vi) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (vii) such other matters as such Issuing Bank may require.

(b) From time to time while a Letter of Credit is outstanding and prior to the Expiration Date, an Issuing Bank will, upon the written request of HoldCo received by such Issuing Bank (with a copy sent by HoldCo to Agent) prior to 12:00 p.m. noon (New York City time) on the proposed date of amendment, consider the amendment of any Letter of Credit issued by it. Each such request for amendment of a Letter of Credit shall be made by electronic transfer or facsimile, confirmed immediately in an original writing or by electronic transfer, made in the form of an L/C Amendment Application and shall specify in form and detail satisfactory to such Issuing Bank and Agent: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as such Issuing Bank may require. Such Issuing Bank shall be under no obligation to amend any Letter of Credit.

(c) Unless a Co-Borrower has previously notified an Issuing Bank not to do so, if any outstanding Letter of Credit Issued by an Issuing Bank shall provide that it shall be automatically extended unless the beneficiary thereof is sent a notice from such Issuing Bank that such Letter of Credit shall not be extended, and if at the time of extension such Issuing Bank would be entitled to authorize the automatic extension of such Letter of Credit in accordance with this Subsection 3.02(c) , then such Issuing Bank shall be permitted to allow such Letter of Credit to auto-extend, and the Co-Borrowers and the Banks hereby authorize such extension, and, accordingly, such Issuing Bank shall be deemed to have received instructions from the Co-Borrowers requesting such extension.

(d) Any Issuing Bank may, at its election, deliver any notices of termination or other communications to any Letter of Credit beneficiary or transferee, and take any other action as necessary or appropriate, at any time and from time to time, in order to cause the expiry date of such Letter of Credit to be a date not later than the Expiration Date.

(e) This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(f) Each Issuing Bank will deliver to Agent a true and complete copy of each Letter of Credit or amendment to or renewal of a Letter of Credit Issued by it.

3.03 Risk Participations, Drawings, Reducing Letters of Credit and Reimbursements.

(a) Immediately upon the Issuance of each Letter of Credit Issued by Issuing Bank (including in the case of each Existing Letter of Credit, the deemed issuance with respect thereto on the Closing Date), each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such Issuing Bank a participation in such Letter of Credit and each drawing or Reducing L/C Borrowing thereunder in an amount equal to the product of (i) the Pro Rata Share of such Letter of Credit (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable), times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing or Reducing Letter of Credit Borrowing, respectively. For purposes of Section 2.01 , each Issuance of a Letter of Credit shall be deemed to utilize the Commitment of each Bank by an amount equal to the amount of such participation.

(b) In the event of any request for a drawing under a Letter of Credit Issued by an Issuing Bank by the beneficiary or transferee thereof, such Issuing Bank will promptly notify HoldCo. Any notice given by an Issuing Bank or Agent pursuant to this Subsection 3.03(b) may be oral if immediately confirmed in writing (including by facsimile); *provided* that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice. The Co-Borrowers shall reimburse an Issuing Bank prior to 5:00 p.m. (New York City time), on each date that any amount is paid by such Issuing Bank under any Letter of Credit or to the beneficiary of a Reducing Letter of Credit in the form of a Reducing L/C Borrowing (each such date, an " Honor Date "), in an amount equal to the amount so paid by such Issuing Bank. In the event the Co-Borrowers fail to reimburse such Issuing Bank for the full amount of any drawing under any Letter of Credit or of any Reducing L/C Borrowing, as the case may be, by 5:00 p.m. (New York City time) on the Honor Date, such Issuing Bank will promptly notify Agent and Agent will promptly notify each Bank thereof, and HoldCo shall be deemed to have requested that Working Capital Loans be made by the Banks to be disbursed to such Issuing Bank not later than one (1) Business Day after the Honor Date under such Letter of Credit, subject to the amount of the unutilized portion of the Working Capital Line.

(c) In the event of any request for a Reducing L/C Borrowing by HoldCo in association with any Reducing Letter of Credit, the amount available for drawing under such Reducing Letter of Credit will be reduced automatically, and without any further amendment or endorsement to such Reducing Letter of Credit, by the amount actually paid to such beneficiary, notwithstanding the fact that the payment creating such Reducing L/C Borrowing is not made pursuant to a conforming and proper draw under the corresponding Reducing Letter of Credit.

(d) Each Bank shall upon any notice pursuant to Subsection 3.03(b) make available to Agent for the account of any Issuing Bank an amount in Dollars and in immediately available funds equal to its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of the amount of the drawing or of the Reducing L/C Borrowing, as the case may be, whereupon the participating Banks shall (subject to Subsection 3.03(e)) each be deemed to have made a Working Capital Loan to the Co-

Borrowers in that amount. If any Bank so notified fails to make available to Agent for the account of Issuing Bank the amount of such Bank's Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of the amount of the drawing or of the Reducing L/C Borrowing, as the case may be, by no later than 3:00 p.m. (New York City time) on the Business Day following the Honor Date, then interest shall accrue on such Bank's obligation to make such payment, from the Honor Date to the date such Bank makes such payment, at a rate per annum equal to the Federal Funds Rate in effect from time to time during such period. Agent will promptly give notice of the occurrence of the Honor Date, but failure of Agent to give any such notice on the Honor Date or in sufficient time to enable any Bank to effect such payment on such date shall not relieve such Bank from its obligations under this Section 3.03 .

(e) With respect to any unreimbursed drawing or Reducing L/C Borrowing, as the case may be, that is not converted into Working Capital Loans in whole or in part for any reason, the Co-Borrowers shall be deemed to have incurred from the relevant Issuing Bank an L/C Borrowing in the amount of such drawing or Reducing L/C Borrowing, as the case may be, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a rate per annum equal to the Default Rate, and each Bank's payment to Issuing Bank pursuant to Subsection 3.03(d) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Bank in satisfaction of its participation obligation under this Section 3.03 .

(f) Each Bank's obligation in accordance with this Agreement to make the Working Capital Loans or L/C Advances, as contemplated by this Section 3.03 , as a result of a drawing under a Letter of Credit or Reducing L/C Borrowing, shall be absolute and unconditional and without recourse to the relevant Issuing Bank and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against such Issuing Bank, the Co-Borrowers or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

3.04 Repayment of Participations .

(a) Upon (and only upon) receipt by Agent for the account of an Issuing Bank of immediately available funds from the Co-Borrowers (i) in reimbursement of any payment made by such Issuing Bank under a Letter of Credit or in connection with a Reducing L/C Borrowing with respect to which any Bank has paid Agent for the account of such Issuing Bank for such Bank's participation in the Letter of Credit pursuant to Section 3.03 or (ii) in payment of interest thereon, Agent will pay to each Bank, in the same funds as those received by Agent for the account of such Issuing Bank, the amount of such Bank's Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of such funds, and such Issuing Bank shall receive the amount of the Pro Rata Share of such funds of any Bank that did not so pay Agent for the account of such Issuing Bank.

(b) If Agent or an Issuing Bank is required at any time to return to the Co-Borrowers, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of the payments made by the Co-Borrowers to Agent for the account of such Issuing Bank pursuant to Subsection 3.04(a) in reimbursement of a payment made under a Letter of Credit or in connection with a Reducing L/C Borrowing or interest or fee thereon, each Bank shall, on demand of such Issuing Bank, forthwith return to Agent or such Issuing Bank the amount of its Pro Rata Share (or, if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Section 3.03 , with respect to any Non-Defaulting Bank, its Pro Rata Adjusted Percentage, if applicable) of any amounts so returned by Agent or such Issuing Bank plus interest thereon from the date such demand is made to the date such amounts are returned by such Bank to Agent or such Issuing Bank, at a rate per annum equal to the Federal Funds Rate in effect from time to time.

3.05 Role of the Issuing Banks .

(a) Each Bank and the Co-Borrowers agree that, in paying any drawing under a Letter of Credit or funding any Reducing L/C Borrowing, no Issuing Bank shall have any responsibility to obtain any document (other than any sight draft or certificates expressly required by such Letter of Credit, but with respect to Reducing Letter of Credit Borrowings, no document of any kind need be obtained) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) No Agent Related Person, Issuing Bank or Bank shall be liable for: (i) any action taken or omitted in the absence of gross negligence or willful misconduct; or (ii) the due execution, effectiveness, validity or enforceability of any L/C-Related Document.

(c) The Co-Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided* , *however* , that this assumption is not intended to, and shall not, preclude the Co-Borrowers from pursuing such rights and remedies as they may have against the beneficiary or transferee at law or under any other agreement. No Affiliate of any Issuing Bank or Bank, nor any of the respective correspondents, participants or assignees of any Issuing Bank or Bank shall be liable or responsible for any of the matters described in clauses (a) through (g) of Section 3.06 ; *provided* , *however* , anything in such clauses or elsewhere herein to the contrary notwithstanding, that the Co-Borrowers may have a claim against an Issuing Bank or a Bank, and such Issuing Bank or Bank may be liable to the Co-Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Co-Borrowers which the Co-Borrowers prove were caused by such Issuing Bank or Bank's willful misconduct or gross negligence or such Issuing Bank or such Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing: (i) an Issuing Bank may accept documents that appear on their face to be in substantial compliance with the terms of the applicable Letter of Credit, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) an Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.06 Obligations Absolute . The Obligations of the Co-Borrowers under this Agreement and any L/C-Related Document to reimburse an Issuing Bank for a drawing under a Letter of Credit or for a Reducing L/C Borrowing, and to repay any L/C Borrowing and any drawing under a Letter of Credit or Reducing L/C Borrowing converted into Working Capital Loans, shall be joint and several, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and each such other L/C-Related Document under all circumstances, including the following:

(a) any lack of validity or enforceability of this Agreement or any L/C-Related Document;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the Co-Borrowers in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the L/C-Related Documents;

(c) the existence of any claim, set-off, defense or other right that the Co-Borrowers may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), any Issuing Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the L/C-Related Documents or any unrelated transaction;

(d) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;

(e) any payment by Issuing Bank under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of any Letter of Credit; or any payment made by any Issuing Bank under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of any Letter of Credit, including any arising in connection with any Insolvency Proceeding;

(f) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Obligations of the Co-Borrowers in respect of any Letter of Credit; or

(g) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Co-Borrowers.

Notwithstanding anything to the contrary in this Section 3.06 , no Issuing Banks shall be excused from liability to the Co-Borrowers to the extent of any direct damages (as opposed to consequential, indirect and punitive damages, claims in respect of which are hereby waived by the Co-Borrowers) suffered by the Co-Borrowers that are caused by such Issuing Bank's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof, *provided* , *however* , that the parties hereto expressly agree that:

(i) the Issuing Banks may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;

(ii) the Issuing Banks shall have the right, in their sole discretion, to decline to accept documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit;

(iii) this sentence shall establish the standard of care to be exercised by the Issuing Banks when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

3.07 Cash Collateral Pledge . Upon the request of the Agent, (a) if an Issuing Bank has honored any full or partial drawing request on any Letter of Credit and such drawing has resulted in an L/C Borrowing hereunder, (b) if, as of the Expiration Date, any Letters of Credit may for any reason remain outstanding and partially or wholly undrawn or (c) upon the occurrence of an Event of Default (and automatically without any requirement for notice or a request upon the occurrence of the events described in Sections 8.01(e) or (f)), the Co-Borrowers shall immediately Cash Collateralize the L/C Obligations in an amount equal to one hundred and five percent (105%) of such L/C Obligations. Upon the occurrence of the circumstances described in Section 2.07(b) requiring the Co-Borrowers to Cash Collateralize Letters of Credit, the Co-Borrowers shall immediately Cash Collateralize the L/C Obligations in an amount equal to the applicable excess.

3.08 Letter of Credit Fees .

(a) The Co-Borrowers shall pay to Agent, for the account of each of the Banks, a letter of credit fee with respect to each of the Letters of Credit Issued hereunder equal to the greater of (i) $750.00 per quarter, or (ii) an amount equal to the applicable Letters of Credit Fee Rate for the number of days such Letter of Credit is outstanding, calculated on a 360-day basis, taking into consideration all increases, decreases or extensions thereto. Such amount shall be computed on a quarterly basis in arrears as of the last Business Day of each fiscal quarter based upon each Letter of Credit outstanding during that fiscal quarter and only for the days each such Letter of Credit is outstanding during that fiscal quarter as calculated by the Agent.

(b) The Co-Borrowers shall pay to the Agent for the account of each Issuing Bank issuing a Letter of Credit hereunder, a negotiation fee equal to $250.00 for each Letter of Credit that is presented to such Issuing Bank for payment.

(c) The Co-Borrowers shall pay to the Agent for the account of each Issuing Bank issuing a Letter of Credit hereunder, an amendment fee equal to $150.00 for each amendment to any Letter of Credit Issued hereunder.

(d) The Co-Borrowers shall pay to Agent, for the account of each of the Issuing Banks, a letter of credit fronting fee with respect to each of the Letters of Credit Issued hereunder by such Issuing Bank equal to 0.15% per annum for the number of days such Letter of Credit is outstanding, calculated on a 360-day basis, taking into consideration all increases, decreases or extensions thereto. Such amount shall be computed on a quarterly basis in arrears as of the last Business Day of each fiscal quarter based upon each Letter of Credit outstanding during that fiscal quarter and only for the days each such Letter of Credit is outstanding during that fiscal quarter as calculated by the Agent and payable quarterly in arrears.

(e) The Co-Borrowers shall pay to each Issuing Bank, for its own account, an out-of-pocket fee of $50.00 in connection with the issuance or amendment of each Letter of Credit.

(f) Such letter of credit fees as described in sub-paragraph (a) and (b) above for each Letter of Credit shall be due and payable quarterly in arrears on the later to occur of (i) the fifth Business Day of the fiscal quarter for the preceding fiscal quarter during which Letters of Credit are outstanding, or (ii) two (2) Business Days after receipt of the invoice delivered to the Co-Borrowers by the Agent for such fees, but in no event later than the Expiration Date.

3.09 Applicable Rules . When a Letter of Credit is issued, at the option of the Issuing Bank, the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the " ICC ") at the time of issuance or the International Standby Practices 1998 published by the Institute of International Banking and Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit.

ARTICLE 4
TAXES, YIELD PROTECTION AND ILLEGALITY

4.01 Taxes .

(a) Any and all payments by the Loan Parties under this Agreement or any other Loan Document shall be made without deduction or withholding for any Taxes, except as required by a Requirement of Law. If any Requirement of Law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by an applicable withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Co-

Borrowers shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Co-Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Agent timely reimburse the Agent for the payment of, any Other Taxes.

(c) The Loan Parties shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Co-Borrowers by a Bank (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Bank, shall be conclusive absent manifest error.

(d) Each Bank shall severally indemnify the Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that any Loan Party has not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Bank's failure to comply with the provisions of Section 10.08(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by the Agent to the Bank from any other source against any amount due to the Agent under this paragraph (d).

(e) Within 30 days after the date of any payment by the Co-Borrowers of Indemnified Taxes or Other Taxes, the Co-Borrowers shall furnish the Banks the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Banks.

(f) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 4.01 (including by the payment of additional amounts pursuant to this Section 4.01), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to

such indemnified party the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) Each party's obligations under this Section 4.01 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Bank, the termination of the Commitments and the repayment, satisfaction or discharge of all Obligations under any Loan Document.

4.02 Increased Costs and Reduction of Return .

(a) If a Bank determines that, due to either (i) the introduction of or any change after the date hereof in or in the interpretation of any law or regulation or (ii) the compliance by the Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) issued after the date hereof, there shall be any increase in the cost to the Bank in the cost of agreeing to make or making, funding or maintaining any Loans or to Issue, Issuing or maintaining any Letter of Credit or unpaid drawing under any Letter of Credit, then the Co-Borrowers shall be liable for, and shall from time to time, upon demand, pay to such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If a Bank shall have determined that (i) the introduction of any guideline, request, directive, law, rule or regulation effective after the date hereof, (ii) any change in any guideline request, directive, law, rule or regulation after the date hereof, (iii) after the date hereof, any change in the interpretation or administration of any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy or liquidity of the Bank or of any corporation controlling the Bank, or (iv) the compliance by the Bank (or its lending office) or any corporation controlling the Bank with any such guideline request, directive, law, rule or regulation effective after the date hereof, affects or would affect the amount of capital or liquidity required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration the Bank's or such corporation's policies with respect to capital adequacy and liquidity and the Bank's desired return on capital) determines that the amount of such capital or liquidity is increased as a consequence of its loans, credits or obligations under this Agreement (excluding for the purposes of this Section 4.02 any such increased costs or reduction in amount resulting from Excluded Taxes under the laws of which such Bank or Issuing Bank is organized or has its lending office), then, upon demand of such Bank to the Co-Borrowers, the Co-Borrowers shall pay to such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank for such increase.

Notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a change in law for purposes of this Section 4.02 , regardless of the date enacted, adopted or issued.

4.03 Compensation for Losses . Upon demand of any Bank (with a copy to the Agent) from time to time, the Co-Borrowers shall promptly compensate such Bank for and hold such Bank harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by any Co-Borrower (for a reason other than the failure of such Bank to make a Loan) to prepay, borrow, continue or convert any Eurodollar Rate Loan on the date or in the amount notified by such Co-Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefore as a result of a request by any Co-Borrower pursuant to Section 10.16 ;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained.

For purposes of calculating amounts payable by the Co-Borrowers to the Banks under this Section 4.03 , each Bank shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank Eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

4.04 Illegality .

(a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for such Bank or its applicable Lending Office to make Eurodollar Rate Loans, then, on notice thereof by such Bank to the Co-Borrowers through the Agent, any obligation of that Bank to make Eurodollar Rate Loans or to convert Base Rate Loans or COF Rate Loans to Eurodollar Rate Loans shall be suspended until the Bank notifies the Agent and the Co-Borrowers that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Eurodollar Rate Loan, the Co-Borrowers shall, upon receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full, without premium or penalty, such Eurodollar Rate Loans of that Bank then outstanding, together with interest accrued thereon either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Eurodollar Rate Loan. If the Co-Borrowers are required to so prepay any Eurodollar Rate Loan, then concurrently with such prepayment, the Co-Borrowers may, but shall not be required to, borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan at the sole discretion of the Co-Borrowers.

4.05 Inability to Determine Rates . If (a) the Agent (or any Bank) determines in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (i) Dollar deposits are not being offered to banks (or such Bank) in the applicable offshore Dollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, or adequate and reasonable means do not exist for determining the Eurodollar Rate for such Eurodollar Rate Loan, or (ii) if the Agent (or any Bank) determines that the Eurodollar Rate for such Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Banks (or such Bank) of funding such Eurodollar Rate Loan, or (b) the Agent (or any Bank) determines in connection with any request for a COF Rate Loan or a conversion to or continuation thereof that that the COF Rate for such COF Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such COF Rate Loan, then the Agent will promptly notify the Co-Borrowers and all Banks. Thereafter, the obligation of the Banks to make or maintain Eurodollar Rate Loans or COF Rate Loans, as applicable, shall be suspended until all of the Banks revoke such notice. Upon receipt of such notice, the Co-Borrowers may revoke any pending request for a Borrowing, conversion, or continuation of Eurodollar Rate Loans or COF Rate Loans, as applicable, or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans or COF Rate Loans, as applicable, in the amount specified therein.

4.06 Reserves on Eurodollar Rate Loans . The Co-Borrowers shall pay to each Bank, as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency Liabilities"), additional costs on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by the Bank (as determined by the Bank in good faith, which determination shall be conclusive), payable on each date on which interest is payable on such Loan, *provided , however* , that the Co-Borrowers shall have received at least 15 days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be payable 15 days from receipt of such notice.

4.07 Certificates of Bank . If a Bank claims reimbursement or compensation under this Article IV , it shall deliver to the Co-Borrowers a certificate setting forth in reasonable detail the amount payable to such Bank hereunder and the basis for same and such certificate shall be conclusive and binding on the Co-Borrowers in the absence of manifest error.

4.08 Survival . The agreements and Obligations of the Co-Borrowers in this Article IV shall survive the payment of all other Obligations.

ARTICLE 5
CLOSING ITEMS

5.01 Matters to be Satisfied Prior to Initial Request for Extension of Credit . The obligations of each Bank to make the initial Loan or any Issuing Bank to issue the initial Letter of Credit, shall be subject to the conditions precedent that:

(a) Loan Documents . The Agent shall have received this Agreement, the Notes, the Security Documents (in recordable form where applicable), UCC financing statements, UCC-3 financing statement amendments and assignments, the Intercreditor Agreement, the Guaranty Agreement and each other document or certificate executed in connection with this Agreement, executed by each party thereto;

(b) Resolution; Incumbency . The Agent shall have received:

(i) Copies of the resolutions of each Loan Party authorizing the transactions contemplated hereby, certified as of the Closing Date by a Responsible Officer of such Loan Party; and

(ii) A certificate of a Responsible Officer of each Loan Party certifying the names and true signatures of any Responsible Officers of such Loan Party who are authorized to act on behalf of each Loan Party.

(c) Organization Documents; Good Standing . The Agent shall have received the certificate of incorporation, certificate of formation, or certificate of limited partnership, as applicable, of each Loan Party as in effect on the Closing Date, each certified by the Secretary of State of each such Person's state of organization, the bylaws, regulations, operating agreement or partnership agreement, as applicable, of each Loan Party, each certified as of the Closing Date, and evidence satisfactory to the Agent, that each Loan Party is in good standing under the laws of its state of organization;

(d) Legal Opinion . The Agent shall have received an opinion of outside Texas and New York counsel to the Loan Parties addressed to the Agent and the Banks, in form and substance acceptable to the Agent;

(e) Payment of Fees . The Agent shall have received evidence of payment by the Co-Borrowers of all fees, costs and expenses to the extent then due and payable on or prior to the Closing Date, together with Attorney Costs and including, without limitation, the fees set forth in Schedule I to the engagement letter dated as of May 5, 2014 among the Co-Borrowers and SG Americas Securities, LLC and any such costs, fees and expenses arising under or referenced in Section 10.04 , without duplication;

(f) Certificate . The Agent shall have received a certificate signed by a Responsible Officer of Parent and each Co-Borrower, dated as of the Closing Date, in the form attached hereto as Exhibit F , or in any other form acceptable to the Agent.

(g) Filings . The Agent shall have received evidence that all filings needed to perfect the security interests granted by the Loan Documents have been completed or due provision has been made therefor and that all previous filings against any portion of the Collateral (other than Permitted Liens) have been terminated;

(h) Pro Forma Financial Statements . The Agent shall have received pro forma Consolidated and consolidating financial statements of Parent and its Subsidiaries as of March 31, 2014 together with a funds flow memorandum for the transactions contemplated hereby to occur on the Closing Date, including the IPO and the IPO Restructuring, in form and substance satisfactory to the Agent;

(i) Know Your Customer . The Agent shall have received all documentation and other information requested by the Agent, any Issuing Bank, or any Bank that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act;

(j) Insurance . Agent shall have received evidence of insurance required to be maintained by the Loan Parties hereunder, which certificates shall name the Agent as additional insured and loss payee, as applicable;

(k) Collateral Position Report . Agent shall have received a pro-forma Collateral Position Report as of May 31, 2014 giving effect to the IPO and the IPO Restructuring that has been duly executed by a Responsible Officer;

(l) Risk Management Policy and Credit Policy . Agent shall have received copies of the Risk Management Policy and Credit Policy in form and substance satisfactory to Agent.

(m) Capital Structure; Consummation of IPO and IPO Restructuring . The capital and ownership structure and the equity-holder arrangements of the Loan Parties and their respective Subsidiaries (and all agreements relating thereto) shall be in the form set forth in the IPO Restructuring Documents. The Agent shall have received evidence, in form and substance satisfactory to the Agent, of (i) the consummation of the IPO in accordance with the Prospectus and (ii) the consummation of the IPO Restructuring in accordance with the IPO Restructuring Documents.

(n) IPO Restructuring Documents . The Agent shall have received copies of the IPO Restructuring Documents, each in substantially the same form as the applicable exhibits attached to the Registration Statement, and such other documents, governmental certificates and agreements in connection with the IPO as the Agent or any Bank may reasonably request, certified as of the Closing Date by an authorized officer of the Parent (x) as being true and correct copies of such documents and (y) as being in full force and effect.

(o) Existing Credit Agreement . The Agent shall have received evidence, in form and substance satisfactory to the Agent, that (i) contemporaneously with the making of the initial Loan hereunder, the Existing Credit Agreement is being paid in full and terminated and (ii) all obligations, liabilities and Liens of each Loan Party and each Subsidiary thereof relating to the Existing Credit Agreement and the other Loan Documents (as defined in the Existing Credit Agreement) have been released and terminated or arrangements satisfactory to the Agent in its sole discretion shall have been made with respect to such release and termination.

(p) Existing Letters of Credit . The Agent shall have received letter of credit applications or amendments to the Existing Letters of Credit, as applicable, and such other documents and instruments of transfer as the Agent and each applicable Issuing Bank deem necessary to effectuate the deemed issuance of the Existing Letters of Credit hereunder

(q) Due Diligence . The Agent shall have completed and be satisfied in its sole discretion with the corporate (or other organizational), environmental and financial due diligence of the Loan Parties and their respective Subsidiaries.

(r) Notice of Borrowing . The Agent shall have received a duly completed and signed Notice of Borrowing for the initial Loan to be made on the Closing Date.

(s) Other Documents . The Agent shall have received such other approvals, opinions, documents or materials as the Agent may request.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNLESS EACH OF THE FOREGOING CONDITIONS PRECEDENT IS SATISFIED ON OR PRIOR TO THE DATE WHICH IS 90 DAYS AFTER THE DATE HEREOF.

For purposes of determining compliance with the conditions specified in this Section 5.01, each Bank that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Bank unless the Agent shall have received notice from such Bank prior to the Closing Date specifying its objection thereto.

5.02 Matters to be Satisfied Prior to Each Request for Extension of Credit . On any date on which the Banks make any Loans or Issue any Letter of Credit hereunder, unless otherwise waived by the Banks, each of the following shall be true:

(a) Representations and Warranties . Each of the representations and warranties made by the Loan Parties in or pursuant to this Agreement or the other Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date (except to the extent such representations and warranties relate solely to an earlier date).

(b) Default . No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extension of credit requested to be made on such date.

(c) No Material Adverse Effect . Since the Closing Date, there shall have been no Material Adverse Effect.

(d) No Prohibition or Penalty . The making of such Loan or the Issuance of such Letter of Credit shall not be prohibited by any applicable law or subject the Agent, any Issuing Bank or any Bank to any penalty under applicable law.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

Parent and each Co-Borrower represents and warrants to the Banks that:

6.01 Corporate Existence and Power .

(a) Each Loan Party is a corporation, limited liability company or limited partnership, as applicable, duly formed and validly existing under the laws of its state of formation.

(b) Each Loan Party has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business and to execute, deliver, and perform its Obligations under the Loan Documents and to consummate the IPO and the IPO Restructuring and is licensed under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such license, except for those jurisdictions in which the failure to obtain such licenses and authorizations could not reasonably be expected to have a Material Adverse Effect.

6.02 Authorization; No Contravention . The execution, delivery and performance by each Loan Party of this Agreement and each other Loan Document to which such Loan Party is party and the consummation of the IPO and the IPO Restructuring, have been duly authorized by all necessary corporate, limited liability company, or partnership action, as applicable, and do not and will not contravene, conflict with or result in any breach or contravention of, or the creation of any Lien under any of such Loan Party's organizational and governing documents, or any document evidencing any contractual obligation to which such Loan Party is a party or any order, injunction, writ or decree of any Governmental Authority to which such Loan Party or its property is subject or any Requirement of Law, to the extent any such contravention, conflict or breach has or could reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

6.03 Governmental Authorization . No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, except for filings, recordation or similar steps necessary to perfect the Liens of the Agent under applicable law.

6.04 Binding Effect . This Agreement and each other Loan Document to which each Loan Party is a party constitute the legal, valid and binding obligations of such Loan Party except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

6.05 Litigation . There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of each Loan Party, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any Loan Party or any of its properties which purport to affect or pertain to this Agreement or any other Loan Document, the IPO or the IPO Restructuring, or any of the transactions contemplated hereby or thereby or which could reasonably be expected to have a Material Adverse Effect; and no injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document or the consummation of the IPO or the IPO Restructuring, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

6.06 No Default . No Default or Event of Default exists or would result from the incurring of any Obligations by any Loan Party and no Loan Party in default under or with respect to any other obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

6.07 Compliance with Laws and Agreements . Except as could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect, each Loan Party, before and after giving effect to this Agreement, is in compliance with laws applicable to such entity, including all requirements of ERISA. No Loan Party is in default under or with respect to any contract, agreement, lease or any other types of agreement or instrument to which such Loan Party is a party and which could reasonably be expected to cause a Material Adverse Effect.

6.08 Use of Proceeds; Margin Regulations . The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.07. No Co-Borrower is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock, and none of the proceeds of the Loans will be used to purchase or carry Margin Stock.

6.09 Title to Properties . Each Loan Party has good and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. As of the Closing Date, the property of each Loan Party is subject to no Liens except Permitted Liens.

6.10 Taxes . Each Loan Party has filed all federal and other material Tax returns and reports to be filed, and has paid all federal and other material Taxes, assessments, fees and other governmental charges, levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed Tax assessment against any Loan Party that would, if made, have a Material Adverse Effect on the Loan Parties, taken as a whole.

6.11 Financial Condition .

(a) The Consolidated and consolidating financial statements of Parent and its Subsidiaries (x) dated December 31, 2013, and statements of income or operations, shareholders' equity and cash flows for the year ended on that date and (y) dated March 31, 2014, and statements of income or operations, shareholders' equity and cash flows for the three month period ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein;

(ii) fairly present the financial condition of the Loan Parties and their subsidiaries as of the dates thereof and results of operations for the periods covered thereby, subject to normal year-end adjustments in the case of the financial statements dated March 31, 2014; and

(iii) except as set forth on Schedule 6.11 , show all material indebtedness and other liabilities, direct or contingent, of the Loan Parties and their Subsidiaries as of the dates thereof, including liabilities for Taxes, material commitments and contingent obligations.

(b) Since December 31, 2013, there has been no Material Adverse Effect.

6.12 Environmental Matters . Except to the extent such violation could not reasonably be expected to have a Material Adverse Effect, to each Loan Party's knowledge neither its business operations nor any of its properties are in violation of any federal or state law or regulation relating to the protection of the environment (hereinafter " Environmental Laws "), including without limitation requirements to obtain, maintain, and comply with any permits, licenses, registrations, or other authorizations under Environmental Laws. No claims of any nature have been filed, or to the Loan Parties' knowledge threatened, against any Loan Party pursuant to any Environmental Law that could reasonably be expected to have a Material Adverse Effect. Except to the extent such release(s) could not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Loan Parties, no release of hazardous substances or other pollutants (as those terms are defined by Environmental Laws) has occurred in connection with the Loan Parties' business or operations. Except as could not be reasonably expected to have a Material Adverse Effect, to the Loan Parties' knowledge, the Loan Parties are not subject to any liabilities under Environmental Law or relating to releases of hazardous substances or pollutants.

6.13 Regulated Entities . No Loan Party, nor any Person controlling any Loan Party, or any of its subsidiaries, is an "Investment Company" within the meaning of the Investment Company Act of 1940. No Loan Party is subject to any Requirement of Law limiting its ability to incur indebtedness or perform its obligations hereunder.

6.14 Copyrights, Patents, Trademarks and Licenses, etc . Each Loan Party owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person. To the best knowledge of each Loan Party, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party infringes upon any rights held by any other Person, to the extent such failure to own, license or possess the right to use has or could reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

6.15 Subsidiaries . No Loan Party has any Subsidiaries or has any equity investments in any other corporation or entity other than those specifically disclosed on Schedule 6.15 .

6.16 Insurance . The properties of each Loan Party and its subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of a Loan Party with an AM Best rating of not less than "B+", in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Loan Party operates.

6.17 Full Disclosure . None of the representations or warranties made by any Loan Party in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of any Loan Party in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of any Loan Party to the Agent and the Banks prior to the Closing Date and the Prospectus), the IPO or the IPO Restructuring, when taken as a whole, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

6.18 [Reserved].

6.19 [Reserved] .

6.20 [Reserved] .

6.21 Deposit and Hedging Brokerage Accounts . Each of the Loan Parties' bank depository accounts and securities accounts and each of the Loan Parties' hedging brokerage accounts with Eligible Brokers is listed on Schedule 6.21 .

6.22 Solvency . None of the Loan Parties is "insolvent" (that is, the sum of such Person's absolute and contingent liabilities, including the Obligations, does not exceed the fair market value of such Person's assets, including any rights of contribution, reimbursement or indemnity). Each Loan Party has capital which is adequate for the businesses in which such Person is engaged and intends to be engaged. None of the Loan Parties has incurred (whether hereby or otherwise), nor do the Loan Parties intend to incur or believe that they will incur, liabilities which will be beyond their respective ability to pay as such liabilities mature.

6.23 ERISA . Except for those that would not, in the aggregate, have a Material Adverse Effect, (x) each Benefit Plan is in compliance with applicable provisions of ERISA, the Code and other Requirements of Law, (y) there are no existing or pending (or to the knowledge of any Loan Party, threatened) claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Benefit Plan to which any Loan Party has incurred or otherwise has or could have an obligation or any liability and (z) no ERISA Event is reasonably expected to occur. Except for those that would

not, in the aggregate, have a Material Adverse Effect, no ERISA Event has occurred in connection with which obligations and liabilities (contingent or otherwise) remain outstanding. Except for those that would not, in the aggregate, have a Material Adverse Effect, no ERISA Affiliate would have any Withdrawal Liability as a result of a complete withdrawal from any Multiemployer Plan on the date this representation is made. Except for those that would not, in the aggregate, have a Material Adverse Effect, no ERISA Affiliate has incurred any liability under Title IV of ERISA that remains outstanding (other than PBGC premiums due but not delinquent).

6.24 Transmitting Utility and Utility . None of the Loan Parties is a "transmitting utility", as that term is defined in the Uniform Commercial Code of any applicable jurisdiction, or a "utility", as that term is defined in Section 261.001 of the Texas Business and Commerce Code.

6.25 Sanctions . No Loan Party, any of their Subsidiaries or, to the knowledge of the Loan Parties, any director, officer, employee, agent, or affiliate of any Loan Party or any of their Subsidiaries is a Person that is, or is owned or controlled by Persons that are: (i) the subject or target of any sanctions administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, " Sanctions "), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

ARTICLE 7
CERTAIN COVENANTS

So long as the Banks shall be obligated to make Loans or Issue Letters of Credit hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

7.01 Financial Statements . Parent and each of the Co-Borrowers shall deliver to the Agent, in form and detail satisfactory to the Agent and the Majority Banks:

(a) as soon as possible, but not later than 120 days after the end of each fiscal year (or, if earlier, not later than 15 days after delivering such financial statements to the SEC), a copy of the audited Consolidated and consolidating financial statements of Parent (which include the Co-Borrowers) to include a balance sheet as at the end of such year and the related statements of income and loss, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm which report shall state that such financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited because of a restricted or limited examination by the public accounting firm of any material portion of Co-Borrowers' records;

(b) as soon as available, but not later than forty-five (45) days after the end of each fiscal quarter (except for each fiscal quarter ending December 31, which shall be delivered no later than sixty (60) days after the end of such fiscal quarter) (or, if earlier, not later than 5 days after delivering such financial statements to the SEC) unaudited Consolidated and consolidating financial statements of Parent (which include the Co-Borrowers) prepared by Parent in form acceptable to the Agent; and

(c) as soon as available, but not later than forty-five (45) days after the end of each January, February, April, May, July, August, October and November, an unaudited summary level Consolidated income statement of Parent (which include the Co-Borrowers) for such month and for the current year to date, together with a summary of all dividends, distributions and other payments made pursuant to Section 7.15(c) and (e) during such period, in each case, prepared by Parent in form acceptable to the Agent.

7.02 Certificates; Other Information . Parent and the Co-Borrowers shall furnish to the Agent and shall notify the Agent of:

(a) (i) concurrently with the delivery of the financial statements referred to in Subsections 7.01(a) and (b), a Compliance Certificate executed by a Responsible Officer of Parent, who is authorized to act on behalf of each of the Loan Parties, setting forth in reasonable detail the basis for the calculations and determinations made therein; provided, however, that if at any time any Loan Party anticipates mark-to-market losses for Product, which such losses are not reflected on the Compliance Certificate most recently delivered to the Banks, then Parent and the Co-Borrowers shall, by the Business Day following the day such Co-Borrower realizes such losses are expected, deliver to the Banks an additional Compliance Certificate which shall reflect such anticipated losses and (ii) concurrently with the delivery of the financial statements referred to in Subsection 7.01(c), a certificate in form and substance acceptable to the Agent executed by a Responsible Officer of Parent, who is authorized to act on behalf of each of the Loan Parties, certifying that as of the date of such financial statements, the Loan Parties are in compliance with the financial covenants in Section 7.09;

(b) on the last day of each month, delivered within ten (10) Business Days of the reporting date, a Collateral Position Report, certified by a Responsible Officer of HoldCo, who is authorized to act on behalf of the Loan Parties, and at such other times as the Agent may request; *provided , however* , if the excess Collateral Position as shown on the most recent Collateral Position Report is less than the greater of $10,000,000 and 10% of clause (b) of the Borrowing Base Advance Cap, then Collateral Position Reports shall be delivered on the 15 th and last day of each month, delivered within ten (10) Business Days of the reporting date, until such time as the excess Collateral Position is equal to or greater than the greater of $10,000,000 and 10% of clause (b) of the Borrowing Base Advance Cap (in which case reporting will revert to the last day of each month);

(c) as of the last day of each month (or the next succeeding Business Day after such date in the event that such date is not a Business Day), delivered within ten (10) Business Days of the reporting date, a Net Position Report, certified by a Responsible Officer of HoldCo, who is authorized to act on behalf of each of the Loan Parties;

(d) within 90 days of the end of each calendar quarter, with respect to Unbilled Qualified Accounts, a reconciliation setting forth estimated volumes and gross sales revenues versus actual volumes and gross sales revenues for such period, in a form acceptable to Agent;

(e) within 15 days of the end of each calendar quarter (or within 15 days of when requested by Agent following the occurrence and during the continuance of an Event of Default), an accounts receivable aging analysis, in a form reasonably acceptable to Agent;

(f) as soon as reasonably possible after a written request is made by Agent from time to time, such additional information regarding the business, financial or corporate affairs of any Loan Party;

(g) within ten (10) Business Days of each calendar quarter end, a report of inventory storage locations as of such quarter end;

(h) as soon as available and in any event within 30 days after the end of each fiscal year of the Parent, the Co-Borrowers shall provide to the Agent an annual budget summary in the form of an income statement for the immediately following fiscal year and detailed on a quarterly basis;

(i) promptly of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that foreseeably will become a Default or Event of Default;

(j) promptly of any matter that has resulted or may reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a contractual obligation of any Loan Party; (ii) any dispute, litigation, investigation, proceeding or suspension between any Loan Party and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party, in the case each of clauses (i), (ii) and (iii), which has resulted or may reasonably be expected to result in a Material Adverse Effect;

(k) on or prior to any filing by any ERISA Affiliate of any notice of intent to terminate any Title IV Plan, and (ii) promptly, and in any event within 10 days, after any Responsible Officer of any ERISA Affiliate knows or has reason to know that an ERISA Event has occurred;

(l) within fifteen (15) Business Days after the Chief Executive Officer of any Loan Party ceases to hold such office;

(m) within two Business Days after making a public filing with the SEC with respect to those activities requiring a public filing or as soon as available with respect to those activities in which no public filing is made, the Co-Borrowers shall provide to the Agent copies of each amendment or modification to, waiver of, or consent to departure from, the Risk Management Policy or the Credit Policy; and

(n) promptly after the same are available, the Co-Borrowers shall make available to the Agent copies of each annual report, proxy or financial statement or other material report or communication sent to the holders of Equity Interests of the Parent, and copies of all annual, regular, periodic and special reports and registration statements which the Loan Parties may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934 or any other securities Governmental Authority, and not otherwise required to be delivered to the Agent pursuant hereto.

Each notice under clauses (i)-(m) of this Section shall be accompanied by a written statement by a Responsible Officer of Parent, who is authorized to act on behalf of the Loan Parties setting forth details of the occurrence referred to therein, and stating what action such Loan Party proposes to take with respect thereto and at what time. Each notice under Subsection 7.02(i) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been (or foreseeably will be) breached or violated.

7.03 Insurance .

(a) Each Loan Party shall maintain, with financially sound and reputable insurers independent of any Loan Party and with an AM Best rating of not less than "B+", insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, including, without limitation, cargo insurance. Agent shall be named as an additional insured and/or loss payee under all such policies, without liability for premiums or club calls. Each Loan Party shall use the standard of care typical in the industry in the operation and maintenance of its facilities.

(b) Each Loan Party shall obtain flood insurance in such total amount as the Agent may from time to time require, if at any time the area in which a Building located on any real property encumbered by a mortgage in favor of Agent is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as amended from time to time.

7.04 Payment of Obligations . Each Loan Party shall, and shall cause each of its Subsidiaries to, pay and discharge, as the same shall become due and payable, all its material obligations and liabilities, including, without limitation, Taxes, except for such obligations and liabilities that are being diligently contested in good faith by appropriate proceedings.

7.05 Compliance with Laws . Each Loan Party shall, and shall cause each of its Subsidiaries to, comply, in all material respects, with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business, including, without limitation, the Federal Fair Labor Standards Act, ERISA, the Foreign Corrupt Practices Act, and the rules and regulations promulgated by OFAC, except such as may be contested in good faith or as to which a bona fide dispute may exist or which the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect on the Loan Parties, taken as a whole.

7.06 Inspection of Property and Books and Records and Audits . Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain proper books and records in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Person. Each Loan Party shall, and shall cause each of its Subsidiaries to, permit representatives and independent contractors of the Agent to visit and inspect any of its respective properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its respective affairs, finances and accounts with its respective directors, officers, and independent public accountants, all at the expense of such Loan Party and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to such Loan Party; *provided , however* , when an Event of Default exists the Agent may do any of the foregoing at the expense of such Loan Party at any time during normal business hours and without advance notice. At such times as the Agent deems advisable, each Loan Party will, and will cause each of its Subsidiaries to, allow the Agent or an entity satisfactory to the Agent to conduct a thorough examination of the Collateral Position, and such Loan Party will, and will cause each of its Subsidiaries to, fully cooperate in such examination. Such Loan Party will pay the costs and expenses of each such examination. Notwithstanding the foregoing, in the absence of an Event of Default, Agent shall not request more than one borrowing base collateral audit in any 12-month period.

7.07 Use of Proceeds .

(a) Co-Borrowers shall use the proceeds of the Working Capital Line for the purposes of (i) refinancing certain obligations under the Existing Credit Agreement allocable to Spark and SEG, (ii) financing such Co-Borrowers' working capital requirements related to the trading and marketing of Product, (iii) general corporate purposes, (iv) funding distributions to the holders of Equity Interests of the Parent and HoldCo permitted by Section 7.15(c), and (v) paying any costs, fees and expenses due hereunder.

(b) No proceeds of any Credit Extension shall be used, directly or indirectly, to purchase or carry Margin Stock.

7.08 Payments to Bank Blocked Accounts .

(a) Each Co-Borrower shall, if such Co-Borrower receives payments from account debtors in the ordinary course of business, establish and maintain a lock box (" Lock Box ") through the Wells Fargo Bank Blocked Account, the SEG Bank Blocked Account or the Spark Bank Blocked Account, as applicable, or at another depositary institution acceptable to the Agent, and shall notify in writing and otherwise take such reasonable steps to ensure that all of its account debtors under any of its Accounts forward payment under such Accounts in the form of cash, checks, drafts or other similar items of payment directly to such Lock Box or directly by wire transfer to the SEG Bank Blocked Account, or the Spark Bank Blocked Account, as applicable, and shall provide Agent with reasonable evidence of such notification. Any payment in the form of cash, checks, drafts or similar items of payment received by any Co-Borrower in its Lock Box or otherwise shall be deposited into the Wells Fargo Bank Blocked Account, SEG Bank Blocked Account or Spark Bank Blocked Account, as applicable, no later than two Business Days following the date on which the applicable Co-Borrower receives such payment.

(b) In the event that any account debtor does not make any payment directly to the applicable Lock Box or the applicable Bank Blocked Account but instead makes such payment to a Loan Party, such Loan Party shall promptly deposit or cause to be deposited such amounts into the applicable Bank Blocked Account as soon as reasonably possible after receipt thereof.

(c) Agent may at any time following the occurrence of an Event of Default initiate the "Activation Period" or other analogous defined term (as defined in the Blocked Account Agreements) and thereafter all amounts deposited in the Bank Blocked Accounts shall be transferred as directed by the Agent. Co-Borrowers agree that, during the Activation Period, (a) no monies shall be withdrawn or otherwise transferred from any Bank Blocked Account without the Agent's approval and (b) Agent is authorized to apply amounts contained in the Bank Blocked Accounts toward satisfaction of the Obligations.

7.09 Financial Covenants .

(a) Net Working Capital . The Net Working Capital of Parent and its Subsidiaries, on a Consolidated basis, shall at all times equal or be greater than the greater of (i) 20% of the aggregate Commitments in effect at such time and (ii) $12,000,000.

(b) Tangible Net Worth . The Tangible Net Worth of Parent and its Subsidiaries, on a Consolidated basis, shall at all times equal or be greater than (i) the net book value of PP&E on the Closing Date, plus (ii) the greater of (A) 20% of the aggregate Commitments in effect at such time and (B) $12,000,000.

(c) Leverage Ratio . Parent shall not at any time permit the ratio of (i) all Indebtedness of Parent and its Subsidiaries, on a Consolidated basis, at such time (excluding Subordinated Debt permitted by Section 7.13(c)) to (ii) Tangible Net Worth of Parent and its Subsidiaries, on a Consolidated basis, at such time to be more than 7.00 to 1.00.

(d) Right to Cure . In the event that the Co-Borrowers fail to comply with the financial covenants set forth in subsections (a), (b) or (c) above by an amount not exceeding twenty percent (20%) of the then-required applicable covenant level for any calendar month, until the expiration of the third (3 rd) Business Day subsequent to the date on which monthly financial statements are required to be delivered pursuant to Section 7.01 (the " Cure Period "), the Co-Borrowers shall be permitted to cure such failure to comply by way of receiving Cure Contributions, and upon the date on which the Cure Period expires, such covenants shall be recalculated giving effect to the Cure Contributions. Solely for the purpose of curing a financial covenant, any such Cure Contributions shall be included in the calculation of Net Working Capital or Tangible Net Worth, as applicable, for the most recently ended month. If, after giving effect to the foregoing recalculations, Co-Borrowers shall then be in compliance with the requirements of such covenants, Co-Borrowers shall be deemed to have satisfied the requirements of such covenants as of the relevant earlier required date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of any such covenant that had occurred shall be deemed cured for the purposes of this Agreement and the other Loan Documents. Co-Borrowers shall provide Agent with notice of intent to exercise their right to cure contained in this subsection within 45 days of the end of the calendar month for which the cure is sought. Notwithstanding anything to the contrary contained this Agreement, from the date of receipt of such notice until the date on

which the Cure Period expires, neither Agent nor any Bank shall exercise rights or remedies with respect to any Default or Event of Default solely on the basis that an Event of Default has occurred and is continuing under Section 7.09(a), (b) or (c). The Cure Contributions must be received no later than the end of the applicable Cure Period. In any rolling twelve month period, there shall be no more than two (2) Cure Contributions permitted, and no more than three (3) Cure Contributions shall be permitted during the term of this Agreement.

7.10 Limitation on Liens . The Loan Parties shall not, nor shall the Loan Parties suffer or permit any of their Subsidiaries to make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than

(a) any Lien existing on property of the Loan Parties on the date hereof and set forth in Schedule 7.10 ;

(b) any Lien created under any Loan Document;

(c) Liens for Taxes, fees, assessments or other governmental charges or levies which are not delinquent or remain payable without penalty or the validity of which is being diligently contested in good faith by appropriate proceedings (and fully reserved for on the books of such Person to the extent such item is material);

(d) Liens on POR Collateral;

(e) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person, and Liens of interest owners arising pursuant to Texas Bus. & Com. Code Section 9.343, or comparable law of other states, or Liens securing the Loan Parties' obligations under leases or deferred payment purchases of equipment and automobiles used in the Loan Parties' business;

(f) non-consensual statutory Liens arising in the ordinary course of the Loan Parties' business to the extent such Liens secure indebtedness which is not past due or such Liens secure indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or are being contested in good faith by appropriate proceedings diligently pursued and available to such Loan Party prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(g) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of real property which do not interfere in any material respect with the use of such real property or ordinary conduct of the business of the Loan Parties as presently conducted thereon or materially impair the value of the real property which may be subject thereto;

(h) pledges and deposits of cash by any Loan Party in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security benefits consistent with the current practices of such Loan Party;

(i) pledges and deposits of cash by any Loan Party after the date hereof to secure the performance of tenders, bids, leases, trade contracts (other than for the repayment of indebtedness), public or statutory obligations, surety bonds, performance bonds and other similar obligations in each case in the ordinary course of business consistent with the current practices of such Loan Party;

(j) Liens arising from operating leases and the precautionary UCC financing statement filings in respect thereof and equipment or other materials which are not owned by any Loan Party located on the owned or leased premises of such Loan Party (but not in connection with, or as part of, the financing thereof) from time to time in the ordinary course of business and the precautionary UCC financing statement filings in respect thereof;

(k) judgments and other similar Liens arising in connection with court proceedings that do not constitute an Event of Default, *provided* , that, such Liens are being contested in good faith and by appropriate proceedings diligently pursued, adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefor and a stay of enforcement of any such Liens is in effect;

(l) Liens granted by any Loan Party on its or their rights under any insurance policy, but only to the extent that such Lien is granted to the insurers under such insurance policies or any insurance premium finance company to secure payment of the premiums and other amounts owed to the insurers or such premium finance company with respect to such insurance policy;

(m) Liens on cash deposits in the nature of a right of setoff, banker's Lien, counterclaim or netting of cash amounts owed arising in the ordinary course of business on deposit accounts; and

(n) Liens by way of cash collateral under and as provided for in Master Agreements such as NAESB Gas Contracts, EEI Master Agreements, ISDA Master Agreements, or similar types of agreements provided the aggregate outstanding amount of cash collateral does not exceed $30,000,000 (all of the foregoing collectively, " Permitted Liens ").

7.11 Fundamental Changes . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to, merge, consolidate with or into, liquidate or dissolve, or convey, transfer, lease or otherwise Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except (a) as permitted pursuant to Section 7.19 and (b) if no Default or Event of Default has occurred and is continuing, the merger of any Co-Borrower into any other Co-Borrower; *provided that* , the surviving Co-Borrower executes and delivers to Agent all additional security documentation as the Agent may reasonably require in order to reaffirm the security interest of the Agent for the benefit of the Secured Parties in the Collateral.

7.12 Loans, Investments and Acquisitions . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to (without the consent of Agent), purchase or acquire or make any commitment therefor, any equity interest, or any obligations or other securities of, or any interest in, any Person or make or commit to make any acquisitions, or make or commit to make any advance, loan, extension of credit (other than pursuant to sales on open account in the ordinary course of any Loan Party's business) or capital contribution to or any other investment in, any Person, except:

(a) the endorsement of instruments for collection or deposit in the ordinary course of business;

(b) investments in cash or cash equivalents, *provided* , that, subject to Section 7.21 , Agent shall have been granted a valid enforceable first priority security interest with respect to the deposit account, investment account or other account in which such cash or cash equivalents are held;

(c) loans and advances by any Loan Party to employees of such Loan Party for: (i) reasonably and necessary work-related travel or other ordinary business expenses to be incurred by such employee in connection with their work for such Loan Party, (ii) reasonable and necessary relocation expenses of such employees, and (iii) hardship situations being experienced by any such employee(s); *provided* that the aggregate amount of (i), (ii) and (iii) above does not exceed $1,000,000 at any one time outstanding;

(d) stock or obligations issued to any Loan Party by any Person (or the representative of such Person) in respect of indebtedness of such Person owing to such Loan Party in connection with the insolvency, bankruptcy, receivership or reorganization of such Person or a composition or readjustment of the debts of such Person; *provided* , that, the original of any such stock or instrument evidencing such obligations shall be promptly delivered to Agent, together with such stock power, assignment or endorsement by such Loan Party in order to perfect the security interest of Agent and the Banks in any such stock or instrument;

(e) obligations of account debtors to any Loan Party arising from Accounts which are past due that are evidenced by a promissory note made by such account debtor payable to such Loan Party; *provided* , that, promptly upon the receipt of the original of any such promissory note by such Loan Party, such promissory note shall be endorsed to the order of Agent by such Loan Party and promptly delivered to Agent as so endorsed in order to perfect the security interest of Agent and the Banks in any such promissory note;

(f) loans by a Loan Party to another Loan Party after the date hereof, *provided* , that, as to all of such loans, (i) within thirty (30) days after the end of each fiscal year, the Co-Borrowers shall provide to Agent a report in form and substance satisfactory to Agent of the outstanding amount of such loans as of the last day of such year, (ii) the indebtedness arising pursuant to any such loan shall not be evidenced by a promissory note or other instrument, unless the original of such note or other instrument is promptly delivered to Agent to hold as part of the Collateral, with such endorsement and/or assignment by the payee of such note or other instrument as Agent may require, (iii) as of the date of any such loan and after giving effect thereto, the Loan Party making such loan shall be solvent, and (iv) as of the date of any such loan and after giving effect thereto, no Event of Default shall have occurred and be continuing;

(g) investments (other than loans) of any Loan Party in another Loan Party;

(h) investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit or prepayments or similar transactions entered into in the ordinary course of business, and investments received in satisfaction or partial satisfaction thereof from financial troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(i) investments consisting of non-cash consideration for any Dispositions permitted under this Agreement, *provided* that such investments become subject to the first priority, perfected liens created under the Loan Documents;

(j) Equity Investments in any Person that is not a Loan Party, *provided* that:

(i) no Default or Event of Default has occurred and is continuing at the time of such Equity Investment; and

(ii) no single Equity Investments may exceed $10,000,000 without the prior written consent of the Agent; and

(iii) such Equity Investments plus outstanding Affiliate Obligations may not exceed $15,000,000 in the aggregate at any time outstanding without the prior written consent of the Majority Banks;

(k) Permitted Acquisitions; *provided* that,

(i) if the purchase price of such Permitted Acquisition is greater than $5,000,000, prior to the consummation of any Permitted Acquisition, the Co-Borrowers shall deliver to Agent (A) a valuation model specific to such Permitted Acquisition detailing historical performance metrics and reasonably detailed projections for the succeeding two years pertaining to the Person or business to be acquired and updated projections for the Loan Parties after giving effect to such Permitted Acquisition, (B) copies of all material documentation pertaining to such Permitted Acquisition, (C) all such other information and data relating to such Permitted Acquisition or the Person or business to be acquired as may be reasonably requested by the Agent; and (D) at least 5 Business Days (or such lesser period as is reasonably acceptable to the Agent) prior to the proposed date of consummation of the Permitted Acquisition, the Co-Borrowers shall have delivered to the Agent a certificate of a Responsible Officer certifying that (1) such acquisition is a Permitted Acquisition, including calculations in form and substance satisfactory to the Agent reflecting pro forma compliance with the financial covenants in Section 7.09, and (2) such Permitted Acquisition could not reasonably be expected to result in a Material Adverse Effect; and

(ii) if the purchase price of such Permitted Acquisition is less than or equal to $5,000,000, at least one Business Day (or such lesser period as is reasonably acceptable to the Agent) prior to the proposed date of consummation of the Permitted Acquisition, the Co-Borrowers shall have delivered to the Agent a certificate of a Responsible Officer certifying that (1) such acquisition is a Permitted Acquisition and (2) such Permitted Acquisition could not reasonably be expected to result in a Material Adverse Effect;

(l) Loans to Affiliates resulting in an Affiliate Obligation, *provided* that outstanding Affiliate Obligations plus Equity Investments may not exceed $15,000,000.00 in the aggregate at any time outstanding without the prior written consent of the Majority Banks; and

(m) Loans to Affiliates not to exceed $1,000,000 in the aggregate at any time outstanding for general and administrative expense reimbursement.

7.13 Limitation on Indebtedness and Other Monetary Obligations . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness or other monetary obligations, including guaranties, *except for*

(a) Indebtedness and obligations incurred pursuant to this Agreement or pursuant to a Swap Contract;

(b) Indebtedness and obligations consisting of trade payables in the ordinary course of business and consistent with past practices;

(c) Subordinated Debt owed to an Affiliate of the Co-Borrowers (other than Parent and its Subsidiaries);

(d) Indebtedness and obligations existing on the date hereof and described on Schedule 7.10 ;

(e) purchase money Indebtedness (including Capital Leases) in a maximum principal amount not exceeding $5,000,000 to the extent secured by purchase money security interests in automobiles and/or equipment (including Capital Leases) so long as such security interests do not apply to any property of such Loan Party other than the automobiles and equipment so acquired, and the Indebtedness secured thereby does not exceed the cost of such automobiles or equipment so acquired, as the case may be, or any refinancings, refundings, renewals or extensions thereof;

(f) guarantees by any Loan Party of the Obligations of the other Loan Parties in favor of Agent for the benefit of the Secured Parties;

(g) guarantees by any Loan Party of any Indebtedness permitted pursuant to this Section 7.13 of any other Loan Party;

(h) the Indebtedness of any Loan Party to another Loan Party pursuant to loans permitted under the terms of this Agreement;

(i) the obligations of any Loan Party or any of its Subsidiaries to pay the deferred purchase price of goods or services or progress payments in connection with such goods or services, so long as such obligations are incurred in the ordinary course of business; and

(j) other unsecured Indebtedness on terms and conditions reasonably satisfactory to the Agent in an aggregate principal amount not exceeding $15,000,000 at any time outstanding.

7.14 Transactions with Affiliates . The Loan Parties shall not, nor suffer or permit any of their Subsidiaries to, enter into any transaction with any Affiliate of the Loan Parties that are not Loan Parties, except upon fair and reasonable terms no less favorable to any Loan Party than such Loan Party would obtain in a comparable arm's-length transaction with a Person not an Affiliate of such Loan Party, except for (a) transactions pursuant to the IPO Restructuring Documents and (b) compensation and employee benefit arrangements paid to, and awards granted thereunder, and indemnities provided for the benefit of, directors, officers, consultants and employees of the Loan Parties in the ordinary course of business.

7.15 Restricted Payments . The Loan Parties shall not, nor permit any of their Subsidiaries to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of their capital stock, or purchase, redeem or otherwise acquire for value any of their capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding, or make any payments under the Tax Receivable Agreement; *except that* the Loan Parties may:

(a) declare and make dividend payments or other distributions payable solely in their common Equity Interests;

(b) purchase, redeem or otherwise acquire their common Equity Interests with the proceeds received from the substantially concurrent issue of new common Equity Interests; and

(c) declare and make cash distributions to NuDevco Holdings, NuDevco Retail and the holders of Equity Interests of the Parent from cash on hand of HoldCo and the Parent in accordance with the organizational documents of HoldCo and the Parent, *provided* that before and immediately after giving effect to such proposed distribution, (i) no Default or Event of Default would exist, (ii) the Loan Parties are in pro forma compliance with the financial covenants in Section 7.09 and (iii) the Effective Amount of all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations does not exceed the lesser of the aggregate of the Commitments or the Borrowing Base Advance Cap;

(d) declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities to another Loan Party, or purchase, redeem or otherwise acquire for value any of their capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding, from another Loan Party; *provided* , that no such distribution shall be declared or paid unless, immediately after giving effect to such proposed distribution, no Default or Event of Default would exist; and

(e) make payments under the Tax Receivable Agreement; *provided* that before and immediately after giving effect to such proposed payment, (i) no event or circumstance exists which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default under Section 8.01(a), (e) or (f), (ii) the Loan Parties are in pro forma compliance with the financial covenants in Section 7.09 and (iii) the Effective Amount of all Working Capital Loans then outstanding plus the Effective Amount of all L/C Obligations does not exceed the lesser of the aggregate of the Commitments or the Borrowing Base Advance Cap.

7.16 Certain Changes . The Loan Parties shall not, nor permit any of their Subsidiaries to, engage in any material line of business substantially different from those lines of business carried on by the Loan Parties and their Subsidiaries on the date hereof. No Loan Party shall make any significant change in accounting treatment or reporting practices, except as required by GAAP or to comply with SEC accounting rules and regulations, or change the fiscal year of any Loan Party and upon any such change shall promptly notify the Agent thereof.

7.17 Net Position . If at any time the aggregate Net Position of a Loan Party exceeds the amounts set forth in the Risk Management Policy, the Loan Parties shall promptly notify the Agent, which notification shall explain the circumstances of such deviation and set forth a plan that provides in reasonable detail the actions the Loan Party proposes to take to reduce the applicable position deviation to an amount to achieve compliance with the Risk Management Policy. The Agent will, upon receipt of such notification, notify the Banks. If the Majority Banks determine in their sole discretion that such excess could reasonably be expected to have a Material Adverse Effect on the Loan Parties taken as a whole, then such failure to comply with the Risk Management Policy shall constitute an Event of Default and Agent shall promptly notify the Loan Parties of such determination. In any event, if the Loan Parties allow their aggregate Net Position to exceed the amounts set forth in the Risk Management Policy for a period exceeding three (3) Business Days, an Event of Default shall be deemed to have occurred.

7.18 Location of Inventory . The Loan Parties will not, nor permit any of their Subsidiaries to (unless approved by the Agent in writing) maintain any inventory at any location except as set forth on Schedule 7.18 unless the Loan Parties have given the Agent at least two weeks' prior notice of the transfer to or storage of inventory at such other location and prior to maintaining any inventory at such location shall have disclosed to Agent the identity of the owner of the storage facility and shall have taken all steps necessary to provide the Banks with a first priority perfected security interest in such inventory.

7.19 Disposition of Assets . The Loan Parties shall not, nor shall the Loan Parties suffer or permit any of their Subsidiaries to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise Dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, *except for* :

(a) Dispositions of inventory in the ordinary course of business;

(b) Dispositions of worn-out, obsolete or surplus automobiles and/or equipment or the Disposition of automobiles and/or equipment no longer used or useful in the business of any Co-Borrower;

(c) Dispositions of accounts receivable pursuant to POR Agreements;

(d) Dispositions of accounts receivable to the insurer of such accounts receivable to the extent that one or more Co-Borrowers has account receivables insurance covering certain account receivables, subsequently makes a claim under such insurance, and the insurer of such accounts receivable requires such assignment;

(e) Dispositions in connection with sale and leaseback transactions in an amount not to exceed $5,000,000.00 in the aggregate during any twelve (12) month period;

(f) Dispositions between Loan Parties; and

(g) Dispositions (not including Dispositions described in (a) through (f) above) in an amount not to exceed $10,000,000.00 in the aggregate during any twelve (12) month period or $5,000,000.00 for any single transaction; provided that (i) such Disposition is made for fair market value, (ii) before and immediately after giving effect to such Disposition, no Default or Event of Default has occurred and is continuing and (iii) before and immediately after giving effect to such Disposition, the Loan Parties are in pro forma compliance with the financial covenants in Section 7.09 .

7.20 Additional Security Documentation . The Loan Parties shall, and shall cause their Subsidiaries to, execute such additional security documentation as the Agent may from time to time require in order to maintain the security interest of the Agent for the benefit of the Secured Parties in the Collateral.

7.21 Cash in Accounts Not Subject to Control Agreement . The Loan Parties and their Subsidiaries shall not have, at any time, an amount in excess of $750,000.00, in the aggregate, in any accounts (excluding cash deposits subject to Liens permitted by Section 7.10(n)) which are not subject to a perfected security interest in favor of the Agent for the benefit of the Secured Parties by virtue of a three-party control agreement in form and substance satisfactory to the Agent.

7.22 Security for Obligations . The Loan Parties shall, and shall cause their Subsidiaries to, at all times maintain security interests in favor of the Agent for the benefit of the Secured Parties so that the Agent shall have a first priority perfected lien on all Collateral of the Loan Parties and any of their Subsidiaries, to secure the Obligations.

7.23 Subsidiaries . Each Subsidiary of any Loan Party (other than Subsidiaries which are Co-Borrowers), now existing or created, acquired or coming into existence after the date hereof, shall execute and deliver to the Agent for the benefit of the Secured Parties (i) its absolute and unconditional guaranty of the timely repayment of, and the due and punctual performance of the Obligations, which guaranty shall be in the form of the Guaranty Agreement and (ii) if requested by Agent, a joinder to the applicable Security Documents, a Blocked Account Agreement (if applicable) and such other Loan Documents as the Agent may reasonably require. Each of such Subsidiary Guarantor shall deliver to the Agent, simultaneously with its delivery of such a guaranty, written evidence satisfactory to the Agent and its counsel that such Subsidiary Guarantor has taken all corporate, limited liability company or partnership action necessary to duly approve and authorize its execution, delivery and performance of such guaranty and any Security Documents and other documents which it is required to execute. The Loan Parties shall also deliver an updated Schedule 6.15 with respect to such Subsidiary in form and substance satisfactory to Agent if new Subsidiaries are formed or otherwise acquired subsequent to the date hereof.

7.24 Modifications to Billing Services Agreements . None of the Loan Parties shall, nor permit any of their Subsidiaries to, unless consented to by the Agent, enter into any material amendment to any POR Agreement, except that the POR Agreements may be extended by a Loan Party for additional periods as long as such extensions do not result in any material changes to the terms and conditions of such POR Agreements.

7.25 [Reserved] .

7.26 [Reserved] .

7.27 Risk Management Policy and Credit Policy . The Loan Parties shall not make any material amendment or modification to the Risk Management Policy or the Credit Policy in a manner materially adverse to the interests of the Agent, the Issuing Banks, or the Banks, without the prior written consent of the Majority Banks. The Loan Parties and Agent agree that upon request by Agent or by the Loan Parties, from time to time, the Loan Parties and Agent will review and evaluate the Loan Parties' credit and risk management policies.

7.28 Prohibited Transactions . The Loan Parties shall not, and shall not permit any of their Subsidiaries to:

(a) (i) conduct any business or engage in making or receiving any contribution of funds, goods, or services to or for the benefit of any Person in violation of any Anti-Terrorism Law, (ii) deal in or otherwise engage in any transaction relating to any property or interests in property blocked pursuant to any Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in any Anti-Terrorism Law.

(b) directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor, or otherwise).

7.29 Preservation of Existence, Etc . Each Loan Party shall, and shall cause each of its Subsidiaries to (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the laws of the jurisdiction of its organization except in a transaction permitted by Section 7.11 and (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

7.30 Burdensome Agreements . The Loan Parties shall not, and shall not permit any of their Subsidiaries to enter into or permit to exist any contractual obligation (other than this Agreement or any other Loan Document) that limits the ability (a) of any Subsidiary of Parent to make any dividend or distribution to Parent or any other Subsidiary of Parent or to otherwise transfer property to or invest in Parent or any other Subsidiary of Parent, in each case, except for any agreement in effect (i) on the date hereof, including the IPO Restructuring Documents, or (ii)

at the time any Subsidiary becomes a Subsidiary of a Loan Party, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of a Loan Party, (b) of any Loan Party to be jointly and severally liable in respect of the Obligations or any Subsidiary to guarantee the Obligations or (c) of any Loan Party or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure the Obligations; provided, however, that this clause (c) shall not prohibit any negative pledge incurred or provided in favor of any holder of Indebtedness permitted under Section 7.13(e) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness.

7.31 Transmitting Utility and Utility . The Loan Parties shall not knowingly take any action which would cause any Loan Party to be treated as a "transmitting utility", as that term is defined in the Uniform Commercial Code of any applicable jurisdiction, or as a "utility", as that term is defined in Section 261.001 of the Texas Business and Commerce Code.

7.32 Holding Company . The Parent shall not engage in any business or activity other than (a) the ownership of Equity Interests in HoldCo, (b) maintaining its corporate existence, (c) participating in income Tax, accounting and other administrative activities as the managing member of HoldCo, (d) the execution and delivery of the Loan Documents to which it is a party and the performance of its obligations thereunder, (e) providing guarantees under Section 7.13(g), (f) making payments under the Tax Receivable Agreement, (g) performing obligations under the IPO Restructuring Documents, and (h) activities incidental to the businesses or activities described in clauses (a) through (g) of this Section 7.32, including, without limitation, the Parent's issuance of Equity Interests.

7.33 Post-Closing Obligations . Within thirty (30) days following the Closing Date (or a later date acceptable to the Agent in its sole discretion), the Loan Parties shall deliver to the Agent copies of endorsements of the Loan Parties' insurance policies maintained pursuant to Section 7.03 as reasonably requested by the Agent.

ARTICLE 8
EVENTS OF DEFAULT

8.01 Event of Default . Any of the following shall constitute an "Event of Default":

(a) Non-Payment . Any Loan Party fails to (i) pay when and as required to be paid herein, any amount of principal of any Loan or any L/C Borrowing or deposit any funds as Cash Collateral, or (ii) pay within three days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty . Any representation or warranty made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by any Loan Party, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect or misleading in any material respect on or as of the date made or deemed made; or

(c) Covenant Defaults . (i) Any Loan Party fails to perform any of the terms, covenants, conditions or provisions contained in any of Sections 7.07 through 7.17, 7.19, 7.24 or 7.27 through 7.32 of this Agreement or (ii) any Loan Party fails to perform any of the other terms, covenants, conditions or provisions contained in this Agreement or any of the other Loan Documents (other than those specified in Section 8.01(a) or (c)(i) above) and such failure referred to in this Section 8.01(c)(ii) shall continue unremedied for a period of three (3) Business Days after the earlier to occur of (A) notice thereof from the Agent to the Co-Borrowers (which notice will be given at the request of any Bank) or (B) a Responsible Officer otherwise becoming aware of such failure; or

(d) Cross-Default . Any of the Loan Parties or any Subsidiary of the Loan Parties, if any (i) fails to make any payment due (after giving effect to any applicable grace or cure period or waiver) in respect of any Indebtedness or contingent obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $5,000,000.00 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise); or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or contingent obligation, if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness or contingent obligation to cause such Indebtedness or contingent obligation to be declared to be due and payable prior to its stated maturity; or

(e) Insolvency; Voluntary Proceedings . Any of the Loan Parties or any Subsidiary of the Loan Parties (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct all or substantially all of its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(f) Involuntary Proceedings . (i) Any involuntary Insolvency Proceeding is commenced or filed against any of the Loan Parties or any Subsidiary of any Loan Party, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Loan Parties' or any Subsidiary of any Loan Party's, properties and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within sixty (60) days after commencement, filing or levy; (ii) any of the Loan Parties or any Subsidiary of any Loan Party admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) any of the Loan Parties or any Subsidiary of any Loan Party acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(g) ERISA . The occurrence of an ERISA Event that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to subject any of the Loan Parties to liability in excess of $2,500,000; or

(h) Monetary Judgments . One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against any of the Loan Parties or any Subsidiary of any Loan Party involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer is contractually obligated to pay and which is reasonably expected to be paid by such insurer) as to any single or related series of transactions, incidents or conditions, of $2,500,000 or more; the liability for which is not the subject of an appeal, with appropriate bond or other surety being posted to suspend the effects of any such judgments; or

(i) Non-Monetary Judgments . Any non-interlocutory non-monetary judgment, order or decree is entered against any of the Loan Parties or any Subsidiary of any Loan Party which does or would reasonably be expected to have a Material Adverse Effect; or

(j) Change of Control . At any time (i) W. Keith Maxwell III (or trusts established for the benefit of W. Keith Maxwell III or his family members which are controlled by W. Keith Maxwell III) ceases to, directly or indirectly, own more than 50% (or, if higher, at least a Controlling Percentage) of the voting Equity Interests of the Parent, (ii) the Parent ceases to be the sole managing member of HoldCo, (iii) the Parent ceases to maintain full operational and managerial control of each Co-Borrower and its Subsidiaries such that any such Person is not Consolidated with the Parent in accordance with GAAP, (iv) the Parent, NuDevco Holdings and NuDevco Retail, collectively, cease to, directly or indirectly, own 100% of the Equity Interests of HoldCo, or (v) HoldCo ceases to, directly or indirectly, own 100% of the Equity Interests of any Co-Borrower (other than HoldCo) or any Guarantor (other than Parent).

(k) Guarantor Defaults . Any Guarantor fails to perform or observe any term, covenant or agreement in the Guaranty Agreement; or the Guaranty Agreement is for any reason (other than satisfaction in full of all Obligations and the termination of the Loans) partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or any Guarantor or any other person contests in any manner the validity or enforceability thereof or denies that he has any further liability or obligation thereunder; any event described at subsections (e) or (f) of this Section occurs with respect to any Guarantor.

(l) Swap Obligations . There shall have occurred with respect to any Swap Contract to which a Co-Borrower is a party an “Event of Default” or a “Termination Event” (as defined in the applicable ISDA Master Agreement and any related Credit Support Annex or Schedule) which entitles the applicable Swap Bank to terminate the Swap Contract.

(m) Effectiveness of Loan Documents . At any time after the execution and delivery thereof, (i) this Agreement or any other Loan Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms of this Agreement or the satisfaction in full of the Obligations) or is declared (by a Governmental Authority) null and void, or Agent does not have or ceases to have a valid and perfected Lien in any Collateral purported to be covered by the Loan Documents with the priority required by the relevant Loan Document, except where the failure to have a valid and perfected Lien on any such Collateral and/or priority would not have a Material Adverse Effect on the security interest held by Agent on behalf of the Banks on all other Collateral, in each case for any reason other than

the failure of Agent to take any action within its control, or (ii) any Loan Party contests the validity or enforceability of any Loan Document in writing or denies in writing that it has any further liability, including with respect to future advances by Banks, under any Loan Document to which it is a party.

8.02 Remedies . If any Event of Default occurs, exists and is continuing, the Agent may, with the consent of the Majority Banks, or shall, at the direction of the Majority Banks:

(a) terminate the commitment of each Bank hereunder;

(b) declare an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing by the beneficiary under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit), but only to the extent such amounts are not Cash Collateralized at the time, to be immediately due and payable, and declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Co-Borrowers;

(c) require the Co-Borrowers to Cash Collateralize all L/C Obligations in the manner described in Section 3.07 ; and

(d) exercise all rights and remedies available to it under the Loan Documents or applicable law including, without limitation, seeking to lift any stay that may be in effect under any Insolvency Proceeding;

provided , *however* , that upon the occurrence of any event specified in subsection (e) or (f) of Section 8.01 , any obligation of the Banks to make Loans and to Issue Letters of Credit, if any, shall automatically terminate and an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing by the beneficiary under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit) together with the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document shall automatically become due and payable without further act of the Banks.

8.03 Rights Not Exclusive . The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

8.04 Application of Payments . Except as expressly provided in this Agreement, all amounts thereafter received or recovered under this Agreement or any other Loan Document whether as a result of a payment by the Co-Borrowers, the exercise of remedies by the Agent under any of the Loan Documents, liquidation of collateral or otherwise, shall be applied for the benefit of the Secured Parties on a *pro rata* basis from and after the date of the occurrence of any Sharing Event as provided in Section 2.01 of the Intercreditor Agreement.

ARTICLE 9
AGENT

9.01 Appointment and Authorization .

(a) Each Bank hereby irrevocably (subject to Section 9.09) appoints, designates and authorizes Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Issuing Bank shall act on behalf of the Banks with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as Agent may agree at the request of the Banks to act for Issuing Bank with respect thereto; *provided , however* , that Issuing Bank shall have all of the benefits and immunities (i) provided to Agent in this Article IX with respect to any acts taken or omissions suffered by Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Agent" as used in this Article IX included Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided herein with respect to Issuing Bank. Prior to the Issuance of a Letter of Credit or upon the payment of any drawing on a Letter of Credit by Issuing Bank other than Agent, Issuing Bank shall provide written notice to Agent of the dollar amount, the date of such Issuance of payment and the expiry date for such Letter of Credit. Such Issuance shall be subject to the consent of Agent. Such consent shall not result in the imposition of any liability upon Agent.

9.02 Delegation of Duties . Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent . None of Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Co-Borrowers or any Subsidiary

or Affiliate of the Co-Borrowers, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or for the value of or title to any Collateral, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Co-Borrowers or any other party to any Loan Document to perform their obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to the Banks to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Co-Borrowers or any of the Co-Borrowers' Subsidiaries or Affiliates.

9.04 Reliance by Agent .

(a) Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Loan Parties), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 5.02 , each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Banks.

9.05 Notice of Default . Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of the Banks, unless Agent shall have received written notice from a Bank or the Co-Borrowers referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." Agent will notify the Banks of its receipt of any such notice. Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII ; *provided , however* , that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision . Each Bank acknowledges that none of Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of the Loan Parties and their Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Subsidiaries, the value of and title to any Collateral, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Loan Parties hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by Agent, Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Loan Parties which may come into the possession of any of Agent-Related Persons.

9.07 Indemnification . Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand Agent-Related Persons (to the extent not reimbursed by or on behalf of the Loan Parties and without limiting the obligation of the Loan Parties to do so as provided for elsewhere in this Agreement or the other Loan Documents, if so provided), pro rata in accordance with each Bank's Pro Rata Share (or if a Defaulting Bank exists, and without limitation to the obligations of such Defaulting Bank under this Agreement, with respect to each Non-Defaulting Bank, its Pro Rata Adjusted Percentage), from and against any and all Indemnified Liabilities; *provided , however* , that no Bank shall be liable for the payment to Agent-Related Persons of any portion of such Indemnified Liabilities found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of the Loan Parties. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent. THE FORGOING INDEMNITY INCLUDES AN INDEMNITY FOR THE NEGLIGENCE OF AGENT-RELATED PERSONS.

9.08 Agent in Individual Capacity . Société Générale and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business

with the Co-Borrowers and their Subsidiaries and Affiliates as though Société Générale were not Agent or Issuing Bank hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Société Générale or its Affiliates may receive information regarding the Co-Borrowers or their Affiliates (including information that may be subject to confidentiality obligations in favor of the Co-Borrowers or such Affiliates) and acknowledge that Agent shall be under no obligation to provide such information to them. With respect to its Loans, Société Générale shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not Agent or Issuing Bank, and the terms "Bank" and "Banks" include Société Générale in its individual capacity.

9.09 Successor Agent . Agent may at any time and shall, if Agent becomes a Defaulting Bank, resign as Agent upon thirty (30) days' notice to the Banks. If Agent resigns under this Agreement, the Banks shall appoint, from among the Banks, a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with the Banks, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is thirty (30) days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of Agent hereunder until such time, if any, as the Banks appoint a successor agent as provided for above.

9.10 Foreign Banks .

(a) Any Foreign Bank that is entitled to an exemption from or reduction of U.S. withholding Tax with respect to payments made under any Loan Document shall deliver to the Loan Parties and the Agent, at the time or times reasonably requested by the applicable loan Party or the Agent, such properly completed and executed documentation reasonably requested by such Loan Party or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Foreign Bank, if reasonably requested by a Loan Party or the Agent, shall deliver such other documentation prescribed by applicable Requirements of Law or reasonably requested by such Loan Party or the Agent as will enable such Loan Party or the Agent to determine whether or not such Foreign Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 9.10 (b)(i), and (b)(iii) below) shall not be required if in the Foreign Bank's reasonable judgment such completion, execution or submission would subject such Foreign Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Foreign Bank.

(b) Without limiting the generality of the foregoing,

(i) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Loan Parties and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the applicable Loan Party or the Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit J-1 to the effect that such Foreign Bank is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of any Loan Party within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a " U.S. Tax Compliance Certificate ") and (y) executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Bank is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-4 on behalf of each such direct and indirect partner;

(ii) Any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Loan Parties and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of a Loan Party or the Agent), executed originals of any other form prescribed by an applicable Requirement of Law as a basis for claiming exemption from or a reduction in

U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Requirements of Law to permit the applicable Loan Party or the Agent to determine the withholding or deduction required to be made.

(iii) If a payment made to a Foreign Bank under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Foreign Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Foreign Bank shall deliver to the Loan Parties and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the applicable Loan Party or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the applicable Loan Party or the Agent as may be necessary for such Loan Party and the Agent to comply with their obligations under FATCA and to determine that such Foreign Bank has complied with such Foreign Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iv) Each Foreign Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Loan Parties and the Agent in writing of its legal inability to do so.

9.11 Collateral Matters .

(a) The Agent is authorized on behalf of all the Banks and the Swap Banks, without the necessity of any notice to or further consent from the Banks or the Swap Banks, from time to time to take any action with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected the security interest in and Liens upon the Collateral granted pursuant to the Loan Documents.

(b) The Banks and the Swap Banks irrevocably authorize the Agent, at its option and in its discretion, to release any Lien granted to or held by the Agent upon any Collateral (i) upon termination of this Agreement, termination of all Swap Contracts with such Persons (other than Swap Contracts as to which arrangements satisfactory to the applicable counterparty in its sole discretion have been made), termination of all Letters of Credit (other than Letters of Credit as to which arrangements satisfactory to the applicable Issuing Bank in its sole discretion have been made), and the payment in full of all outstanding Obligations; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; (iii) constituting property in which the Loan Parties or any Subsidiary owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting property leased to the Loan Parties or any Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by the Loan Parties or such Subsidiary to be, renewed or extended; (v) consisting of an instrument evidencing indebtedness or other debt instrument, if the indebtedness evidenced thereby has been paid in full; (vi) in POR Collateral to

the extent the release of the Agent's Lien in such POR Collateral is required by the applicable POR Agreement or any Requirement of Law; or (vii) if approved, authorized or ratified in writing by the requisite Banks in accordance with Section 10.01. Upon request by the Agent at any time, the Banks will confirm in writing the Agent's authority to release particular types or items of Collateral pursuant to this Subsection 9.11(b); *provided*, *however*, that the absence of any such confirmation for whatever reason shall not affect the Agent's rights under this Section 9.11.

9.12 Monitoring Responsibility. Each Bank will make its own credit decisions hereunder, including the decision whether or not to make advances or consent to the Issuance of Letters of Credit, thus the Agent shall have no duty to monitor the Collateral Position, the amounts outstanding under sub-lines or the reporting requirements or the contents of reports delivered by the Loan Parties. Each Bank assumes the responsibility of keeping itself informed at all times.

9.13 Swap Banks. To the extent any Affiliate of a Bank is a party to a Swap Contract with a Co-Borrower and thereby becomes a beneficiary of the Liens pursuant to the Security Documents or any other Loan Document, such Affiliate of a Bank shall be deemed to appoint the Agent its nominee and agent to act for and on behalf of such Affiliate (and the Agent hereby accepts such nomination and agrees to act as agent for such Affiliate) in connection with the Security Documents and such other Loan Documents and to be bound by the terms of this Article IX.

9.14 Other Agents; Arrangers. None of the Banks or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," as a "documentation agent," any other type of agent (other than the Agent), "arranger," or "bookrunner" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE 10
MISCELLANEOUS

10.01 Amendments and Waivers. Except as otherwise provided in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Co-Borrowers or any other Loan Party therefrom, shall be effective unless in writing and signed by the Majority Banks and the Co-Borrowers and acknowledged by the Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided*, *however*, that:

(a) no amendment, waiver or consent shall, unless in writing and signed by all of the Banks, do any of the following at any time:

(i) waive any of the conditions specified in Section 5.01;

(ii) release any Guarantor, except a Guarantor that has ceased to be a Subsidiary of a Loan Party in a transaction permitted under this Agreement or release all or substantially all of the Collateral in any transaction or series of related transactions, except such releases relating to sales of property permitted under Section 9.11 ;

(iii) change any provision of this Section or the definition of "Majority Banks" or any other provision hereof specifying the number or percentage of Banks required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder;

(iv) amend, modify or waive the definitions of "Advance Sub-Limit Cap," "Borrowing Base Advance Cap," "L/C Sub-limit Caps," "Pro Rata Share," "Total Available Commitments," "Pro Rata Share" or any provision of this Agreement relating to the pro rata treatment of the Banks;

(v) consent to the assignment or transfer by any Co-Borrower of any of its rights and obligations under this Agreement and the other Loan Documents;

(vi) amend, modify or waive any provisions of the Intercreditor Agreement; or

(vii) amend Section 2.15;

(b) no amendment, waiver or consent shall, unless in writing and signed by the Majority Banks and each Bank affected by such amendment, waiver or consent:

(i) increase Commitment of such Bank (or reinstate any commitment terminated pursuant to Section 8.02);

(ii) change the order of application of any prepayment set forth in Section 2.07 ;

(iii) reduce, forgive or waive the principal of, or interest on, the Working Capital Loans or any fees or other amounts payable hereunder to Banks;

(iv) postpone, waive or otherwise defer any date scheduled for any payment of principal of or interest on the Working Capital Loans or any fees or other amounts payable to Banks; or

(v) result in a Credit Extension in excess of the Borrowing Base Advance Cap;

and *provided* , *further* , that (i) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Bank in addition to the Banks required above and each of the Co-Borrowers, affect the rights or duties of the Issuing Bank under this Agreement or any L/C-Related Document relating to any Letter of Credit issued or to be issued by it; and (ii) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Banks required above and each of the Co-Borrowers, affect the rights or duties of the Agent under this Agreement or any other Loan Document.

10.02 Notices .

(a) All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission, e-mail, electronic submissions or similar writing) and shall be given to such party at its address, facsimile number or e-mail address set forth on the signature pages hereof (or, in the case of a Bank, in its administrative questionnaire provided by each such Bank to Agent, and Agent shall promptly provide such address to Co-Borrowers) or at such other address, facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to Agent and Co-Borrowers; *provided* , that notices, requests or other communications shall be permitted by e-mail or other electronic submissions only in accordance with the provisions of Section 10.2(b) . Each such notice, request or other communication shall be effective (i) if given by facsimile, when such notice is transmitted to the facsimile number specified by this Section and the sender receives a confirmation of transmission from the sending facsimile machine, (ii) if given by e-mail or other electronic submissions, as set forth in Section 10.2(c) or (iii) if given by mail, prepaid overnight courier or any other means, when received at the applicable address specified by this Section; *provided* , that notices pursuant to Articles II or III shall not be effective until actually received by the Banks.

(b) Notices and other communications to the parties hereto may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites); provided, that (i) the foregoing shall not apply to notices sent directly to any party hereto if such party has notified Agent that it has elected not to receive notices by electronic communication and (ii) no Notices of Borrowing or any notices regarding request for advances hereunder shall be permitted to be delivered or furnished by Co-Borrowers by electronic communication unless made in accordance with specific procedures approved from time to time by Agent.

(c) Unless Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided, that if any such notice or other communication is not sent or posted during normal business hours, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

(d) Any agreement of the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Co-Borrowers. The Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Co-Borrowers to give such notice and the Banks shall not have any liability to the Co-Borrowers or other Person on account of any action taken or not taken by the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Co-Borrowers to repay the Loans

and L/C Obligations shall not be affected in any way or to any extent by any failure by the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Banks of a confirmation which is at variance with the terms understood by the Banks to be contained in the telephonic or facsimile notice.

(e) Parent and Co-Borrowers hereby acknowledge that (a) Agent will make available to the Banks and the Issuing Banks materials and/or information provided by or on behalf of Parent, Co-Borrowers and their Affiliates hereunder (collectively, " Borrower Materials ") by posting within a reasonable time after receipt from Parent or the Co-Borrowers such Borrower Materials on IntraLinks or another similar electronic system (the " Platform ") (or, to the extent Borrower Materials are not timely delivered to Agent, that such Borrower Materials have not yet been received by Agent) and (b) certain of the Banks (each, a " Public Bank ") may have personnel who do not wish to receive material non-public information with respect to Parent, Co-Borrowers or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Parent and Co-Borrowers hereby agree that (c) all Borrower Materials that are to be made available to Public Banks, which are deemed by Parent and Co-Borrowers to be materials available to be released to the public, shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (d) by marking Borrower Materials "PUBLIC," Parent and Co-Borrowers shall be deemed to have authorized Agent, the Issuing Banks and the Banks to treat such Borrower Materials as not containing any material non-public information with respect to Borrower or its securities for purposes of United States Federal and state securities laws; (e) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (f) Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

(f) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF BORROWER MATERIALS (AS DEFINED BELOW) OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH BORROWER MATERIALS OR THE PLATFORM. To the fullest extent permitted by applicable law, in no event shall Agent or any of its Affiliates or their respective partners, directors, officers, employees, agents, trustees or advisors (collectively, the " Agent Parties ") have any liability to Parent, Co-Borrowers, any Bank, Issuing Bank or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Parent's, any Co-Borrower's or Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of an Agent Party; *provided , however* , that in no event shall any Agent Party have any liability to Parent, any Co-Borrower, any Bank, the Issuing Banks or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) arising out of any such transmission.

10.03 No Waiver; Cumulative Remedies . No failure to exercise and no delay in exercising, on the part of the Agent, any Issuing Bank, or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses . Parent and the Co-Borrowers shall:

(a) Whether or not the transactions contemplated hereby are consummated, pay or reimburse Agent within five (5) Business Days after demand for all reasonable costs and expenses incurred by Agent in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document or any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs and costs of commercial finance examinations, incurred by Agent; and

(b) Pay or reimburse the Agent, the Issuing Banks, and the Banks within five (5) Business Days after demand for all costs and expenses (including Attorney Costs) incurred by it in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

(c) The agreements in this Section shall survive payments of all other Obligations.

10.05 Indemnity . Whether not the transactions contemplated hereby are consummated, Parent and the Co-Borrowers, jointly and severally, shall indemnify and hold the Agent, the Banks, the Issuing Banks, and each of their Affiliates, officers, directors, employees, counsel, agents and attorneys-in-fact harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination of the Letters of Credit) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or Letters of Credit or the use of the proceeds thereof; *provided , however* , that Parent and the Co-Borrowers shall have no obligation hereunder to any such indemnified Person with respect to any of the foregoing indemnified liabilities found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of such indemnified Person. The agreements in this Section shall survive payment of all Obligations.

10.06 Joint and Several Liability of the Co-Borrowers .

(a) Each Co-Borrower states and acknowledges that: (i) pursuant to this Agreement, the Co-Borrowers desire to utilize their borrowing potential on a combined basis to the same extent possible if they were merged into a single corporate entity; (ii) each Co-Borrower has determined that it will benefit specifically and materially from the advances of credit contemplated by this Agreement; (iii) it is both a condition precedent to the obligations of the Agent and the Banks hereunder and a desire of each Co-Borrower that each Co-Borrower execute and deliver to the Agent and the Banks this Agreement; and (iv) each Co-Borrower has requested and bargained for the structure and terms of and security for the Credit Extensions contemplated by this Agreement. The board of directors or similar governing body of each Co-Borrower has determined that such Co-Borrower's execution, delivery and performance of this Agreement may reasonably be expected to directly or indirectly benefit such Co-Borrower and is in the best interests of such Co-Borrower.

(b) Each Co-Borrower hereby irrevocably and unconditionally: (i) agrees that it is jointly and severally liable to the Agent, each Issuing Bank, and the Banks for the full and prompt payment and performance of the obligations of each Co-Borrower under this Agreement that may specify that a particular Co-Borrower is responsible for a given payment or performance; (ii) agrees to fully and promptly perform all of its obligations hereunder with respect to each advance of credit hereunder as if such advance had been made directly to it; and (iii) agrees as a primary obligation to indemnify the Agent, each Issuing Bank, and each Bank, on demand, for and against any loss incurred by the Agent, any Issuing Bank, or any Bank as a result of any of the Obligations of any Co-Borrower being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Co-Borrower or any Person, the amount of such loss being the amount which the Agent, the Issuing Banks, or the Banks (or any of them) would otherwise have been entitled to recover from the Co-Borrowers.

(c) The direct or indirect value of the consideration received and to be received by any Co-Borrower in connection herewith is reasonably worth at least as much as the liability and obligations of each such Co-Borrower hereunder and the incurrence of such liability and Obligations in return for such consideration may reasonably be expected to benefit such Co-Borrower, directly or indirectly.

10.07 Successors and Assigns .

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Co-Borrowers may not assign or transfer any of their rights or Obligations under this Agreement without the written consent of the Banks.

(b) The Agent, acting solely for this purpose as an agent of the Co-Borrowers, shall maintain a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive absent manifest error, and each Co-Borrower, the Agent and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement.

(c) Notwithstanding anything to the contrary contained herein, (i) if at any time any Issuing Bank assigns all of its Loans pursuant to Section 10.08, then such Issuing Bank shall, upon 30 days' notice to the Co-Borrowers and the Banks, and (ii) any Issuing Bank may, upon 30 days' prior written notice to the Co-Borrowers and the Banks, resign as an Issuing Bank. In the event of any such resignation as an Issuing Bank, the Co-Borrowers shall be entitled to appoint from among the Banks a successor Issuing Bank to such Issuing Bank hereunder; provided, however, that no failure by the Co-Borrowers to appoint any such successor shall affect the resignation of such Issuing Bank. Such Issuing Bank shall retain all the rights and obligations of an Issuing Bank hereunder with respect to (i) all Letters of Credit outstanding as of the effective date of its resignation as an Issuing Bank and (ii) all L/C Obligations with respect to such Letters of Credit (including the right to require the Banks to make Loans or fund participations in L/C Obligations pursuant to Section 3.03).

10.08 Assignments, Participants, etc .

(a) Each Bank, at any time, may, subject to the consent of the Agent and each Issuing Bank, and, so long as no Event of Default has occurred and is continuing, the Co-Borrowers, such consent not to be unreasonably withheld, assign and delegate all, or any ratable part of all, of the rights and obligations of such Bank hereunder to one or more Eligible Assignees; *provided* , *however* , that the consent of the Co-Borrowers shall not be required with respect to an assignment from a Bank to one or more of its Affiliates or with respect to the assignment from one Bank to another Bank; *provided* , *further* , that (i) any such disposition shall not, without the prior consent of the Co-Borrowers, require the Co-Borrowers to apply to register or qualify the Loans or any Note under the securities laws of any state, (ii) Co-Borrowers and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Eligible Assignee until (x) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Eligible Assignee, shall have been given to the Co-Borrowers and the Agent by such Bank and the Eligible Assignee; (y) such Bank and its Eligible Assignee shall have delivered to the Co-Borrowers and the Agent an Assignment and Assumption (" Assignment and Assumption ") in form attached hereto as Exhibit I , together with any Note or Notes subject to such assignment; and (z) the assignor Bank or Eligible Assignee has paid to the Agent a processing fee in the amount of $3,500 (other than in the case of an assignment to an Affiliate of the assigning Bank) and (iii) each such assignment to an Eligible Assignee (other than any Bank) shall be in an aggregate principal amount of $5,000,000 or a whole multiple in excess thereof (other than in the case of (A) an assignment of all of a Bank's interests under this Agreement or (B) an assignment to an Affiliate of the assigning Bank), and *provided* , *further* , that such an assignment may not be made to any Co-Borrower or an Affiliate thereof.

(b) From and after the date that a Bank gives such notice to the Co-Borrowers, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to an Assignment and Assumption agreement, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) The Co-Borrowers shall execute and deliver new Notes evidencing such assignee's assigned Loans and the Commitment, and, if the assignor Bank has retained a portion of its Loans and the Commitment, replacement Notes in the principal amount of the Loans and the Commitment retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by the Bank). Upon receipt by the applicable Banks of the new Notes, the applicable Banks shall promptly deliver the original Notes to the Co-Borrowers. This Agreement shall be amended to the extent, but only to the extent, necessary to reflect the addition of the assignee and the resulting adjustment of the Commitment arising therefrom. The Commitment of allocated to each assignee shall reduce such Commitment of the assigning Bank pro tanto.

(d) Each Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Co-Borrowers (each, a " Participant ") participating interests in any Loans and the Commitment of such Bank and the other interests of such Bank (the " Originating Bank ") hereunder and under the other Loan Documents; *provided , however ,* that the Co-Borrowers shall continue to deal solely and directly with the Originating Bank in connection with the Originating Bank's rights and obligations under this Agreement and the other Loan Documents.

Any agreement or instrument pursuant to which a Originating Bank sells such a participation shall provide that such Originating Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Originating Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 10.01(a), (b), (c), (d) or (e) that affects such Participant. Each Co-Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.01, 4.02 and 4.03 (subject to the requirements and limitations therein) to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (a) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 10.16 as if it were an assignee under paragraph (a) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 4.01 or 4.02, with respect to any participation, than its Originating Bank would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in Requirements of Law that occurs after the Participant acquired the applicable participation. Each Bank that sells a participation agrees, at the Co-Borrowers' request, to use reasonable efforts to cooperate with the Co-Borrowers to effectuate the provisions of Section 10.16 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Bank; provided that such Participant agrees to be subject to Section 2.16 as though it were a Bank. Each Originating Bank shall, acting solely for this purpose as an agent of the Co-Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan

Documents (the " Participant Register "); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Co-Borrowers and provided to it by the Co-Borrowers under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by such Bank or any of its representatives, (ii) was or becomes available on a non-confidential basis from a source other than the Co-Borrowers, provided that such source is not bound by a confidentiality agreement with the Co-Borrowers known to such Bank, or (iii) any information internally developed by a Bank or its employees without the use of confidential or secret information furnished by any of the Co-Borrowers; provided, however, that each Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which such Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which such Bank or its Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors who are under a duty to maintain the confidentiality of such information; (G) to any Affiliate of such Bank and to the Bank's and such Affiliates' respective officers, directors, employees, agents, consultants and counsel, for whom such Bank shall be responsible, or to any participant or assignee, actual or potential, any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to the Co-Borrowers, their Subsidiaries and the Obligations; provided, however, that such Affiliate, participant or assignee agrees to keep such information confidential to the same extent required of such Bank hereunder, (H) to any credit insurer or reinsurer and (I) as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Co-Borrowers are party or are deemed party with such Bank.

(f) Notwithstanding any other provision in this Agreement, any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

10.09 Set-off . In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists, the Agent, the Issuing Bank and the Banks are authorized at any time and from time to time, without prior notice to the Loan Parties, any such notice being waived by the Loan Parties to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, the Agent, the Issuing Bank and the Banks to or for the credit or the account of the Loan Parties against any and all Obligations, now or hereafter existing, irrespective of whether or not the Agent, the Issuing Bank or the Banks shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. The Agent, the Issuing Bank and the Banks agree promptly to notify the Co-Borrowers after any such set-off and application made by the Agent, the Issuing Bank or the Banks; *provided , however ,* that the failure to give such notice shall not affect the validity of such set-off and application.

10.10 Counterparts . This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.11 Automatic Debit . With respect to any commitment, fee, arrangement fee, letter of credit fee or other fee, or any other cost or expense (including Attorney Costs) due and payable to the Agent, the Issuing Banks, or the Banks under the Loan Documents, the Co-Borrowers hereby irrevocably authorize the Agent to debit any deposit account of Co-Borrowers with the Agent in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such fee or other cost or expense. If there are insufficient funds in such deposit accounts to cover the amount of the fee or the cost or expense then due, such debits will be reversed (in whole or in part, in Agent's sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section shall be deemed a set-off.

10.12 Bank Blocked Account Charges and Procedures . Agent is hereby authorized to charge any deposit account of the Co-Borrowers or any of them maintained at Agent for any fee, cost or expense (including Attorney Costs) due and payable to the Banks under the Loan Documents. If the available balances in such deposit accounts are not sufficient to compensate the Banks for any such charges or fees due the Banks, the Co-Borrowers agree to pay on demand the amount due the Banks. Each of the Co-Borrowers agrees that it will not permit the Bank Blocked Accounts to become subject to any other pledge, assignment, Lien, charge or encumbrance of any kind, nature or description, other than the Banks' security interest or any Lien the bank where such Bank Blocked Accounts are held may have.

10.13 Severability . The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.14 No Third Parties Benefited . This Agreement is made and entered into for the sole protection and legal benefit of the Loan Parties and the Banks and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.15 Acknowledgments . Parent and the Co-Borrowers hereby acknowledge that:

(a) they have been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) the Agent, the Issuing Bank and the Banks have no fiduciary relationship with or duty to any Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Agent, the Issuing Bank and the Banks on the one hand and the Loan Parties on the other hand, in connection herewith or therewith is solely that of debtors and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Agent, the Issuing Bank, the Banks and the Loan Parties.

10.16 Replacement of Banks . If any Bank requests compensation under Section 4.02 , or if any Co-Borrower is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 4.01 , or in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.01 , the consent of the Majority Banks shall have been obtained but the consent of one or more of such other Banks whose consent is required shall not have been obtained, or with respect to any Bank during such time as such Bank is a Defaulting Bank, then the Co-Borrowers may, at their sole expense and effort, upon notice to such Bank and the Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.08), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment), *provided* that:

(a) Such Bank shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 4.03) from the assignee (to the extent of such outstanding principal and accrued interest and fees);

(b) in the case of any such assignment resulting from a claim for compensation under Section 4.02 or payments required to be made pursuant to Section 4.01 , such assignment will result in a reduction in such compensation or payments thereafter; and

(c) such assignment does not conflict with applicable Laws.

A Bank shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling a Co-Borrower to require such assignment and delegation cease to apply.

10.17 GOVERNING LAW AND JURISDICTION .

(a) THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW (WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) OF THE STATE OF NEW YORK; *PROVIDED* , *HOWEVER* , THAT THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK; OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF PARENT, THE CO-BORROWERS AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. PARENT, THE CO-BORROWERS AND THE BANKS EACH IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS* , WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. PARENT AND THE CO-BORROWERS EACH HEREBY WAIVE PERSONAL SERVICE OF ANY AND ALL PROCESS UPON PARENT OR THE CO-BORROWERS AND IRREVOCABLY APPOINT CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NY 12207-2543, ALBANY COUNTY, AS REGISTERED AGENT FOR THE PURPOSE OF ACCEPTING SERVICE OF PROCESS WITHIN THE STATE OF NEW YORK AND AGREE TO OBTAIN A LETTER FROM CT CORPORATION ACKNOWLEDGING SAME AND CONTAINING THE AGREEMENT OF CT CORPORATION TO PROVIDE THE BANKS WITH THIRTY (30) DAYS ADVANCE NOTICE PRIOR TO ANY RESIGNATION OF CT CORPORATION SYSTEM AS SUCH REGISTERED AGENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

10.18 WAIVER OF JURY TRIAL . THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE

VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF, THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.19 ENTIRE AGREEMENT . THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING AMONG THE PARTIES HERETO, AND SUPERCEDES ALL PRIOR OR CONTEMPORANEOUS AGREEMENTS AND UNDERSTANDINGS OF SUCH PERSONS, VERBAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF.

10.20 Intercreditor Agreement . Each Bank hereby agrees that it shall take no action to terminate its obligations under the Intercreditor Agreement and will otherwise be bound by and take no actions contrary to the Intercreditor Agreement.

10.21 USA Patriot Act Notice . Each Bank and the Agent (for itself and not on behalf of any Bank) hereby notifies Parent and each Co-Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the " Patriot Act "), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Bank or the Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act. Each Loan Party shall, and shall cause each of its Subsidiaries to, provide, to the extent commercially reasonably, such information and take such actions as are reasonably requested by each Bank and the Agent to maintain compliance with the Patriot Act.

10.22 Keepwell . Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under the Loan Documents in respect of CEA Swap Obligations, if any (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under any Loan Document, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Each Qualified ECP Guarantor intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CO-BORROWERS:

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY GAS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

PARENT:

SPARK ENERGY, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

AGENT :

SOCIÉTÉ GÉNÉRALE , as Administrative Agent

By: _____
Name: _____
Title: _____

BANKS:

SOCIÉTÉ GÉNÉRALE , as an Issuing Bank and a Bank

By: _____
Name: _____
Title: _____

NATIXIS, NEW YORK BRANCH , as a Bank

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND," NEW YORK BRANCH, as a Bank

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

RBI INTERNATIONAL FINANCE (USA) LLC , as a Bank

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COMPASS BANK, as a Bank

By: _____
Name: _____
Title: _____

ANNEX A

SECURITY SCHEDULE

1. Security Agreement
2. Guaranty of Parent
3. Pledge Agreement of Parent
4. Pledge Agreement of HoldCo
5. Blocked Account Agreements
   - (a) Three Party Agreement Relating to Bank Accounts among Agent, SEG and Compass Bank
   - (b) Three Party Agreement Relating to Bank Accounts among Agent, Spark and Compass Bank
   - (c) Three Party Agreement Relating to Bank Accounts among Agent, Parent and Compass Bank
   - (d) Three Party Agreement Relating to Bank Accounts among Agent, HoldCo and Compass Bank
   - (e) Assignment of Hedging Account and Control Agreement among SEG, Agent and Newedge USA, LLC
   - (f) Assignment of Hedging Account and Control Agreement among Spark, Agent and Newedge USA, LLC
   - (g) Deposit Account Control Agreement (Access Restricted After Notice) among SEG, Agent and Wells Fargo Bank, National Association covering the Wells Fargo Bank Blocked Account

Annex B

CREDIT LIMITS

Counterparty	For customers and markets where Co-Borrowers are able to include mark-to-market component solely with respect to fixed price sales. Variable price sales shall have a credit limit as authorized below.	For customers and markets where Co-Borrowers are unable to include mark-to-market component solely with respect to fixed price sales. Variable price sales shall have a credit limit as authorized in the second column.
Residential*	$ 5,000	$ 500
Small and Medium Businesses*	$ 50,000	$ 5,000
Commercial and Industrial customers and customers that are governmental entities with no credit rating or a credit rating of less than Baa3/BBB- by Moodys/S&P*	$ 1,000,000	$ 500,000
Commercial and Industrial customers and customers that are governmental entities with a credit rating of Baa3/BBB- or higher by Moodys/S&P or supported by credit insurance acceptable in form and substance to Agent **	$ 5,000,000	$ 2,500,000
POR Receivables from counterparties with no credit rating or a credit rating of less than Baa3/BBB- by Moodys/S&P *	$ 5,000,000	$ 5,000,000
POR Receivables from counterparties with a credit rating of Baa3/BBB- or higher by Moodys/S&P or supported by credit insurance acceptable in form and substance to Agent **	$ 25,000,000	$ 25,000,000

* Such Accounts shall be classified as Tier II Accounts.
** Such Accounts shall be classified as Tier I Accounts.

Annex C

APPROVED ACCOUNT DEBTORS

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Anadarko Energy Services, Corp.		$ 3,000,000	2	
Atmos Energy Marketing, LLC		$ 6,000,000	2	Atmos Energy Holdings, Inc.
Autonation USA Corp.		$ 2,000,000	2	
Barclays Bank, PLC	A	$10,000,000	1	
BG Americas & Global LLC		$ 2,000,000	2	
BG LNG Services, LLC		$ 3,000,000	2	
BP Canada Energy Co.	A	$12,000,000	1	
BP Energy Co.	A	$15,000,000	1	
BP Products North America	A	$ 6,000,000	1	
Burger King Corp.	B+	$ 2,000,000	2	
Burlington Northern Santa Fe, LLC	BBB+	$ 1,500,000	1	
Calpine Energy Services, LP	B+	$ 5,000,000	2	Calpine Corporation
Campbell Soup Supply Company, LLC		$ 6,000,000	2	
Capital District Energy Center Cogeneration Associates		$ 2,000,000	2	Power Cor Max 2MM for Capital District, Pawtucket and Pittsfield
CenterPoint Energy Services, Inc.		$ 2,000,000	2	
Chesapeake Energy Marketing, Inc.		$ 3,000,000	2	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Chevron Phillips Chemical Company LP	A-	$ 6,000,000	1	
Chevron Texaco Natural Gas, a division of Chevron (USA) Inc.		$ 2,000,000	2	
CIMA Energy, Ltd.		$ 2,000,000	2	
City of San Antonio, TX		$10,000,000	2	
Colonial Energy, Inc.		$ 2,000,000	2	
Columbia Gas of Ohio		$ 4,000,000	2	
Conectiv Energy Supply, Inc.		$ 1,500,000	2	
ConocoPhillips	A	$ 6,000,000	1	
Conopco Inc. dba Unilever North America		$ 5,000,000	2	
Consolidated Edison Solutions		$ 2,000,000	2	
Constellation Energy Commodities Group (fka Constellation Power Source, Inc.)		$ 2,000,000	2	
Constellation Proliance LLC		$ 2,000,000	2	
CP Energy Marketing (U.S.) Inc.	BBB-	$ 1,000,000	2	Capital Power, L.P.
DCP Midstream Marketing, LP (fka Duke Energy Field Services Marketing, LP)		$ 1,500,000	2	
Devon Energy Production Company, LP		$ 3,000,000	2	
Dillard’s, Inc.	BB+	$ 2,000,000	2	
Direct Energy Business Marketing, LLC (fka Hess Corp.)	BBB	$10,000,000	1	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Dow Hydrocarbons & Resources, Inc.		$ 5,000,000	2	
Dufour Petroleum Inc.		$ 5,000,000	2	
Dynegy Inc.	B	$ 2,000,000	2	
EDF Trading North America, LLC		$ 5,000,000	2	
Emera Energy Services,	BBB+	$ 5,000,000	1	Emera Inc.
Enbridge Marketing (US) LP		$ 2,000,000	2	
EnCana Marketing (USA) LP		$ 2,000,000	2	
Energy Authority, Inc. (The)		$ 3,000,000	2	
Energy USA-TPC Corp.		$ 2,500,000	2	
Enjet, Inc.		$ —	2	
Enserco Energy, Inc.		$ 2,000,000	2	
Enterprise Products Operating LLC	BBB+	$18,000,000	1	
ERCOT	Aa3	$ 5,000,000	1	
ETC Marketing Ltd.		$ 2,500,000	2	
Exempla Healthcare		$ 2,500,000	2	
FerrellGas, LP	B+	$ 2,000,000	2	
Fitchburg Gas and Electric Light Company		$ 3,000,000	2	
Forest Oil Corp.	B-	$ 1,100,000	2	
Formosa Plastics Corp. USA	BBB+	$ 2,000,000	1	
Gavilon, LLC	NR	$ 4,000,000	2	Gavilon Group, LLC

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Gazprom Marketing & Trading USA, Inc.		$ 5,000,000	2	Gazprom Marketing & Trading, Ltd.
General Services Administration	US Gov	$10,000,000	1	
Goodrich Petroleum Corp.	B-	$ 2,000,000	2	
Hannaford Bros. Co.		$ 2,500,000	2	
Hartford Hospital		$ 3,000,000	2	
Heritage Energy Resources, LLC		$ 3,000,000	2	
Home Depot USA, Inc.		$ 1,500,000	2	
Hopewell Cogeneration LP		$ 2,000,000	2	
Houston Pipeline Co.		$ 3,000,000	2	
Inergy Propane, LLC		$ 3,500,000	2	
Integrys Energy Services, Inc. (fka WPS Energy Services, Inc.)		$ 4,000,000	2	
Interstate Gas Supply, Inc.		$ 3,000,000	2	
J.Aron & Co.		$ 3,000,000	2	
Jefferson and Cocke Counties, TN		$ 3,000,000	2	
Jefferson County School District		$ 1,500,000	2	
JP Morgan Ventures Energy Corporation	A	$ 5,000,000	1	JP Morgan Chase & Company
Kinder Morgan Tejas Pipeline,LLC		$ 4,000,000	2	Kinder Morgan Energy Partners, LP
Kinder Morgan Texas Pipeline, LLC		$ 4,000,000	2	Kinder Morgan Energy Partners, LP

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Kinetic Resources (USA)		$ 1,500,000	2	
Macquarie Energy, LLC (fka Macquarie Cook Energy, LLC and Cook Inlet Energy Services)		$ 3,000,000	2	
Marathon Petroleum Corp	BBB	$10,000,000	1	
Merrill Lynch Commodities, Inc.	BBB	$ 3,000,000	2	Merrill Lynch & Co., Inc.
MHC Operating Limited Partnership		$ 1,500,000	2	
Mieco, Inc.		$ 1,500,000	2	
MillerCoors LLC		$ 2,000,000	2	
Mohegan Tribal Gaming Authority	B-	$ 2,000,000	2	
Morgan Stanley Capital Group, Inc.		$ 3,000,000	2	
Murphy Gas Gathering		$ 3,000,000	2	
New York City Housing Authority		$12,000,000	1	
New York State Power Authority		$ 7,000,000	1	
Nexen Inc.	BBB-	$ 6,000,000	1	
Nexen Marketing (USA) Inc.		$ 2,000,000	2	
NextEra Energy Power Marketing, Inc. (fka FPL Energy Power Marketing, Inc.)	A-	$ 1,500,000	1	NextEra Energy Capital Holdings Inc.
Niska Gas Storage	B+	$ 2,000,000	2	
Occidental Energy Marketing, Inc.		$ 6,000,000	2	
ONEOK Energy Services Company, LP		$ 3,000,000	2	
ONEOK Hydrocarbon, LP		$ 3,000,000	2	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Pacific Gas & Electric Company	BBB	$10,000,000	1	
Pacific Summit Energy, LLC		$ 5,000,000	1	Sumitomo Corporation
Pawtucket Power Associates Limited Partnership		$ 2,000,000	2	Power Corp Max 2MM for Capital District, Pawtucket and Pittsfield
Philadelphia Gas Works		$ 3,000,000	2	
Pittsfield Generating Company LP		$ 2,000,000	2	Power Corp Max 2MM for Capital District, Pawtucket and Pittsfield
Placid Refining Co, LLC		$ 2,000,000	2	
Plains Marketing, LP		$ 5,000,000	2	
Pontchartrain Natural Gas System	NR	$ 2,000,000	2	Enterprise Products Operating, LLC
Praxair Surface Technologies, Inc.	NR	$ 7,500,000	1	
PSEG Power New York, Inc.		$ 2,000,000	2	
Range Resources Corp.	BB	$ 3,000,000	2	
Repsol Energy North America Corporation		$ 5,000,000	2	Repsol YPF S.A for $2.5 million
Saint Gobain Corp.		$ 5,000,000	2	
Sempra Energy	BBB+	$ 6,000,000	1	
Sempra Energy Trading Corp.		$ 6,000,000	2	
Sequent Energy Management, L.P. and Sequent Energy Canada Corp.	BBB+	$ 5,000,000	1	AGL Resources, Inc.

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
Shell Energy North America (Canada) Inc.		$ 7,000,000	1	
Shell Energy North America (US) LP	AA-	$ 7,000,000	1	
Shell Energy Trading (US) Company		$ 6,000,000	1	
Sikorsky Aircraft Corp.		$ 3,000,000	2	
SM Energy Company (fka St. Mary Land & Exploration Co.)	BB	$ 2,000,000	2	
Southern Connecticut Gas	BBB	$ 3,000,000	1	
SouthWest Gas Corp.	A-	$ 6,500,000	1	
Southwestern Energy Company	BBB-	$ 2,000,000	1	
Sprague Energy Corp.		$ 3,700,000	2	
Starwood Hotels & Resorts Worldwide, Inc.	BBB	$ 3,000,000	1	
Statoil Natural Gas LLC		$ 2,000,000	2	
Tauber Oil Company		$ 2,000,000	2	
TC Ravenswood, LLC	A-	$10,000,000	1	TransCanada Corporation
Tenaska Marketing Ventures		$ 2,000,000	2	
Texon, LP		$ 5,000,000	2	
Toray Plastics (America), Inc.		$ 3,000,000	2	
Total Gas & Power North America, Inc.		$ 6,000,000	2	
Twin Eagle Resource Management, LLC		$ 1,500,000	2	
U.S. Energy Corp.		$ 4,000,000	2	

COUNTERPARTY	S&P Rating	EXISTING LIMIT	Tier	Qualify for Tier 1 based on Parent Guaranty from:
United Energy Trading, LLC		$ 2,000,000	2	
UGI Energy Services Inc.		$ 4,000,000	2	
Vitol Inc.		$10,000,000	2	
Westlake Petrochemicals, LP		$ 5,000,000	2	
Westlake Vinyls, LP		$ 5,000,000	2	
Wild Goose Storage, LLC		$ 2,000,000	2	
Wiliams Power Company, Inc.		$ 3,000,000	2	

SCHEDULE 1.01(a)

EXISTING LETTERS OF CREDIT

Spark Energy Gas, LLC

Counterparty	Amount	Issue Date	Exp Date	Auto-Renewal	Type	SG LC #
Bay State Gas Company	$ 90,000.00	27-Dec-12	25-Oct-14	Auto-Renew	Performance	N.SOL.15432
Citizens Gas & Coke Utility	$ 100,000.00	30-Jan-13	29-Jan-15	Auto-Renewal	Performance	N.SOL.15588
Columbia Gas of Ohio, Inc.	$ 38,000.00	27-Dec-12	30-Oct-14	Auto-Renewal	Performance	N.SOL.15428
Kern River Gas Transmission Company	$2,000,000.00	4-Jan-13	3-Jan-15	Evergreen	Performance	N.SOL.15473
Northern Illinois Gas Company D/B/A NICOR Gas Company	$ 370,000.00	7-Jan-13	31-Oct-14	None	Performance	N.SOL.15514
Northern Indiana Public Service Company	$ 104,375.00	31-Dec-12	18-Sep-14	Auto-Renewal	Performance	N.SOL.15451
Pacific Gas and Electric Company	$ 520,000.00	15-Jan-13	4-Oct-14	Auto-Renew	Performance	N.SOL.15526
Public Service Electric & Gas Co.	$ 140,000.00	3-Jan-13	31-Oct-14	None	Performance	N.SOL.15426
San Diego Gas & Electric Company	$ 45,000.00	28-Jan-13	28-Jan-15	Auto-Renew	Performance	N.SOL.15574
Southern California Gas Company	$ 500,000.00	28-Jan-13	28-Jan-15	Auto-Renewal	Performance	N.SOL.15575
Vector Pipeline L.P.	$ 90,000.00	10-Jan-13	20-Apr-15	Auto-Renewal	Performance	N.SOL.15483
Vector Pipeline Limited Partnership	$ 20,000.00	10-Jan-13	20-Apr-15	Auto-Renewal	Performance	N.SOL.15484

Spark Energy, LLC

Counterparty	Amount	Issue Date	Exp Date	Auto-Renewal	Type	SG LC #
New England Independent System Operator, Inc.	$ 800,000.00	26-Dec-12	23-Feb-15	None	Performance	N.SOL.15416
New York Independent System Operator, Inc.	$1,400,000.00	24-Dec-12	26-Dec-14	Auto-Renewal	Performance	N.SOL.15409
PJM Settlement, INC.	$2,945,000.00	21-Dec-12	7-Jul-15	Evergreen	Performance	N.SOL.15406
Public Service Electric & Gas Co.	$ 60,000.00	3-Jan-13	31-Oct-14	None	Performance	N.SOL.15427
Public Utility Commission of Texas	$ 500,000.00	29-Jan-13	10-Jan-15	Auto-Renewal	Performance	N.SOL.15506

SCHEDULE 1.01(b)

POR AGREEMENTS

1. Electric Billing Services Agreement dated October 15, 2010, by and between Baltimore Gas and Electric Company and Spark Energy, LLC.
2. Billing Services Agreement dated October 18, 2010, by and between Baltimore Gas and Electric Company and Spark Energy Gas, LLC.
3. Billing Services, Purchase of Accounts Receivables, and Assignment Agreement dated as of July 31, 2009 between The Brooklyn Union Gas Company d/b/a National Grid, and Spark Energy Gas, LLC.
4. Billing Services, Purchase of Accounts Receivables, and Assignment Agreement dated as of July 31, 2009 between KeySpan Gas East Corporation d/b/a National Grid, and Spark Energy Gas, LLC.
5. Agreement for Billing Services and for the Purchase of Electric Accounts Receivable dated July 24, 2007, by and between Niagara Mohawk Power Corporation and Spark Energy, LLC, as amended by Amendment No. 1 To The Agreement for Billing Services and for the Purchase of Electric Accounts Receivable (ESCO Referral Program) effective as of July 24, 2007, by and between Niagara Mohawk Power Corporation and Spark Energy, LLC.
6. Agreement for Billing Services and for the Purchase of Gas Accounts Receivable dated July 11, 2007, by and between Niagara Mohawk Power Corporation and Spark Energy Gas, LLC.
7. Supplier Aggregation Service Agreement dated May 1, 2010, by and between Northern Indiana Public Service Company and Spark Energy Gas, LLC.
8. Consolidated Utility Billing Service and Assignment Agreement dated January 25, 2006, by and between Consolidated Edison Company of New York, Inc. and Spark Energy, LLC.
9. Consolidated Utility Billing Service and Assignment Agreement dated , by and between Consolidated Edison Company of New York, Inc. and Spark Energy Gas, LLC.
10. Accounts Receivable Purchase Agreement dated October 14, 2011, by and between Columbia Gas of Ohio, Inc. and Spark Energy Gas, LLC.
11. Commonwealth Edison Rider PORCB Election dated January 25, 2011, by Spark Energy, LLC.

12. Public Service Electric and Gas Company Third Party Supplier Customer Account Master Service Agreement, by Spark Energy, LLC.

13. Public Service Electric and Gas Company Third Party Supplier Customer Account Master Service Agreement, by Spark Energy Gas, LLC.

14. Coordination Agreement dated June 11, 2010, by and between PECO Energy and Spark Energy, LLC, referencing PECO EGS Coordination Tariff, wherein POR is described in Competitive Billing Specifications Rider.

15. Coordination Agreement dated December 14, 2009, by and between PP&L, Inc. and Spark Energy, LLC, referencing PPL EGS Coordination Tariff, wherein POR is described in Section 12, Payment and Billing.

16. Electric Supplier Service Agreement dated July 20, 2010, by and between The United Illuminating Company and Spark Energy, LLC, wherein Section 7 references billing and payment processing and the DPUC-approved Bills Rendered Payment Mechanism.

17. Electric Supplier Service Agreement dated , by and between Connecticut Light & Power Company and Spark Energy, LLC, wherein Section 7 references billing and payment processing and the DPUC-approved Bills Rendered Payment Mechanism.

18. Service Agreement dated November 25, 2008, by and between The East Ohio Gas Company and Spark Energy Gas, LLC, wherein purchase of receivables is referenced in Billing Agreement - Option 2.

Schedule 1.01(b)

SCHEDULE 2.01

COMMITMENTS

Société Générale	$22,000,000.00	31.428571429%
Natixis, New York Branch	$13,000,000.00	18.571428571%
Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., “Rabobank Nederland,” New York Branch	$13,000,000.00	18.571428571%
RBI International Finance (USA) LLC	$13,000,000.00	18.571428571%
Compass Bank	$ 9,000,000.00	12.857142857%
	$70,000,000.00	100%

SCHEDULE 6.11

LIABILITIES

1. Citywestplace Office Lease by and between TPG-2101 CITYWEST 3 & 4 L.P. and Spark Energy Ventures, LLC.
2. Master Service Agreement by and between ISTA North America, Inc. and Spark Energy, LLC

SCHEDULE 6.15

SUBSIDIARIES AND EQUITY INVESTMENTS

1. Spark Energy, Inc.:
   (a) Spark HoldCo, LLC ([ ] Membership Units; Sole Managing Member)
2. Spark HoldCo, LLC:
   (a) Spark Energy Gas, LLC (100% Membership Interest)
   (b) Spark Energy, LLC (100% Membership Interest)
3. Spark Energy Gas, LLC: NONE
4. Spark Energy, LLC: NONE

SCHEDULE 6.21

DEPOSIT ACCOUNTS, SECURITIES ACCOUNTS AND HEDGING ACCOUNTS

A. Deposit Accounts and Securities Accounts

Spark Energy Gas, LLC

Compass Bank Account Nos.:	87113329 29200734 29200815 (Lockbox)
Wells Fargo Account Nos.:	4174907669 (Lockbox) 4945021152

Spark Energy, LLC

Compass Bank Account Nos.:	87113124 12217196 23158868 29200793 (Lockbox)

Spark HoldCo, LLC

Compass Bank Account No.:	6723506466

Spark Energy, Inc.

Compass Bank Account No.:	6723499931

B. Hedging Accounts

Spark Energy Gas, LLC

Newedge Account Nos.:	F TX600 GGG15310 F TX600 03915310

Spark Energy, LLC

Newedge Account Nos.:	F RV028 11115311

SCHEDULE 7.10

PERMITTED INDEBTEDNESS AND LIENS

None.

SCHEDULE 7.18

LOCATIONS OF INVENTORY

Spark Energy Gas, LLC:

ANR

Osceola, Clare & Montcalm County

Baltimore Gas & Electric (BG&E)

Baltimore County

Carthage

Panola, TX

Columbia Ohio

Richland, Franklin, Montgomery,
Hocking, Vinton & Guernse County

Dominion East Ohio

Wayne, Stark & Summit county

Dominion Transmission, Inc.

Natural Gas Pipeline Co. (NGPL)

Douglas (IL), Shelby (IL), Kankake (IL), Iowa (IA) & Louisa (IA) County

Nicor

Troy Grove Storage Field
169 N 36 th Road
Mendota, IL 61342

Nipsco

Cass County

Panhandle Eastern Pipeline (PEPL)

Livingston County

PG&E

San Joaquin & Costa County, CA

Storage for Dominion operates as an aggregate with the following breakdown allocation:

PA (63.405%)
NY (9.7463%)
W. VA (26.8487%)

Egan

Acadia County (LA)

KMTP

Jackson, TX

Moss Bluff

Liberty County (TX)

NIMO - National Grid

Suffolk, MA

National Fuel

Onondaga & Kings (NY)

San Diego Gas & Electric (SDG&E)

San Diego County, CA

SOCAL

Los Angeles County, CA

Tennessee Gas Pipeline

Ellisburg-Northern Storage

Potter's County, PA

Tetco

Juniata, PA

Washington 10

Macomb County

SCHEDULE 10.02

ADDRESSES FOR NOTICES

PARENT & CO-BORROWERS:

2105 CityWest Blvd,
Suite 100
Houston, TX 77042
Attention: Nathan Kroeker
Telephone: (281) 833-4153
Facsimile: (281) 833-4859
Email: nkroeker@sparkenergy.com

With a copy to:

2105 CityWest Blvd,
Suite 100
Houston, TX 77042
Attention: Terry D. Jones, Executive Vice President & General Counsel
Telephone: (832) 217-1848
Facsimile: (281) 833-4815
Email: tjones@sparkenergy.com

AGENT :

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Telephone: 972 387 5002
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

With a copy to:

Société Générale, as Administrative Agent
245 Park Ave
New York, New York, 10167
Attention: Huub Kops
Telephone: (212) 278-7592
Facsimile: (212) 278-7987
Email: huub.kops@sgcib.com

EXHIBIT A-1

NOTICE OF BORROWING
(Working Capital Loan)

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Credit Agreement, dated as of [ ], 2014 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy, Inc. (" Parent "), Spark HoldCo, LLC (" HoldCo "), Spark Energy, LLC (" Spark "), Spark Energy Gas, LLC (" SEG "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

Reference is made to the Agreement (capitalized terms used herein that are not defined shall have the respective meanings ascribed thereto in the Agreement). HoldCo hereby gives notice of its intention to borrow under the Working Capital Line.

[Please advance $ as a Working Capital Loan (and [Base Rate Loan][COF Rate Loan]), effective on , 20 . (This Notice of Borrowing is delivered prior to 1:00 p.m. New York City time, on the Borrowing Date.)] [Please advance $ ($5,000,000 or an increment of $1,000,000 in excess thereof) as a Working Capital Loan (and Eurodollar Rate Loan), effective on , 20 with an Interest Period of . (This Notice of Borrowing is delivered prior to 1:00 p.m. New York City time, three (3) Business Days prior to the Borrowing Date.)]

The requested advance relates to the following Advance Sub-limit Cap:

(a) For the purchase of Product and other uses permitted under Section 7.07 of the Credit Agreement:	_____
(b) For Contango Transactions:	_____

The requested advance will be used on behalf of the following Co-Borrower(s): .

HoldCo represents and warrants, as of the date hereof and as of the date any Working Capital Loan is made or renewed, that (i) no Default or Event of Default has occurred and is continuing; (ii) that after giving effect to the Working Capital Loan requested above, the appropriate Advance Sub-limit Cap and the Borrowing Base Advance Cap will not be exceeded and (iii) the Loan Parties' representations and warranties under the Agreement are true and correct in all material respects.

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

NOTICE OF BORROWING
(Letters of Credit)

[Date]

Société Générale, as Administrative
Agent Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Credit Agreement, dated as of [ ], 2014 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy, Inc. (" Parent "), Spark HoldCo, LLC (" HoldCo "), Spark Energy, LLC (" Spark "), Spark Energy Gas, LLC (" SEG "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

Reference is made to the Agreement (capitalized terms used herein that are not defined shall have the respective meanings ascribed thereto in the Agreement). HoldCo hereby gives notice of its intention to request the **[issuance, amendment, or renewal]** of Letters of Credit under the Working Capital Line as is further described on the Letter of Credit Application(s) attached hereto.

The requested [issuance/amendment/renewal] relates to the following L/C Sub-limit Cap:

(a) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product and Performance Standby Letters of Credit, in each case with terms of up to 90 days:	_____
(b) Standby Letters of Credit issued for the purpose of financing a Contango Transaction with terms of up to 365 days:	_____
(c) Documentary and Standby Letters of Credit issued for the purpose of financing the purchase of Product and Performance Standby Letters of Credit, in each case with terms of greater than 90 days and up to 365 days:	_____

HoldCo represents and warrants, as of the date hereof and as of the date any Letter of Credit is Issued, amended or renewed, that (i) no Default or Event of Default has occurred and is continuing; (ii) that after giving effect to the Letters of Credit requested above, none of the following limits, as applicable, will be exceeded: (a) the Borrowing Base Advance Cap; (b) any L/C Sub-limit Cap; or (c) the Advance Sub-Limit Cap; and (iii) the Loan Parties' representations and warranties under the Agreement are true and correct in all material respects.

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A-2

FORM OF
NOTICE OF CONVERSION/CONTINUATION

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Credit Agreement, dated as of [_____], 2014 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy, Inc. (" Parent "), Spark HoldCo, LLC (" HoldCo "), Spark Energy, LLC (" Spark "), Spark Energy Gas, LLC (" SEG "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

HoldCo hereby gives you irrevocable notice pursuant to Section 2.05 of the Agreement that they hereby request a [conversion] [continuation] of [outstanding Borrowings] [an outstanding Borrowing] into a new Borrowing (the " Proposed Borrowing ") on the terms set forth below:

Outstanding Borrowing #1

Date of Borrowing:
Aggregate Amount for Conversion [1] :
Type of Advance:
Interest Period:

[1] The aggregate amount for conversion or continuation with respect to Borrowings comprised of Eurodollar Rate Loans must be made in an amount equal to $5,000,000 and multiples of $1,000,000 in excess thereof.

Proposed Borrowing

Date of Conversion or Continuation [2]:
Aggregate Amount:
Type of Advance:
Interest Period:

HoldCo hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing:

(a) the representations and warranties contained in the Agreement are correct in all material respects, before and after giving effect to the proposed Borrowing and the application of the proceeds therefrom;

(b) no Default has occurred and is continuing, nor would result from the proposed Borrowing; and

(c) the Borrowing Base Advance Cap will not be exceeded after giving effect to the proposed Borrowing.

Very truly yours,

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: Responsible Officer

[2] The date of the proposed conversion must be a Business Date. Borrower must give three(s) Business Days' advance notice for conversions into or continuations of Borrowings comprised of Eurodollar Rate Loans, and the same Business Day advance notice for conversions into or continuations of Borrowings comprised of Base Rate Loans or COF Rate Loans.

EXHIBIT B

FORM OF NOTE

$ _____ _____, 20__

FOR VALUE RECEIVED, **SPARK HOLDCO, LLC** (" HoldCo "), a Delaware limited liability company, **SPARK ENERGY, LLC** (" Spark "), a Texas limited liability company, and **SPARK ENERGY GAS, LLC** (" SEG "), a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), jointly and severally promise to pay to _____, a _____(" Bank "), at the office of Agent (as defined in the Credit Agreement defined below) or at such other place as Bank from time to time may designate, the principal sum of _____and no/100 Dollars ($ _____) (the " Maximum Loan Amount "), or so much of that sum as may be advanced under this promissory note (" Note "), plus interest as specified in this Note. This Note evidences a loan (" Loan ") from Bank to the Co-Borrowers.

This Note is issued pursuant to that certain Credit Agreement, dated effective as of [_____], 2014, among Spark Energy, Inc., the Co-Borrowers and Bank, *et al.* (as it may be amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "). Each capitalized term used but not otherwise defined in this Note shall have the meaning ascribed to such term in the Credit Agreement. Some or all of the Loan Documents, including the Credit Agreement, contain provisions for the acceleration of the maturity of this Note.

This Note shall bear interest as is provided for in the Credit Agreement.

Principal and accrued interest hereunder shall be due and payable as is provided for in the Credit Agreement.

The Co-Borrowers may prepay the principal under this Note only in accordance with the Credit Agreement.

If any Event of Default occurs, Bank shall have all remedies provided for under the terms of the Credit Agreement.

All amounts payable under this Note are payable in lawful money of the United States during normal business hours of Agent at the office of Agent indicated in paragraph one above or at such other place as Agent from time to time may designate. Checks constitute payment only when collected.

Whenever the Co-Borrowers are obligated to pay or reimburse Bank for any attorneys' fees, those fees shall include the reasonably allocated costs for services of in-house counsel.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW (WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) OF THE STATE OF NEW YORK; *PROVIDED , HOWEVER* , THAT THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

The Co-Borrowers agree that the holder of this Note may accept additional or substitute security for this Note, or release any security or any party liable for this Note, and without affecting the liability of any Co-Borrower.

If Bank delays in exercising or fails to exercise any of its rights under this Note, that delay or failure shall not constitute a waiver of any of Bank's rights, or of any breach, default or failure of condition of or under this Note. No waiver by Bank of any of its rights, or of any such breach, default or failure of condition shall be effective, unless the waiver is expressly stated in a writing signed by Bank. All of Bank's remedies in connection with this Note or under applicable law shall be cumulative, and Bank's exercise of any one or more of those remedies shall not constitute an election of remedies.

Regardless of any provision contained in this Note or in any of the other Loan Documents, Bank shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest on the Loan, pursuant to this Note or any other Loan Document, or otherwise, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and, in the event that Bank ever receives, collects or applies as interest any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Loan, and, if the principal balance of the Loan is paid in full, any remaining excess shall forthwith be paid to the Co-Borrowers. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate, the Co-Borrowers and Bank shall, to the maximum extent permitted under applicable law, (a) characterize any non-principal payment as an expense, fee, or premium, rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) spread the total amount of interest throughout the entire contemplated term of the Loan so that the interest rate is uniform throughout such term; *provided* , that if the Loan is paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual term thereof exceeds the maximum lawful rate, Bank shall refund to the Co-Borrowers the amount of such excess, or credit the amount of such excess against the aggregate unpaid principal balance of the Loan at the time in question.

This Note inures to and binds the successors and assigns of the Co-Borrowers and Bank; *provided , however* , that the Co-Borrowers may not assign this Note or assign or delegate any of their rights or obligations except as permitted under the Credit Agreement.

As used in this Note, the terms "Bank," "holder" and "holder of this Note" are interchangeable. As used in this Note, the word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to."

THIS WRITTEN AGREEMENT AND THE CREDIT AGREEMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Exhibit B

IN WITNESS WHEREOF , the undersigned have caused this Note to be executed and delivered as of the date above first written.

CO-BORROWERS:

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY GAS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

Exhibit B

EXHIBIT C

FORM OF NET POSITION REPORT

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Net Positions

In my capacity as Responsible Officer, authorized to act on behalf of each of Spark Energy, LLC (" Spark ") and Spark Energy Gas, LLC (" SEG "), I hereby certify to you that as of the date written above,

	Electricity Megawatt Hours
Long Position	_____
Short Position	(_____)
Net Position	_____
	Natural gas MMBtus
Long Position	_____
Short Position	(_____)
Net Position	_____

To the best of my knowledge, (a) the aggregate Net Position for the Co-Borrowers has at no time exceeded the applicable limitation set forth in Section 7.17 of that certain Credit Agreement, dated as of [_____], 2014 by and among Spark, SEG and related entities, Société Générale, and the other financial institutions which may become parties thereto (the " Credit Agreement ") and (b) the Net Position for each Product has at no time exceeded the applicable limitations set forth in the Risk Management Policy. Terms not defined herein have the meanings assigned to them in the Credit Agreement.

Very truly yours,

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: Responsible Officer

Exhibit C

EXHIBIT D

FORM OF
COLLATERAL POSITION REPORT

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Credit Agreement, dated as of [_____], 2014 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy, Inc. (" Parent "), Spark HoldCo, LLC (" HoldCo "), Spark Energy, LLC (" Spark "), Spark Energy Gas, LLC (" SEG "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

The undersigned Responsible Officer (as that term is defined in the Agreement), who is authorized to act on behalf of HoldCo, Spark, and SEG, delivers the attached report to the Banks and certifies to the Banks that it is in compliance with the Agreement. Further, the undersigned hereby certifies that the undersigned has no knowledge of any Defaults or Events of Default under the Agreement which exist as of the date of this letter.

The undersigned also certifies that the amounts set forth on the attached report constitute all Collateral which has been or is being used in determining availability for a Letter of Credit or advance under the Working Capital Line as of the preceding date. This certificate and attached report are submitted pursuant to Subsection 7.02(b) of the Agreement.

Very truly yours,

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: Responsible Officer

COLLATERAL POSITION REPORT

COLLATERAL POSITION REPORT AS OF: _____

To: Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

I hereby certify that as of the date written above, the amounts indicated below were, to the best of my knowledge, true and accurate as of the date of preparation, and have not and are not being used in determining availability for any other advance or Letter of Credit Issuance.

I. COLLATERAL

	HoldCo	Spark	SEG	Gross Collateral	Advance Rate	Net Collateral
A. Cash Collateral & other liquid investments (not being used in determining availability for any other advance or Letter of Credit Issuance)	0	0	0	0	100%	0
B. Equity in Approved Brokerage Accounts	0	0	0	0	90%	0
C. Tier I Accounts net of deductions, offsets and counterclaims	0	0	0	0	90%	0
D. Tier II Accounts net of deductions, offsets and counterclaims	0	0	0	0	85%	0
E. Tier I Unbilled Qualified Accounts net of deductions, offsets and counterclaims	0	0	0	0	85%	0
F. Tier II Unbilled Qualified Accounts net of deductions, offsets and counterclaims	0	0	0	0	80%	0
G. Hedged/Pre-sold Inventory	0	0	0	0	85%	0
H. Eligible Inventory	0	0	0	0	80%	0
I. Net Eligible Exchange Receivables	0	0	0	0	80%	0
J. Letters of Credit for Products Not Yet Delivered	0	0	0	0	80%	0
K. In-The-Money positions with tenors up to 12 months	0	0	0	0	60%	0

Less any of the following:						
L. The amounts (including disputed items) which would be subject to a so-called "First Purchaser Lien" as explained in Clause (c)(xiii) of Borrowing Base Advance Cap	0	0	0	0	100%	0
M. 115% of the amount of any mark to market exposure to the Swap Banks under Swap Contracts as reported by the Swap Banks, reduced by Cash Collateral held by a Swap Bank	0	0	0	0	115%	0
N. 115% of the amount of any mark to market exposure to the Swap Banks under Physical Trade Contracts as reported by the Swap Banks, until nomination for delivery is made and then 115% of the notional amount of exposure to the Swap Banks, in each case, reduced by Cash Collateral held by a Swap Bank	0	0	0	0	115%	0
O. Reserves	0	0	0	0	100%	0
P. Sales Taxes	0	0	0	0	100%	0
Q. TOTAL COLLATERAL	0	0	0	0		0

II. BANK OUTSTANDING (Net of Letters of Credit):

TOTAL REDUCTIONS IN COLLATERAL $0

Loans		LC's	
SEG Contango =	0	SEG Contango =	0
Spark =	0	Spark =	0
SEG =	0	SEG =	0
HoldCo =	0	HoldCo =	0

IV. EXCESS/(DEFICIT) COLLATERAL:

Actual = $0

V. Enclosed are all the necessary reports with details for the above including the following:

1. Schedule of qualified customers that shows the aging of such accounts.
2. Schedule of netted qualified exchange balances.
3. Schedule of qualified inventory.
4. Brokerage statements.

Exhibit D

5. Detailed information related to forward in-the-money positions by counterparty.
6. Reporting by Swap Banks.
7. Bank statements.
8. Schedule of all contras applied against any of the above.
9. Mark-to-market profit and loss statement (if applicable).

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: Responsible Officer

Exhibit D

EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

[Date]

Société Générale, as Administrative Agent
Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Credit Agreement, dated as of [_____], 2014 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy, Inc. (" Parent "), Spark HoldCo, LLC (" HoldCo "), Spark Energy, LLC (" Spark "), Spark Energy Gas, LLC (" SEG "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

The undersigned Responsible Officer (as that term is defined in the Agreement) certifies to the Banks that Parent, HoldCo, Spark, and SEG and are in compliance with the Agreement and in particular certifies the following as of _____:

	Actual Level	Required Level
(i) Net Working Capital	_____ $;	_____ $;
(ii) Tangible Net Worth	$_____;	$_____;
(iv) Leverage Ratio	____ to _____;	____ to _____;

Further, the undersigned hereby certify that they have no knowledge of any Defaults under the Agreement which exists as of the date of this letter.

Very truly yours,

SPARK ENERGY, INC.
a Delaware corporation

By: _____
Name: _____
Title: Responsible Officer

Exhibit E

EXHIBIT F

CERTIFICATE OF RESPONSIBLE OFFICER OF PARENT

[Date]

Société Générale, as Administrative
Agent Two Lincoln Centre
5420 LBJ Freeway, Suite 1940
Dallas, TX 75240
Attention: Corey Hingson
Facsimilie: 972 387 5014
Email: corey.hingson@sgcib.com

Re: Credit Agreement, dated as of [ ], 2014 (as amended or supplemented from time to time, the " Agreement "), by and among Spark Energy, Inc. (" Parent "), Spark HoldCo, LLC (" HoldCo "), Spark Energy, LLC (" Spark "), Spark Energy Gas, LLC (" SEG "), Société Générale, and the other financial institutions which may become a party thereto (collectively, the " Banks ").

Ladies and Gentlemen:

The undersigned, in his capacity as Responsible Officer (as such term is defined in the Agreement) of each of Parent, HoldCo, Spark and SEG certifies the following to the Banks on behalf of itself in accordance with Section 5.01 of the Agreement:

1. The representations and warranties contained in Article VI of the Agreement are true and correct on and as of the Closing Date, as though made on and as of the Closing Date;

2. No Default or Event of Default exists or would result from the initial Credit Extension on the Closing Date; and

3. There has occurred since December 31, 2013, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect.

4. The conditions precedent in Section 5.01 of the Agreement have been met.

CO-BORROWERS:

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: Responsible Officer

SPARK ENERGY, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

SPARK ENERGY GAS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: Responsible Officer

PARENT:

SPARK ENERGY, INC.
a Delaware corporation

By: _____
Name: _____
Title: Responsible Officer

Exhibit F

EXHIBIT G

FORM OF COMMITMENT INCREASE AGREEMENT

THIS COMMITMENT INCREASE AGREEMENT, dated as of _____, 20 ____(this " Commitment Increase Agreement ") is made by and among **SPARK HOLDCO, LLC** , a Delaware limited liability company, **SPARK ENERGY, LLC** , a Texas limited liability company, and **SPARK ENERGY GAS, LLC** , a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY, INC.** (" Parent "), a Delaware corporation, and each of the undersigned subsidiaries of Parent that are guarantors (the " Guarantors "), **SOCIÉTÉ GÉNÉRALE** , in its capacity as administrative agent under the Credit Agreement (as defined below) (in such capacity, the " Agent "), and _____(the " Increasing Bank "). Reference is made to the Credit Agreement dated as of [_____], 2014, among Parent, the Co-Borrowers, the banks party thereto from time to time (the " Banks "), and the Agent (as the same may be amended or modified from time to time, the " Credit Agreement "). Capitalized terms used herein but not defined herein shall have the meanings specified by the Credit Agreement.

PRELIMINARY STATEMENTS

A. Pursuant to Section 2.02 of the Credit Agreement, and subject to the terms and conditions thereof, the Co-Borrowers may request that the amount of the Commitments be increased.

B. The Co-Borrowers have given notice to the Agent of such a request pursuant to Section 2.02 of the Credit Agreement.

C. The terms and conditions of Section 2.02 have been met or satisfied, as applicable, and the Co-Borrowers, the Agent, and the Increasing Bank now wish to increase the Commitment of the Increasing Bank for the Co-Borrowers from $ _____to $ _____.

AGREEMENT

1. Increase of Commitments . Pursuant to Section 2.02 of the Credit Agreement, the Commitment of the Increasing Bank for the Co-Borrowers is hereby increased from $ _____to $ _____.

2. New Note . The Co-Borrowers agree to promptly execute and deliver to the Increasing Bank a new Note in the principal amount of the Increasing Bank's Commitment (the " New Note "), and Increasing Bank agrees to return to the Co-Borrowers with reasonable promptness, the Note previously delivered to the Increasing Bank by the Co-Borrowers pursuant to Section 2.02 of the Credit Agreement.

3. Governing Law . This Commitment Increase Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York.

4. Bank Credit Decision . The Increasing Bank acknowledges that is has, independently and without reliance upon the Agent or any other Bank, and based on the Financial Statements referred to in Section 6.11 of the Credit Agreement and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Commitment Increase Agreement and to agree to the various matters set forth herein. The Increasing Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement.

5. Representations and Warranties of the Co-Borrowers . The Co-Borrowers represent and warrant that no Default has occurred and is continuing, or would result from the increase in Commitments described in this Commitment Increase Agreement.

6. Default . Without limiting any other event that may constitute an Event of Default, in the event any representation or warranty set forth herein shall prove to have been incorrect or misleading in any material respect when made, such event shall constitute an "Event of Default" under the Credit Agreement. This Commitment Increase Agreement is a "Loan Document" for all purposes.

7. Expenses . The Co-Borrowers agree to pay within ten (10) days of receipt of written demand therefore all costs and expenses of the Agent in connection with the preparation, execution and delivery of this Commitment Increase Agreement and the New Note, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto.

8. Counterparts; Facsimile Signature . The parties may execute this Commitment Increase Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. Delivery of an executed counterpart signature page by facsimile is as effective as executing and delivering this Commitment Increase Agreement in the presence of the other parties to this Commitment Increase Agreement. This Commitment Increase Agreement is effective upon delivery of one fully executed counterpart to the Agent.

9. Increase Effective Date . The Increase Effective Date is _____, 20 ____.

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Increase Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

CO-BORROWERS:

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY GAS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

GUARANTORS:

SPARK ENERGY, INC.
a Delaware corporation

By: _____
Name: _____
Title: _____

AGENT:

SOCIÉTÉ GÉNÉRALE

By: _____
Name: _____
Title: _____

INCREASING BANK:

_____

By: _____
Name: _____
Title: _____

EXHIBIT H

FORM OF NEW BANK AGREEMENT

THIS NEW BANK AGREEMENT, dated as of , 20 (this " New Bank Agreement ") is made by and among **SPARK HOLDCO, LLC** , a Delaware limited liability company, **SPARK ENERGY, LLC** , a Texas limited liability company, and **SPARK ENERGY GAS, LLC** , a Texas limited liability company (jointly, severally and together, the " Co-Borrowers ," and each individually, a " Co-Borrower "), **SPARK ENERGY, INC.** (" Parent "), a Delaware corporation, and each of the undersigned subsidiaries of Parent that are guarantors (the " Guarantors "), **SOCIÉTÉ GÉNÉRALE** , in its capacity as administrative agent under the Credit Agreement (as defined below) (in such capacity, the " Agent "), and (the " New Bank "). Reference is made to the Credit Agreement dated as of [ ], 2014, among Parent, the Co-Borrowers, the banks party thereto from time to time (the " Banks "), and the Agent (as the same may be amended or modified from time to time, the " Credit Agreement "). Capitalized terms used herein but not defined herein shall have the meanings specified by the Credit Agreement.

PRELIMINARY STATEMENTS

A. Pursuant to Section 2.02 of the Credit Agreement, and subject to the terms and conditions thereof, financial institutions may become Banks with Commitments in the event the Co-Borrowers request an increase in the aggregate Commitments and certain other conditions are met and satisfied.

B. The Co-Borrowers have given notice to the Agent of such a request pursuant to Section 2.02 of the Credit Agreement.

C. The Co-Borrowers, the Agent, and the New Bank now wish to enter into this New Bank Agreement to add the New Bank as a Bank under the Credit Agreement and to establish a Commitment of $ for the New Bank in accordance with the terms and conditions of the Credit Agreement.

AGREEMENT

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

1. Addition of New Bank . Pursuant to Section 2.02 of the Credit Agreement, New Bank is hereby added to the Credit Agreement as a Bank with a Commitment of $. The New Bank specifies the following as its address for notices:

_____

_____

_____

Attention: _____

Facsimile: _____

2. Delivery of Note . The Co-Borrowers shall promptly execute and deliver to the New Bank a Note, dated as of the effective date of this New Bank Agreement, in the principal amount of the New Bank's Commitment set forth in Section 1 above.

3. Governing Law . This New Bank Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York.

4. Bank Credit Decision . The New Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank, and based on the Financial Statements referred to in Section 6.11 of the Credit Agreement and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this New Bank Agreement and to agree to the various matters set forth herein. The New Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement.

5. Representations and Warranties of the Co-Borrowers . The Co-Borrowers represent and warrant as follows:

(a) the representations and warranties contained in the Credit Agreement, the Security Documents, the Guaranties, and each of the other Loan Documents are correct in all material respects on and as of the date of the addition of the New Bank as a Bank under the Credit Agreement and the establishment of the New Bank's Commitment pursuant to this New Bank Agreement, before and after giving effect to such events as though such representations and warranties were made on the date of such increase, except to the extent any such representations and warranties are expressly limited to an earlier date; and

(b) no Default has occurred and is continuing, or would result from the increase in Commitments described in this New Bank Agreement.

6. Appointment of Agent . The New Bank hereby appoints and authorizes the Agent to take such action as Agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to the Agent thereby, together with such powers and discretion as are reasonably incidental thereto.

7. Default . Without limiting any other event that may constitute an Event of Default, the Co-Borrowers acknowledge and agree that any representation or warranty made by the Co-Borrowers set forth in this New Bank Agreement that proves to have been incorrect or misleading in any material respect when made shall constitute an " Event of Default " under the Credit Agreement. This New Bank Agreement is a "Loan Document" for all purposes.

8. Expenses . The Co-Borrowers agree to pay within ten (10) days of receipt of written demand therefore all costs and expenses of the Agent in connection with the preparation, execution and delivery of this New Bank Agreement and the Note, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto.

9. Counterparts; Facsimile Signature . The parties may execute this New Bank Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. Delivery of an executed counterpart signature page by facsimile is as effective as executing and delivering this New Bank Agreement in the presence of the other parties to this New Bank Agreement. This New Bank Agreement is effective upon delivery of one fully executed counterpart to the Agent.

10. Increase Effective Date . The Increase Effective Date is , 20 .

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Increase Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

CO-BORROWERS:

SPARK HOLDCO, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

SPARK ENERGY GAS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

GUARANTORS:

SPARK ENERGY, INC.
a Delaware corporation

By: _____
Name: _____
Title: _____

AGENT:

SOCIÉTÉ GÉNÉRALE

By: _____
Name: _____
Title: _____

NEW BANK:

_____

By: _____
Name: _____
Title: _____

Exhibit H

EXHIBIT I

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the " Assignment ") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " Assignor ") and [*Insert name of Assignee*] (the " Assignee "). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the " Credit Agreement "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including, to the extent included in any such facilities, letters of credit) (the " Assigned Interest "). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment, without representation or warranty by the Assignor.

1.	Assignor:	_____
2.	Assignee:	_____ [and is an Affiliate/Eligible Assignee [1]]
3.	Co-Borrower(s):	SPARK HOLDCO, LLC, a Delaware limited liability company, SPARK ENERGY, LLC, a Texas limited liability company, and SPARK ENERGY GAS, LLC, a Texas limited liability company
4.	Administrative Agent:	SOCIÉTÉ GÉNÉRALE, as administrative agent under the Credit Agreement
5.	Credit Agreement	The Credit Agreement dated as of [_____ __], 2014, among Spark Energy, Inc., the Co-Borrowers, the Banks parties thereto and Société Générale, as Administrative Agent.

[1] Select as applicable.

6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Banks	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans [2]
$ _____	$_____	_____%

Effective Date: _____, 20 ____[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and] [3] Accepted:

2 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Banks thereunder.
3 To be added only if the consent of Administrative Agent is required by the terms of the Credit Agreement.

SOCIÉTÉ GÉNÉRALE,
as Administrative Agent

By: _____
Title:

[Consented to:] [4]

[Borrower Name]

By: _____
Title:

[SOCIÉTÉ GÉNÉRALE, as an Issuing Bank]

By: _____
Title:

[_____, as an Issuing Bank]

By: _____
Title:

[4] To be added only if the consent of Company and/or other parties (Issuing Bank) is required by the terms of the Credit Agreement.

SPARK HOLDCO, LLC, SPARK ENERGY, LLC, and SPARK ENERGY GAS, LLC
CREDIT AGREEMENT
DATED AS OF [ ], 2014
STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT
AND ASSUMPTION AGREEMENT

1. Representations and Warranties .

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with any Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document delivered pursuant thereto, other than this Assignment (herein collectively the " Loan Documents "), or any collateral thereunder, (iii) the financial condition of Co-Borrowers, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Co-Borrowers, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision, and (v) if it is a Foreign Bank, attached to the Assignment is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Bank.

2. Payments . From and after the Effective Date, Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions . This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS (WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) OF THE STATE OF NEW YORK.

Annex 1

EXHIBIT J-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement, dated as of [_____], 2014 (as amended or supplemented from time to time, the " Credit Agreement "), by and among Spark Energy, Inc., Spark HoldCo, LLC, Spark Energy, LLC, Spark Energy Gas, LLC, Société Générale, and the other financial institutions which may become a party thereto.

Pursuant to the provisions of Section 9.10 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Co-Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Co-Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Co-Borrowers with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Co-Borrowers and the Agent, and (2) the undersigned shall have at all times furnished the Co-Borrowers and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF BANK]

By: _____
Name:
Title:

Date: _____, 20[ ]

EXHIBIT J-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement, dated as of [_____], 2014 (as amended or supplemented from time to time, the " Credit Agreement "), by and among Spark Energy, Inc., Spark HoldCo, LLC, Spark Energy, LLC, Spark Energy Gas, LLC, Société Générale, and the other financial institutions which may become a party thereto.

Pursuant to the provisions of Section 9.10 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Co-Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Co-Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Bank with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing, and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____, 20[ ]

EXHIBIT J-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement, dated as of [_____], 2014 (as amended or supplemented from time to time, the " Credit Agreement "), by and among Spark Energy, Inc., Spark HoldCo, LLC, Spark Energy, LLC, Spark Energy Gas, LLC, Société Générale, and the other financial institutions which may become a party thereto.

Pursuant to the provisions of Section 9.10 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Co-Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Co-Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Bank with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____, 20[ ]

EXHIBIT J-4

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement, dated as of [_____], 2014 (as amended or supplemented from time to time, the " Credit Agreement "), by and among Spark Energy, Inc., Spark HoldCo, LLC, Spark Energy, LLC, Spark Energy Gas, LLC, Société Générale, and the other financial institutions which may become a party thereto.

Pursuant to the provisions of Section 9.10 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Co-Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Co-Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Co-Borrowers with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Co-Borrowers and the Agent, and (2) the undersigned shall have at all times furnished the Co-Borrowers and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF BANK]

By: _____
Name:
Title:

Date: _____, 20[ ]

Exhibit 10.3

SPARK ENERGY, INC.

LONG TERM INCENTIVE PLAN

1. **Purpose** . The purpose of the Spark Energy, Inc. Long Term Incentive Plan (the "Plan") is to provide a means through which Spark Energy, Inc., a Delaware corporation (the "Company"), and its Subsidiaries and Parents may attract and retain able persons as employees, directors and consultants of the Company, and its Subsidiaries and Parents, and to provide a means whereby those persons upon whom the responsibilities of the successful administration and management of the Company, and its Subsidiaries and Parents, rest, and whose present and potential contributions to the welfare of the Company, and its Subsidiaries and Parents, are of importance, can acquire and maintain stock ownership, or awards the value of which is tied to the performance of the Company, thereby strengthening their concern for the welfare of the Company, and its Subsidiaries and Parents, and their desire to remain employed. A further purpose of this Plan is to provide such employees, directors and consultants with additional incentive and reward opportunities designed to enhance the profitable growth of the Company. Accordingly, this Plan primarily provides for the granting of Incentive Stock Options, options which do not constitute Incentive Stock Options, Restricted Stock Awards, Restricted Stock Units, Stock Appreciation Rights, Dividend Equivalents, Bonus Stock, Other Stock-Based Awards, Annual Incentive Awards, Performance Awards, or any combination of the foregoing, as is best suited to the circumstances of the particular individual as provided herein.

2. **Definitions** . For purposes of this Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof:

(a) "Annual Incentive Award" means a conditional right granted to an Eligible Person under Section 8(c) hereof to receive a cash payment, Stock or other Award, unless otherwise determined by the Committee, after the end of a specified year.

(b) "Award" means any Option, SAR, Restricted Stock, Restricted Stock Unit, Bonus Stock, Dividend Equivalent, Other Stock-Based Award, Performance Award or Annual Incentive Award, together with any other right or interest granted to a Participant under this Plan.

(c) "Beneficiary" means one or more persons, trusts or other entities which have been designated by a Participant, in his or her most recent written beneficiary designation filed with the Committee, to receive the benefits specified under this Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the persons, trusts or other entities entitled by will or the laws of descent and distribution to receive such benefits.

(d) "Board" means the Company's Board of Directors.

(e) "Bonus Stock" means Stock granted as a bonus pursuant to Section 6(f).

(f) “Business Day” means any day other than a Saturday, a Sunday, or a day on which banking institutions in the state of Texas are authorized or obligated by law or executive order to close.

(g) “Change in Control” means, except as otherwise provided in an Award agreement, the occurrence of any of the following events:

(i) The consummation of an agreement to acquire or a tender offer for beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act by any Person, of 50% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided , however , that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company or (D) any acquisition by any entity pursuant to a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below;

(ii) Individuals who constitute the Incumbent Board cease for any reason to constitute at least a majority of the Board;

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or an acquisition of assets of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (A) the Outstanding Company Voting Securities immediately prior to such Business Combination represent or are converted into or exchanged for securities that represent or are convertible into more than 50% of, respectively, the then outstanding shares of common stock or common equity interests and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or other governing body, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that as a result of such transaction owns the Company, or all or substantially all of the Company’s assets either directly or through one or more subsidiaries), (B) no Person (excluding any employee benefit plan (or related trust) of the Company or the entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock or common equity interests of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or other governing body of such entity to the extent that such ownership results solely from ownership of the Company that existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors or similar governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award that provides for the deferral of compensation and is subject to the Nonqualified Deferred Compensation Rules, then the transaction or event described in subsection (i), (ii), (iii) or (iv) above with respect to such Award must also constitute a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5), and as relates to the holder of such Award, to the extent required to comply with the Nonqualified Deferred Compensation Rules.

(h) "Code" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(i) "Committee" means a committee of two or more directors designated by the Board to administer this Plan; provided , however , that, to the extent administration of this Plan by "outside directors" is required in order to qualify for tax deductibility under section 162(m) of the Code, the Board may require that the Committee consist solely of two or more directors who are a Qualified Members.

(j) "Covered Employee" means an Eligible Person who is a Covered Employee as specified in Section 8(e) of this Plan.

(k) "Dividend Equivalent" means a right, granted to an Eligible Person under Section 6(g), to receive cash, Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments.

(l) "Effective Date" means , 2014.

(m) "Eligible Person" means all officers and employees of the Company or of any of its Subsidiaries or Parents, and other persons who provide services to the Company or any of its Subsidiaries or Parents, including directors of the Company. An employee on leave of absence may be considered as still in the employ of the Company or any of its Subsidiaries or Parents for purposes of eligibility for participation in this Plan. With respect to the grant of an ISO, Eligible Person shall mean an employee of the Company or a parent or subsidiary corporation (within the meaning of sections 424(e) and (f) of the Code) of the Company.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(o) "Fair Market Value" means, as of any specified date, (i) if the Stock is listed on a national securities exchange, the closing sales price of the Stock, as reported on the stock exchange composite tape on that date (or if no sales occur on that date, on the last preceding date on which such sales of the Stock are so reported) or as determined in such other manner as the Committee deems appropriate (provided, that, to the extent necessary, such manner is consistent with the Nonqualified Deferred Compensation Rules); (ii) if the Stock is not traded on a national securities exchange but is traded over the counter at the time a determination of its fair market value is required to be made under the Plan, the average between the reported high and low bid and asked prices of Stock on the most recent date on which Stock was publicly traded or as determined in such other manner as the Committee deems appropriate (provided, that, to the extent necessary, such manner is consistent with the Nonqualified Deferred Compensation Rules); (iii) in the event Stock is not publicly traded at the time a determination of

its value is required to be made under the Plan, the amount determined by the Committee in its discretion in such manner as it deems appropriate, taking into account all factors the Committee deems appropriate including, without limitation, the Nonqualified Deferred Compensation Rules; or (iv) on the date of a Qualifying Public Offering of Stock, the offering price under such Qualifying Public Offering.

(p) "Incentive Stock Option" or "ISO" means any Option intended to be and designated as an incentive stock option within the meaning of section 422 of the Code or any successor provision thereto.

(q) "Incumbent Board" means the portion of the Board constituted of the individuals who are members of the Board as of the Effective Date and any other individual who becomes a director of the Company after the Effective Date and whose election or appointment by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board.

(r) "Nonqualified Deferred Compensation Rules" means the limitations or requirements of section 409A of the Code and the guidance and regulations promulgated thereunder.

(s) "Option" means a right, granted to an Eligible Person under Section 6(b) hereof, to purchase Stock or other Awards at a specified price during specified time periods.

(t) "Other Stock-Based Awards" means Awards granted to an Eligible Person under Section 6(i) hereof.

(u) "Parent" means any corporation or other entity which owns, directly or indirectly, a majority of the voting power of the voting equity securities or equity interest of the Company.

(v) "Participant" means a person who has been granted an Award under this Plan which remains outstanding, including a person who is no longer an Eligible Person.

(w) "Performance Award" means a right, granted to an Eligible Person under Section 8 hereof, to receive Awards based upon performance criteria specified by the Committee.

(x) "Person" means any person or entity of any nature whatsoever, specifically including an individual, a firm, a company, a corporation, a partnership, a limited liability company, a trust or other entity; a Person, together with that Person's affiliates and associates (as those terms are defined in Rule 12b-2 under the Exchange Act, provided that "registrant" as used in Rule 12b-2 shall mean the Company), and any Persons acting as a partnership, limited partnership, joint venture, association, syndicate or other group (whether or not formally organized), or otherwise acting jointly or in concert or in a coordinated or consciously parallel manner (whether or not pursuant to any express agreement), for the purpose of acquiring, holding, voting or disposing of securities of the Company with such Person, shall be deemed a single "Person."

(y) “Qualifying Public Offering” means a firm commitment underwritten public offering of Stock for cash where the shares of Stock registered under the Securities Act are listed on a national securities exchange.

(z) “Qualified Member” means a member of the Committee who is a “nonemployee director” within the meaning of Rule 16b-3(b)(3) and an “outside director” within the meaning of Treasury Regulation 1.162-27 under section 162(m) of the Code.

(aa) “Restricted Stock” means Stock granted to an Eligible Person under Section 6(d) hereof, that is subject to certain restrictions and to a risk of forfeiture.

(bb) “Restricted Stock Unit” means a right, granted to an Eligible Person under Section 6(e) hereof, to receive Stock, cash or a combination thereof at the end of a specified deferral or vesting period.

(cc) “Rule 16b-3” means Rule 16b-3, promulgated by the Securities and Exchange Commission under section 16 of the Exchange Act, as from time to time in effect and applicable to this Plan and Participants.

(dd) “Securities Act” means the Securities Act of 1933 and the rules and regulations promulgated thereunder, or any successor law, as it may be amended from time to time.

(ee) “Stock” means the Company’s Class A Common Stock, par value $0.01 per share, and such other securities as may be substituted (or resubstituted) for Stock pursuant to Section 9.

(ff) “Stock Appreciation Rights” or “SAR” means a right granted to an Eligible Person under Section 6(c) hereof.

(gg) “Subsidiary” means with respect to the Company, any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by the Company.

3. **Administration** .

(a) Authority of the Committee . This Plan shall be administered by the Committee except to the extent the Board elects to administer this Plan, in which case references herein to the “Committee” shall be deemed to include references to the “Board.” Subject to the express provisions of the Plan and Rule 16b-3, the Committee shall have the authority, in its sole and absolute discretion, to (i) adopt, amend, and rescind administrative and interpretive rules and regulations relating to the Plan; (ii) determine the Eligible Persons to whom, and the time or times at which, Awards shall be granted; (iii) determine the amount of cash and/or the number of shares of Stock, as applicable Stock Appreciation Rights, Restricted Stock Units, Restricted

Stock Awards, Dividend Equivalents, Bonus Stock, Other Stock-Based Awards, Annual Incentive Awards, Performance Awards, or any combination thereof, that shall be the subject of each Award; (iv) determine the terms and provisions of each Award agreement (which need not be identical), including provisions defining or otherwise relating to (A) the term and the period or periods and extent of exercisability of the Options, (B) the extent to which the transferability of shares of Stock issued or transferred pursuant to any Award is restricted, (C) except as otherwise provided herein, the effect of termination of employment, or the service relationship with the Company, of a Participant on the Award, and (D) the effect of approved leaves of absence (consistent with any applicable regulations of the Internal Revenue Service); (v) accelerate the time of vesting or exercisability of any Award that has been granted; (vi) construe the respective Award agreements and the Plan; (vii) make determinations of the Fair Market Value of the Stock pursuant to the Plan; (viii) delegate its duties under the Plan (including, but not limited to, the authority to grant Awards) to such agents as it may appoint from time to time, provided that the Committee may not delegate its duties where such delegation would violate state corporate law, or with respect to making Awards to, or otherwise with respect to Awards granted to, Eligible Persons who are subject to section 16(b) of the Exchange Act or who are Covered Employees receiving Awards that are intended to constitute "performance-based compensation" within the meaning of section 162(m) of the Code; (ix) subject to Section 10(c), terminate, modify or amend the Plan; (x) subject to the limitations set forth herein, amend any Award agreement and (xi) make all other determinations, perform all other acts, and exercise all other powers and authority necessary or advisable for administering the Plan, including the delegation of those ministerial acts and responsibilities as the Committee deems appropriate. Subject to Rule 16b-3 and section 162(m) of the Code, the Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan, in any Award, or in any Award agreement in the manner and to the extent it deems necessary or desirable to carry the Plan into effect, and the Committee shall be the sole and final judge of that necessity or desirability. The determinations of the Committee on the matters referred to in this Section 3(a) shall be final and conclusive.

(b) Manner of Exercise of Committee Authority . At any time that a member of the Committee is not a Qualified Member, any action of the Committee relating to an Award granted or to be granted to an Eligible Person who is then subject to section 16 of the Exchange Act in respect of the Company, or relating to an Award intended by the Committee to qualify as "performance-based compensation" within the meaning of section 162(m) of the Code and regulations thereunder, may be taken either (i) by a subcommittee, designated by the Committee, composed solely of two or more Qualified Members, (ii) by the Board or (iii) by the Committee but with each such member who is not a Qualified Member abstaining or recusing himself or herself from such action; provided , however , that, upon such abstention or recusal, the Committee remains composed solely of two or more Qualified Members. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of this Plan. Any action of the Committee shall be final, conclusive and binding on all Persons, including the Company, its Subsidiaries, Parents, stockholders, Participants, Beneficiaries, and transferees under Section 10(b) hereof or other persons claiming rights from or through a Participant. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any of its Subsidiaries, Parents, or committees thereof, the authority, subject to such terms as the Committee shall

determine, to perform such functions, including administrative functions, as the Committee may determine, to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as "performance-based compensation" under section 162(m) of the Code to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan.

(c) Limitation of Liability . The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee of the Company or any of its Subsidiaries or Parents, the Company's legal counsel, independent auditors, consultants or any other agents assisting in the administration of this Plan. Members of the Committee and any officer or employee of the Company or any of its Subsidiaries or Parents acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to this Plan, and shall, to the fullest extent permitted by law, be indemnified and held harmless by the Company with respect to any such action or determination.

(d) No Repricing of Options or Stock Appreciation Rights . Other than pursuant to Section 9, neither the Board nor the Committee may provide for the repricing or exchange of underwater Options or SARs for cash consideration, other Awards, or Options or SARs with an exercise price that is less than the original exercise price of such underwater Options or SARs, unless such repricing or exchange receives the approval of a majority of the holders of the Stock.

4. **Stock Subject to Plan** .

(a) Overall Number of Shares Available for Delivery . Subject to adjustment in a manner consistent with any adjustment made pursuant to Section 9, the total number of shares of Stock reserved and available for issuance in connection with Awards under this Plan shall not exceed shares, and such total will be available for the issuance of Incentive Stock Options.

(b) Application of Limitation to Grants of Awards . Subject to Section 4(e), no Award may be granted if the number of shares of Stock to be delivered in connection with such Award exceeds the number of shares of Stock remaining available under this Plan minus the number of shares of Stock issuable in settlement of or relating to then-outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.

(c) Availability of Shares Not Issued under Awards . Shares of Stock subject to an Award under this Plan that expire or are canceled, forfeited, exchanged, settled in cash or otherwise terminated, including (i) shares forfeited with respect to Restricted Stock, (ii) shares tendered or withheld in payment of any exercise or purchase price of an Award or taxes relating to an Award and (iii) shares that were subject to an Option or an SAR and were not issued or delivered upon the net settlement or net exercise of such Option or SAR, shall be available again

for issuance in connection with Awards under the Plan, except that if any such shares could not again be available for Awards to a particular Participant under any applicable law or regulation, such shares shall be available exclusively for Awards to Participants who are not subject to such limitation.

(d) Stock Offered . The shares to be delivered under the Plan shall be made available from (i) authorized but unissued shares of Stock, (ii) Stock held in the treasury of the Company, or (iii) previously issued shares of Stock reacquired by the Company, including shares purchased on the open market.

5. **Eligibility** . Awards may be granted under this Plan only to Persons who are Eligible Persons at the time of grant thereof.

6. **Specific Terms of Awards** .

(a) General . Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(f)), such additional terms and conditions, not inconsistent with the provisions of this Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of employment by the Participant, or termination of the Participant's service relationship with the Company, and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under this Plan; provided , however , that the Committee shall not have any discretion to accelerate, waive or modify any term or condition of an Award that is intended to qualify as "performance-based compensation" for purposes of section 162(m) of the Code if such discretion would cause the Award to not so qualify or to accelerate the terms of payment of any Award that provides for a deferral of compensation under the Nonqualified Deferred Compensation Rules if such acceleration would subject a Participant to additional taxes under the Nonqualified Deferred Compensation Rules.

(b) Options . The Committee is authorized to grant Options to Eligible Persons on the following terms and conditions:

(i) Exercise Price . The exercise price per share of Stock subject to an Option shall not be less than the greater of (1) the par value per share of the Stock and (2) 100% of the Fair Market Value per share of the Stock as of the date of grant of the Option (or in the case of an ISO granted to an individual who owns stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or its parent or any subsidiary corporation (within the meaning of sections 424(e) and (f) of the Code), 110% of the Fair Market Value per share of the Stock on the date of grant); provided, however, nothing in this Section 6(b)(i) is intended to limit the ability of the Company to assume or otherwise grant Options in substitution of awards in connection with any merger, stock purchase, recapitalization or other corporate transaction.

(ii) Time and Method of Exercise . The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the methods by which such Exercise Price may be paid or deemed to be paid, the form of such payment, including without limitation cash, Stock, other Awards or awards granted under other plans of the Company or any Subsidiary, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis), and the methods by or forms in which Stock will be delivered or deemed to be delivered to Participants, including, but not limited to, the delivery of Restricted Stock subject to Section 6(d). In the case of an exercise whereby the Exercise Price is paid with Stock, such Stock shall be valued as of the date of exercise. The Award agreement governing each Option shall set forth the last date that the Option may be exercised (the "Option Expiration Date") and may provide (A) for the automatic exercise of such Option on the Option Expiration Date if the exercise price per share of the Stock under the Option is less than the Fair Market Value per share of the Stock on the Option Expiration Date and the Participant has not previously exercised such Option, or (B) except with respect to an ISO, that in the event trading in the Stock is prohibited by applicable law, the term of the Option shall automatically be extended until the date that is 30 days after such prohibition is lifted, to the extent that such extension does not cause the Participant to become subject to taxation under the Nonqualified Deferred Compensation Plan Rules.

(iii) ISOs . The terms of any ISO granted under this Plan shall comply in all respects with the provisions of section 422 of the Code. Except as otherwise provided in Section 9, no term of this Plan relating to ISOs (including any SAR in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under this Plan be exercised, so as to disqualify either this Plan or any ISO under section 422 of the Code, unless the Participant has first requested the change that will result in such disqualification. ISOs shall not be granted more than ten years after the earlier of the adoption of this Plan or the approval of this Plan by the Company's stockholders. Notwithstanding the foregoing, the Fair Market Value of shares of Stock subject to an ISO and the aggregate Fair Market Value of shares of stock of any parent or subsidiary corporation (within the meaning of sections 424(e) and (f) of the Code) subject to any other ISO (within the meaning of section 422 of the Code)) of the Company or a parent or subsidiary corporation (within the meaning of sections 424(e) and (f) of the Code) that first becomes purchasable by a Participant in any calendar year may not (with respect to that Participant) exceed $100,000, or such other amount as may be prescribed under section 422 of the Code or applicable regulations or rulings from time to time. As used in the previous sentence, Fair Market Value shall be determined as of the date the ISOs are granted. Failure to comply with this provision shall not impair the enforceability or exercisability of any Option, but shall cause the excess amount of shares to be reclassified in accordance with the Code.

(iv) Service Providers to Parents . To the extent an Option is granted to an Eligible Person who is an employee or service provider to any Parent of the Company, such Option is intended to be designed in a manner that is intended to comply with the Nonqualified Deferred Compensation Rules.

(c) Stock Appreciation Rights . The Committee is authorized to grant SARs to Eligible Persons on the following terms and conditions:

(i) Right to Payment . An SAR shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the grant price of the SAR as determined by the Committee; *provided, however* , that the grant price per share of the Stock under each SAR shall not be less than 100% of the Fair Market Value of a share of the Stock on the date the SAR is granted.

(ii) Rights Related to Options . An SAR granted pursuant to an Option shall entitle a Participant, upon exercise, to surrender that Option or any portion thereof, to the extent unexercised, and to receive payment of an amount computed pursuant to Section 6(c)(ii)(B). That Option shall then cease to be exercisable to the extent surrendered. SARs granted in connection with an Option shall be subject to the terms of the Award agreement governing the Option, which shall comply with the following provisions in addition to those applicable to Options:

(A) An SAR granted in connection with an Option shall be exercisable only at such time or times and only to the extent that the related Option is exercisable and shall not be transferable except to the extent that the related Option is transferable.

(B) Upon the exercise of an SAR related to an Option, a Participant shall be entitled to receive payment from the Company of an amount determined by multiplying:

(1) the difference obtained by subtracting the Exercise Price with respect to a share of Stock specified in the related Option from the Fair Market Value of a share of Stock on the date of exercise of the SAR, by

(2) the number of shares as to which that SAR has been exercised.

(iii) Right Without Option . An SAR granted independent of an Option shall be exercisable as determined by the Committee and set forth in the Award agreement governing the SAR, which Award agreement shall comply with the following provisions:

(A) Each Award agreement shall state the total number of shares of Stock to which the SAR relates.

(B) Each Award agreement shall state the time or periods in which the right to exercise the SAR or a portion thereof shall vest and the number of shares of Stock for which the right to exercise the SAR shall vest at each such time or period.

(C) Each Award agreement shall state the date at which the SARs shall expire if not previously exercised.

(D) Each SAR shall entitle a Participant, upon exercise thereof, to receive payment of an amount determined by multiplying:

(1) the difference obtained by subtracting the Fair Market Value of a share of Stock on the date of grant of the SAR from the Fair Market Value of a share of Stock on the date of exercise of that SAR, by

(2) the number of shares as to which the SAR has been exercised.

(iv) Terms . Except as otherwise provided herein, the Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which an SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Participants, whether or not an SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR. SARs may be either freestanding or in tandem with other Awards. The Award Agreement governing each SAR shall set forth the last date that the SAR may be exercised (the "SAR Expiration Date"), and may provide (A) for the automatic exercise of such SAR on the SAR Expiration Date if the exercise price per share of the Stock under the SAR is less than the Fair Market Value per share of the Stock on the SAR Expiration Date and the Participant has not previously exercised such SAR, or (B) that in the event trading in the Stock is prohibited by applicable law, the term of the SAR shall automatically be extended until the date that is 30 days after such prohibition is lifted, to the extent that such extension does not cause the Participant to become subject to taxation under the Nonqualified Deferred Compensation Plan Rules.

(v) Service Providers to Parents . To the extent an SAR is granted to an Eligible Person who is an employee or service provider to any Parent of the Company, such SAR is intended to be designed in a manner that is intended to comply with the Nonqualified Deferred Compensation Rules.

(d) Restricted Stock . The Committee is authorized to grant Restricted Stock to Eligible Persons on the following terms and conditions:

(i) Grant and Restrictions . Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. During the restricted period applicable to the Restricted Stock, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) Certificates for Stock . Restricted Stock granted under this Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iii) Dividends and Splits . As a condition to the grant of an Award of Restricted Stock, the Committee may require or permit a Participant to elect that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock, applied to the purchase of additional Awards under this Plan or deferred without interest to the date of vesting of the associated Award of Restricted Stock; provided , that, to the extent applicable, any such election will be made in a manner intended to comply with the Nonqualified Deferred Compensation Rules. Unless otherwise determined by the Committee, Stock distributed in connection with a Stock split or Stock dividend, and other property (other than cash) distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(e) Restricted Stock Units . The Committee is authorized to grant Restricted Stock Units, which are rights to receive Stock or cash (or a combination thereof) at the end of a specified deferral period (which may or may not be coterminous with the vesting schedule of the Award), to Eligible Persons, subject to the following terms and conditions:

(i) Award and Restrictions . Settlement of an Award of Restricted Stock Units shall occur upon expiration of the deferral period specified for such Restricted Stock Unit by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Restricted Stock Units shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. Restricted Stock Units shall be satisfied by the delivery of cash or Stock in the amount equal to the Fair Market Value of the specified number of shares of Stock covered by the Restricted Stock Units, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(ii) Dividend Equivalents . Dividend Equivalents may be granted in connection with Restricted Stock Units. Unless otherwise determined by the Committee at date of grant, Dividend Equivalents on the specified number of shares of Stock covered by an Award of Restricted Stock Units shall be either (A) paid with respect to such Restricted Stock Units on the dividend payment date in cash or in shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Restricted Stock Units and the amount or value thereof automatically deemed reinvested in additional Restricted Stock Units other Awards or other investment vehicles, as the Committee shall determine or permit the Participant to elect (in a manner, to the extent applicable, that complies with the Nonqualified Deferred Compensation Rules).

(f) Bonus Stock and Awards in Lieu of Obligations . The Committee is authorized to grant Stock as a bonus, or to grant Stock or other Awards in lieu of obligations to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, provided that, in the case of Participants subject to section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Stock or other Awards are exempt from liability under section 16(b) of the Exchange Act. Stock or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee. In the case of any grant of Stock to an officer of the Company or any of its Subsidiaries or Parents in lieu of salary or other cash compensation, the number of shares granted in place of such compensation shall be reasonable, as determined by the Committee.

(g) Dividend Equivalents . The Committee is authorized to grant Dividend Equivalents to a Participant, entitling the Participant to receive cash, Stock, other Awards, or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Stock, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify.

(h) Other Awards . The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock, as deemed by the Committee to be consistent with the purposes of this Plan, including without limitation convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified Subsidiaries of the Company. The Committee shall determine the terms and conditions of such other Stock-Based Awards. Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards, or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under this Plan, may also be granted pursuant to this Section 6(h).

7. **Certain Provisions Applicable to Awards** .

(a) Termination of Employment . Except as provided herein, the treatment of an Award upon a termination of employment or any other service relationship by and between a Participant and the Company or any Subsidiary or Parent shall be specified in the agreement controlling such Award.

(b) Stand-Alone, Additional, Tandem, and Substitute Awards . Awards granted under this Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, or any of its Subsidiaries or Parents, or of any business entity to be acquired by the Company or any of its Subsidiaries, or any other right of an Eligible Person to receive payment from the Company or any of its Subsidiaries or Parents. Such additional, tandem and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Committee shall require the surrender of such other Award in consideration for the grant of the new Award. Awards under this Plan may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any of its Subsidiaries or Parents, in which the value of Stock subject to the Award is equivalent in value to the cash compensation. Awards granted pursuant to the preceding sentence are intended to be designed, awarded and settled in a manner that does not result in additional taxes under the Nonqualified Deferred Compensation Rules.

(c) Term of Awards . Except as specified herein, the term of each Award shall be for such period as may be determined by the Committee; provided , that in no event shall the term of any Option or SAR exceed a period of ten years (or such shorter term as may be required in respect of an ISO under section 422 of the Code).

(d) Form and Timing of Payment under Awards; Deferrals . Subject to the terms of this Plan and any applicable Award agreement, payments to be made by the Company or any of its Subsidiaries or Parents upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including without limitation cash, Stock, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis; provided , however , that any such deferred payment will be set forth in the agreement evidencing such Award and/or otherwise made in a manner that is intended not to result in additional taxes under the Nonqualified Deferred Compensation Rules. Except as otherwise provided herein, the settlement of any Award may be accelerated, and cash paid in lieu of Stock in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Installment or deferred payments may be required by the Committee (subject to Section 10(c) of this Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award agreement) or permitted at the election of the Participant on terms and conditions established by the Committee and intended to be in compliance with the Nonqualified Deferred Compensation Rules. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock. Any deferral shall only be allowed as is provided in a separate deferred compensation plan adopted by the Company and shall be made with the intent to comply with the Nonqualified Deferred Compensation Rules. This Plan shall not constitute an “employee benefit plan” for purposes of section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

(e) Exemptions from Section 16(b) Liability . It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to section 16 of the Exchange Act shall be exempt from such section pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award agreement does not comply with the requirements of Rule 16b-3 as then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under section 16(b) of the Exchange Act.

(f) Restrictive Covenants . Each Participant to whom an Award is granted under the Plan may be required to agree in writing, as a condition to the granting of such Award, to comply with certain non-competition, non-solicitation, confidentiality, or other restrictive covenants that are contained in the Award Agreement applicable to such Award or otherwise applicable to the Participant (a “Restrictive Covenant Agreement”); *provided, however* , to the extent a legally binding right to an Award within the meaning of the Nonqualified Deferred Compensation Rules is created with respect to a Participant, such Restrictive Covenant Agreement must be entered into by such Participant within 30 days following the creation of such legally binding right.

8. **Performance and Annual Incentive Awards** .

(a) Performance Conditions . The right of an Eligible Person to receive a grant, and the right of a Participant to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions, except as limited under Sections 8(b) and 8(c) hereof in the case of a Performance Award or Annual Incentive Award intended to qualify under section 162(m) of the Code.

(b) Performance Awards Granted to Designated Covered Employees . If the Committee determines that a Performance Award to be granted to an Eligible Person who is designated by the Committee as likely to be a Covered Employee should qualify as "performance-based compensation" for purposes of section 162(m) of the Code, the grant, exercise and/or settlement of such Performance Award may be contingent upon achievement of preestablished performance goals and other terms set forth in this Section 8(b).

(i) Performance Goals Generally . The performance goals for such Performance Awards shall consist of one or more business criteria or individual performance criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 8(b), which level may also be expressed in terms of a specified increase or decrease in the particular criteria compared to a past period. Performance goals shall be objective and shall otherwise meet the requirements of section 162(m) of the Code and regulations thereunder (including Treasury Regulation §1.162-27 and successor regulations thereto), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain" at the time the Committee actually establishes the performance goal or goals. The Committee may determine that such Performance Awards shall be granted, exercised, and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

(ii) Business and Individual Performance Criteria

(A) Business Criteria . One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified Subsidiaries or business or geographical units of the Company (except with respect to the total stockholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Performance Awards: (1) earnings per share; (2) increase in revenues; (3) increase in cash flow; (4) increase in cash flow from operations; (5) increase in cash flow return; (6) return on net assets; (7) return on assets; (8) return on investment; (9) return on capital; (10) return on equity; (11) economic value added; (12) operating margin; (13) contribution margin; (14) net income; (15) net income per share; (16) pretax earnings; (17) pretax earnings before interest, depreciation and amortization ("EBITDA"); (18) pretax operating earnings after interest expense and before incentives, service fees, and extraordinary or special items; (19) total stockholder return; (20) debt reduction; (21) market share; (22) change in the Fair Market Value of the Stock; (23) operating income; (24) lease operating expenses; (25) retail gross margin; (26) adjusted

EBITDA; (27) margin under contract; and (28) any of the above goals determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of comparable companies. One or more of the foregoing business criteria shall also be exclusively used in establishing performance goals for Annual Incentive Awards granted to a Covered Employee under Section 8(c) hereof that are intended to qualify as "performance-based compensation" under section 162(m) of the Code. The Committee may exclude the impact of any of the following events or occurrences which the Committee determines should appropriately be excluded: (a) asset write-downs; (b) litigation, claims, judgments or settlements; (c) the effect of changes in tax law or other such laws or regulations affecting reported results; (d) accruals for reorganization and restructuring programs; (e) any extraordinary, unusual or nonrecurring items as described in the Accounting Standards Codification Topic 225, as the same may be amended or superseded from time to time; (f) any change in accounting principles as defined in the Accounting Standards Codification Topic 250, as the same may be amended or superseded from time to time; (g) any loss from a discontinued operation as described in the Accounting Standards Codification Topic 360, as the same may be amended or superseded from time to time; (h) goodwill impairment charges; (i) operating results for any business acquired during the calendar year; (j) third party expenses associated with any acquisition by the Company or any of its Subsidiaries; and (k) to the extent set forth with reasonable particularity in connection with the establishment of performance goals, any other extraordinary events or occurrences identified by the Committee.

(B) Individual Performance Criteria . The grant, exercise and/or settlement of Performance Awards may also be contingent upon individual performance goals established by the Committee. If required for compliance with section 162(m) of the Code, such criteria shall be approved by the stockholders of the Company.

(iii) Performance Period; Timing for Establishing Performance Goals . Achievement of performance goals in respect of such Performance Awards shall be measured over a performance period of up to ten years, as specified by the Committee. Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Performance Awards, or at such other date as may be required or permitted for "performance-based compensation" under section 162(m) of the Code.

(iv) Performance Award Pool . The Committee may establish a Performance Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Performance Awards. The amount of such Performance Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the criteria set forth in Section 8(b)(ii) hereof during the given performance period, as specified by the Committee in accordance with Section 8(b)(iii) hereof. The Committee may specify the amount of the Performance Award pool as a percentage of any of such criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such criteria.

(v) Settlement of Performance Awards; Other Terms . After the end of each performance period, the Committee shall determine the amount, if any, of (A) the Performance Award pool, and the maximum amount of the potential Performance Award payable to each Participant in the Performance Award pool, or (B) the amount of the potential Performance Award otherwise payable to each Participant. Settlement of such Performance Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of a Performance Award subject to this Section 8(b). The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of termination of employment by the Participant prior to the end of a performance period or settlement of Performance Awards.

(c) Annual Incentive Awards Granted to Designated Covered Employees . If the Committee determines that an Annual Incentive Award to be granted to an Eligible Person who is designated by the Committee as likely to be a Covered Employee should qualify as "performance-based compensation" for purposes of section 162(m) of the Code, the grant, exercise and/or settlement of such Annual Incentive Award shall be contingent upon achievement of preestablished performance goals and other terms set forth in this Section 8(c).

(i) Potential Annual Incentive Awards . Not later than the end of the 90 th day of each applicable year, or at such other date as may be required or permitted in the case of Awards intended to be "performance-based compensation" under section 162(m) of the Code, the Committee shall determine the Eligible Persons who will potentially receive Annual Incentive Awards, and the amounts potentially payable thereunder, for that fiscal year, either out of an Annual Incentive Award pool established by such date under Section 8(c)(i) hereof or as individual Annual Incentive Awards. The amount potentially payable, with respect to Annual Incentive Awards, shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 8(b)(ii) hereof in the given performance year, as specified by the Committee.

(ii) Annual Incentive Award Pool . The Committee may establish an Annual Incentive Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Annual Incentive Awards. The amount of such Annual Incentive Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 8(b)(ii) hereof during the given performance period, as specified by the Committee in accordance with Section 8(b)(iii) hereof. The Committee may specify the amount of the Annual Incentive Award pool as a percentage of any of such business criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such business criteria.

(iii) Payout of Annual Incentive Awards . After the end of each applicable year, the Committee shall determine the amount, if any, of (A) the Annual Incentive Award pool, and the maximum amount of the potential Annual Incentive Award payable to each Participant in the Annual Incentive Award pool, or (A) the amount of the potential Annual Incentive Award otherwise payable to each Participant. The Committee may, in its discretion, determine that the amount payable to any Participant as a final Annual Incentive Award shall be reduced from the amount of his or her potential Annual Incentive Award, including a determination to make no final Award whatsoever, but may not exercise discretion to increase

any such amount in the case of an Annual Incentive Award intended to qualify under section 162(m) of the Code. The Committee shall specify the circumstances in which an Annual Incentive Award shall be paid or forfeited in the event of termination of employment by the Participant prior to the end of the applicable year or settlement of such Annual Incentive Award.

(d) Written Determinations . All determinations by the Committee as to the establishment of performance goals, the amount of any Performance Award pool or potential individual Performance Awards, the achievement of performance goals relating to and final settlement of Performance Awards under Section 8(b), the amount of any Annual Incentive Award pool or potential individual Annual Incentive Awards, the achievement of performance goals relating to and final settlement of Annual Incentive Awards under Section 8(c) shall be made in writing in the case of any Award intended to qualify under section 162(m) of the Code. The Committee may not delegate any responsibility relating to such Performance Awards or Annual Incentive Awards.

(e) Status of Section 8(b) and Section 8(c) Awards under Section 162(m) of the Code . It is the intent of the Company that Performance Awards and Annual Incentive Awards under Sections 8(b) and 8(c) hereof granted to Persons who are designated by the Committee as likely to be Covered Employees within the meaning of section 162(m) of the Code and the regulations thereunder (including Treasury Regulation §1.162-27 and successor regulations thereto) shall, if so designated by the Committee, constitute "performance-based compensation" within the meaning of section 162(m) of the Code and regulations thereunder. Accordingly, the terms of Sections 8(b), (c), (d) and (e), including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with section 162(m) of the Code and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Eligible Person will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a Person designated by the Committee, at the time of grant of a Performance Award or an Annual Incentive Award, who is likely to be a Covered Employee with respect to that fiscal year. If any provision of this Plan as in effect on the date of adoption of any agreements relating to Performance Awards or Annual Incentive Awards that are designated as intended to comply with section 162(m) of the Code does not comply or is inconsistent with the requirements of section 162(m) of the Code or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements. Notwithstanding anything to the contrary in this Section 8(e) or elsewhere in this Plan, the Company intends to rely on the transition relief set forth in Treasury Regulation § 1.162-27(f), and hence the deduction limitation imposed by section 162(m) of the Code will not be applicable to the Company until the earliest to occur of (i) the material modification of the Plan within the meaning of Treasury Regulation § 1.162-27(h)(1)(iii); (ii) the issuance of the number of shares of Stock set forth in Section 4(a); or (iii) the first meeting of shareholders of the Company at which directors are to be elected that occurs after December 31, 20 (the "Transition Period"), and during the Transition Period, Awards to Covered Employees shall only be required to comply with the transition relief described in this Section 8(e).

9. **Subdivision or Consolidation; Recapitalization; Change in Control; Reorganization** .

(a) Existence of Plans and Awards . The existence of this Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Stock or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. In no event will any action taken by the Committee pursuant to this Section 9 result in the creation of deferred compensation within the meaning of the Nonqualified Deferred Compensation Plan Rules.

(b) Subdivision or Consolidation of Shares . The terms of an Award and the number of shares of Stock authorized pursuant to Section 4 for issuance under the Plan shall be subject to adjustment from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a Stock split, by the issuance of a distribution on Stock payable in Stock, or otherwise) the number of shares of Stock then outstanding into a greater number of shares of Stock, then, (A) the maximum number of shares of Stock available for the Plan or in connection with Awards as provided in Section 4 shall be increased proportionately, and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of shares of Stock (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be increased proportionately, and (C) the price (including the exercise price) for each share of Stock (or other kind of shares or securities) subject to then outstanding Awards shall be reduced proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, by reverse Stock split, or otherwise) the number of shares of Stock then outstanding into a lesser number of shares of Stock, (A) the maximum number of shares of Stock for the Plan or available in connection with Awards as provided in Section 4 shall be decreased proportionately, and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of shares of Stock (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be decreased proportionately, and (C) the price (including the exercise price) for each share of Stock (or other kind of shares or securities) subject to then outstanding Awards shall be increased proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions.

(iii) Whenever the number of shares of Stock subject to outstanding Awards and the price for each share of Stock subject to outstanding Awards are required to be adjusted as provided in this Section 9(b), the Committee shall promptly prepare a notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in price and the number of shares of Stock, other securities, cash, or property purchasable subject to each Award after giving effect to the adjustments. The Committee shall promptly provide each affected Participant with such notice.

(iv) Adjustments under Sections 9(b)(i) and (ii) shall be made by the Committee, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding, and conclusive. No fractional interest shall be issued under the Plan on account of any such adjustments.

(c) Corporate Recapitalization . If the Company recapitalizes, reclassifies its capital stock, or otherwise changes its capital structure (a "recapitalization") without the occurrence of a Change in Control, the number and class of shares of Stock covered by an Option or an SAR theretofore granted shall be adjusted so that such Option or SAR shall thereafter cover the number and class of shares of stock and securities to which the holder would have been entitled pursuant to the terms of the recapitalization if, immediately prior to the recapitalization, the holder had been the holder of record of the number of shares of Stock then covered by such Option or SAR and the share limitations provided in Sections 4 and 5 shall be adjusted in a manner consistent with the recapitalization and the exercise prices and grant prices of such Awards shall, to the extent applicable, be adjusted accordingly.

(d) Additional Issuances . Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to Awards theretofore granted or the purchase price per share, if applicable.

(e) Change in Control . Upon a Change in Control the Committee, acting in its sole discretion without the consent or approval of any holder, shall affect one or more of the following alternatives, which may vary among individual holders and which may vary among Options or SARs (collectively "Grants") held by any individual holder: (i) accelerate the time at which Grants then outstanding may be exercised so that such Grants may be exercised in full for a limited period of time on or before a specified date (before or after such Change in Control) fixed by the Committee, after which specified date all unexercised Grants and all rights of holders thereunder shall terminate, (ii) require the mandatory surrender to the Company by selected holders of some or all of the outstanding Grants held by such holders (irrespective of whether such Grants are then exercisable under the provisions of this Plan) as of a date, before or after such Change in Control, specified by the Committee, in which event the Committee shall thereupon cancel such Grants and pay to each holder an amount of cash (or other consideration including securities or other property) per share equal to the excess, if any, of the amount calculated in Section 9(f) (the "Change in Control Price") of the shares subject to such Grants over the exercise price(s) under such Grants for such shares (except that to the extent the exercise price under any such Grant is equal to or exceeds the Change in Control Price, in which case no amount shall be payable with respect to such Grant), or (iii) make such adjustments to Grants then outstanding as the Committee deems appropriate to reflect such Change in Control; provided , however , that the Committee may determine in its sole discretion that no adjustment is necessary to Grants then outstanding; provided , further, however, that the right to make such

adjustments shall include, but not require or be limited to, the modification of Grants such that the holder of the Grant shall be entitled to purchase or receive (in lieu of the total number of shares of Stock as to which an Option or SAR is exercisable (the "Total Shares") or other consideration that the holder would otherwise be entitled to purchase or receive under the Grant (the "Total Consideration")), the number of shares of stock, other securities, cash or property to which the Total Consideration would have been entitled to in connection with the Change in Control (A) (in the case of Options), at an aggregate exercise price equal to the exercise price that would have been payable if the Total Shares had been purchased upon the exercise of the Grant immediately before the consummation of the Change in Control and (B) in the case of SARs, if the SARs had been exercised immediately before the occurrence of the Change in Control. Notwithstanding the foregoing, with respect to a Change in Control that constitutes an "equity restructuring" that would be subject to a compensation expense pursuant to Accounting Standards Codification Topic 718, *Compensation — Stock Compensation* , or any successor accounting standard, the provisions in Section 9(b) above shall control to the extent they are in conflict with the discretionary provisions of this Section 9(e); provided, however, that nothing in this Section 9(e) or in Section 9(b) above shall be construed as providing any Participant or any beneficiary of an Award any rights with respect to the "time value," "economic opportunity" or "intrinsic value" of an Award or limiting in any manner the Committee's actions that may be taken with respect to an Award as set forth in this Section 9(e) or in Section 9(b) above.

(f) Change in Control Price . The "Change in Control Price" shall equal the amount determined in the following clause (i), (ii), (iii), (iv) or (v), whichever is applicable, as follows: (i) the price per share offered to holders of Stock in any merger or consolidation, (ii) the per share Fair Market Value of the Stock immediately before the Change in Control without regard to assets sold in the Change in Control and assuming the Company has received the consideration paid for the assets in the case of a sale of the assets, (iii) the amount distributed per share of Stock in a dissolution transaction, (iv) the price per share offered to holders of Stock in any tender offer or exchange offer whereby a Change in Control takes place, or (v) if such Change in Control occurs other than pursuant to a transaction described in clauses (i), (ii), (iii), or (iv) of this Section 9(f), the Fair Market Value per share of the Stock that may otherwise be obtained with respect to such Grants or to which such Grants track, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Grants. In the event that the consideration offered to stockholders of the Company in any transaction described in this Section 9(f) or in Section 9(e) consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash and such determination shall be binding on all affected Participants to the extent applicable to Awards held by such Participants.

(g) Impact of Corporate Events on Awards Generally . In the event of a Change in Control or changes in the outstanding Stock by reason of a recapitalization, reorganization, merger, consolidation, combination, exchange or other relevant change in capitalization occurring after the date of the grant of any Award and not otherwise provided for by this Section 9, any outstanding Awards and any Award agreements evidencing such Awards shall be subject to adjustment by the Committee at its discretion, which adjustment may, in the Committee's discretion, be described in the Award agreement and may include, but not be limited to, adjustments as to the number and price of shares of Stock or other consideration subject to such Awards, accelerated vesting (in full or in part) of such Awards, conversion of

such Awards into awards denominated in the securities or other interests of any successor Person, or the cash settlement of such Awards in exchange for the cancellation thereof. In the event of any such change in the outstanding Stock, the aggregate number of shares of Stock available under this Plan may be appropriately adjusted by the Committee, whose determination shall be conclusive.

10. General Provisions.

(a) Transferability .

(i) Permitted Transferees . The Committee may, in its discretion, permit a Participant to transfer all or any portion of any Award, or authorize all or a portion of an Option or SAR to be granted to an Eligible Person to be on terms which permit transfer by such Participant; provided that, in either case the transferee or transferees must be any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, in each case with respect to the Participant, an individual sharing the Participant's household (other than a tenant or employee of the Company), a trust in which any of the foregoing individuals have more than fifty percent of the beneficial interest, a foundation in which any of the foregoing individuals (or the Participant) control the management of assets, and any other entity in which any of the foregoing individuals (or the Participant) own more than fifty percent of the voting interests (collectively, "Permitted Transferees"); provided further that, (X) there may be no consideration for any such transfer and (Y) subsequent transfers of Awards transferred as provided above shall be prohibited except subsequent transfers back to the original holder of the Awards and transfers to other Permitted Transferees of the original holder. Agreements evidencing Awards with respect to which such transferability is authorized at the time of grant must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Section 10(b)(i).

(ii) Domestic Relations Orders . An Award may be transferred, to a Permitted Transferee, pursuant to a domestic relations order entered or approved by a court of competent jurisdiction upon delivery to the Company of written notice of such transfer and a certified copy of such order.

(iii) Other Transfers . Except as expressly permitted by Sections 10(b)(i) and 10(b)(ii), Awards shall not be transferable other than by will or the laws of descent and distribution. Notwithstanding anything to the contrary in this Section 10, an Incentive Stock Option shall not be transferable other than by will or the laws of descent and distribution.

(iv) Effect of Transfer . Following the transfer of any Award as contemplated by Sections 10(b)(i), 10(b)(ii) and 10(b)(iii), (A) such Award shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that the term "Participant" shall be deemed to refer to the Permitted Transferee, the recipient under a qualified domestic relations order, or the estate or heirs of a deceased Participant or other transferee, as applicable, to the extent appropriate to enable the Participant to exercise the transferred Award in accordance with the terms of this Plan and applicable law and (B) the provisions of the Award relating to exercisability shall continue to be applied with

respect to the original Participant and, following the occurrence of any applicable events described therein the Awards shall be exercisable by the Permitted Transferee, the recipient under a qualified domestic relations order, or the estate or heirs of a deceased Participant, as applicable, only to the extent and for the periods that would have been applicable in the absence of the transfer.

(v) Procedures and Restrictions . Any Participant desiring to transfer an Award as permitted under Sections 10(b)(i), 10(b)(ii) or 10(b)(iii) shall make application therefor in the manner and time specified by the Committee and shall comply with such other requirements as the Committee may require to assure compliance with all applicable securities laws. The Committee shall not give permission for such a transfer if (A) it would give rise to short swing liability under section 16(b) of the Exchange Act or (B) it may not be made in compliance with all applicable federal, state and foreign securities laws.

(vi) Registration . To the extent the issuance to any Permitted Transferee of any shares of Stock issuable pursuant to Awards transferred as permitted in this Section 10(b) is not registered pursuant to the effective registration statement of the Company generally covering the shares to be issued pursuant to this Plan to initial holders of Awards, the Company shall not have any obligation to register the issuance of any such shares of Stock to any such transferee.

(b) Taxes . The Company and any of its Subsidiaries or Parents are authorized to withhold from any Award granted, or any payment relating to an Award under this Plan, including from a distribution of Stock, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee. Notwithstanding the foregoing, the Company and its Affiliates may, in its sole discretion and in satisfaction of the foregoing requirement, withhold or permit the Participant to elect to have the Company withhold a sufficient number of shares of Stock that are otherwise issuable to the Participant pursuant to an Award (or allow the surrender of shares of Stock by the Participant to the Company). The number of shares of Stock that may be so withheld or surrendered shall be limited to the number of shares of Stock that have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the applicable minimum statutory withholding rates for U.S. federal, state, local or non-U.S. income and social insurance taxes and payroll taxes, as determined by the Committee.

(c) Changes to this Plan and Awards . The Board may amend, alter, suspend, discontinue or terminate this Plan or the Committee's authority to grant Awards under this Plan without the consent of stockholders or Participants, except that any amendment or alteration to this Plan, including any increase in any share limitation, shall be subject to the approval of the Company's stockholders not later than the annual meeting next following such Board action if such stockholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted,

and the Board may otherwise, in its discretion, determine to submit other such changes to this Plan to stockholders for approval; provided , that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award agreement relating thereto, except as otherwise provided in this Plan; provided , however , that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under such Award. For purposes of clarity, any adjustments made to Awards pursuant to Section 9 will be deemed *not* to materially and adversely affect the rights of any Participant under any previously granted and outstanding Award and therefore may be made without the consent of affected Participants.

(d) Limitation on Rights Conferred under Plan . Neither this Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or any of its Subsidiaries or Parents, (ii) interfering in any way with the right of the Company or any of its Subsidiaries or Parents to terminate any Eligible Person's or Participant's employment or service relationship at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under this Plan or to be treated uniformly with other Participants and/or employees and/or other service providers, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award.

(e) Unfunded Status of Awards . This Plan is intended to constitute an "unfunded" plan for certain incentive awards.

(f) Nonexclusivity of this Plan . Neither the adoption of this Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable, including incentive arrangements and awards which do not qualify under section 162(m) of the Code. Nothing contained in this Plan shall be construed to prevent the Company or any of its Subsidiaries or Parents from taking any corporate action which is deemed by the Company or such Subsidiary or Parent to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or any Award made under this Plan. No employee, beneficiary or other person shall have any claim against the Company or any of its Subsidiaries or Parents as a result of any such action.

(g) Fractional Shares . No fractional shares of Stock shall be issued or delivered pursuant to this Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(h) Severability . If any provision of this Plan is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and the Plan shall be construed and enforced as if the illegal or invalid provision had never been included herein. If any of the terms or provisions of this Plan or any Award agreement conflict with the requirements of Rule 16b-3 (as those terms

or provisions are applied to Eligible Persons who are subject to section 16(b) of the Exchange Act) or section 422 of the Code (with respect to Incentive Stock Options), then those conflicting terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Rule 16b-3 (unless the Board or the Committee, as appropriate, has expressly determined that the Plan or such Award should not comply with Rule 16b-3) or section 422 of the Code. With respect to Incentive Stock Options, if this Plan does not contain any provision required to be included herein under section 422 of the Code, that provision shall be deemed to be incorporated herein with the same force and effect as if that provision had been set out at length herein; provided , further, that, to the extent any Option that is intended to qualify as an Incentive Stock Option cannot so qualify, that Option (to that extent) shall be deemed an Option not subject to section 422 of the Code for all purposes of the Plan.

(i) Governing Law . All questions arising with respect to the provisions of the Plan and Awards shall be determined by application of the laws of the State of Delaware, without giving effect to any conflict of law provisions thereof, except to the extent Delaware law is preempted by federal law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable federal and state laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

(j) Conditions to Delivery of Stock . Nothing herein or in any Award granted hereunder or any Award agreement shall require the Company to issue any shares with respect to any Award if that issuance would, in the opinion of counsel for the Company, constitute a violation of the Securities Act or any similar or superseding statute or statutes, any other applicable statute or regulation, or the rules of any applicable securities exchange or securities association, as then in effect. At the time of any exercise of an Option or Stock Appreciation Right, or at the time of any grant of a Restricted Stock, Restricted Stock Unit, or other Award the Company may, as a condition precedent to the exercise of such Option or Stock Appreciation Right or settlement of any Restricted Stock, Restricted Stock Unit or other Award, require from the Participant (or in the event of his or her death, his or her legal representatives, heirs, legatees, or distributees) such written representations, if any, concerning the holder's intentions with regard to the retention or disposition of the shares of Stock being acquired pursuant to the Award and such written covenants and agreements, if any, as to the manner of disposal of such shares as, in the opinion of counsel to the Company, may be necessary to ensure that any disposition by that holder (or in the event of the holder's death, his or her legal representatives, heirs, legatees, or distributees) will not involve a violation of the Securities Act or any similar or superseding statute or statutes, any other applicable state or federal statute or regulation, or any rule of any applicable securities exchange or securities association, as then in effect. No Option or Stock Appreciation Right shall be exercisable and no settlement of any Restricted Stock or Restricted Stock Unit shall occur with respect to a Participant unless and until the holder thereof shall have paid cash or property to, or performed services for, the Company or any of its Subsidiaries or Parents that the Committee believes is equal to or greater in value than the par value of the Stock subject to such Award.

(k) Clawback . The Committee shall have the right to provide, in an Award Agreement or otherwise, or to require a Participant to agree by separate written or electronic instrument, that all Awards (including any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any Award or upon the

receipt or resale of any shares of Stock underlying the Award) shall be subject to the provisions of any clawback policy implemented by the Company, including, without limitation, any clawback policy adopted to comply with the requirements of applicable law, including without limitation the Dodd Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such clawback policy and/or in the applicable Award Agreement.

(l) Section 409A of the Code . In the event that any Award granted pursuant to this Plan provides for a deferral of compensation within the meaning of the Nonqualified Deferred Compensation Rules, it is the general intention, but not the obligation, of the Company to design such Award to comply with the Nonqualified Deferred Compensation Rules and such Award should be interpreted accordingly. Notwithstanding any provision in the Plan or an Award agreement to the contrary, if any payment or benefit provided for under an Award would be subject to additional taxes and interest under section 409A of the Code if the Participant's receipt of such payment or benefit is not delayed in accordance with the requirements of section 409A(a)(2)(B)(i) of the Code, then such payment or benefit shall not be provided to the Participant (or the Participant's estate, if applicable) until the earlier of (i) the date of the Participant's death or (ii) the date that is six months after the date of the Participant's "separation from service" with the Company within the meaning of the Nonqualified Deferred Compensation Rules.

(m) Plan Effective Date and Term . This Plan was adopted by the Board on the Effective Date, and approved by the stockholders of the Company on , , to be effective on the Effective Date. No Awards may be granted under this Plan on and after , .

Exhibit 10.4

SPARK ENERGY, INC.
LONG TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

This Agreement is made and entered into as of the Date of Grant set forth in the Notice of Grant of Restricted Stock Unit (***"Notice of Grant"***) by and between Spark Energy, Inc., a Delaware corporation (the ***"Company"***) and you;

WHEREAS, the Company in order to induce you to enter into and to continue and dedicate service to the Company and to materially contribute to the success of the Company agrees to grant you this restricted stock unit award;

WHEREAS, the Company adopted the Spark Energy Inc. Long Term Incentive Plan, as it may be amended from time to time (the " ***Plan*** ") under which the Company is authorized to grant restricted stock units to certain employees, directors and other service providers of the Company, its Subsidiaries and Parent;

WHEREAS , a copy of the Plan has been furnished to you and shall be deemed a part of this Restricted Stock Unit Agreement (***"Agreement"***) as if fully set forth herein; and

WHEREAS, you desire to accept the restricted stock unit award made pursuant to this Agreement.

NOW, THEREFORE, in consideration of and mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the parties agree as follows:

1. The Grant . Subject to the conditions set forth below, the Company hereby grants you, effective as of the Date of Grant set forth in the Notice of Grant, an award consisting of an aggregate number of Restricted Stock Units, whereby each Restricted Stock Unit represents the right to receive one share of Class A Common Stock, par value $0.01 per share, of the Company (" ***Stock*** "), or, as provided in Section 5, an equivalent cash payment, plus the additional rights to Dividend Equivalents set forth in Section 3, in accordance with the terms and conditions set forth herein and in the Plan (the " ***Award*** "). To the extent that any provision of this Agreement conflicts with the expressly applicable terms of the Plan, you acknowledge and agree that those terms of the Plan shall control and, if necessary, the applicable terms of this Agreement shall be deemed amended so as to carry out the purpose and intent of the Plan. Terms that have their initial letter capitalized, but that are not otherwise defined in this Agreement shall have the meanings given to them in the Plan.

2. No Shareholder Rights . The Restricted Stock Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a holder of Stock unless and until shares of Stock are issued to you in settlement of the Award. Your rights with respect to the Restricted Stock Units shall remain forfeitable at all times prior to the date on which rights become vested and the restrictions with respect to the Restricted Stock Units lapse in accordance with Section 6.

3. Dividend Equivalents . In the event that the Company declares and pays a dividend in respect of its outstanding shares of Stock and, on the record date for such dividend, you hold Restricted Stock Units granted pursuant to this Agreement that have not been settled (including Additional Restricted Stock Units, as defined in this Section 3, together with the unsettled Restricted Stock Units, the " ***Outstanding RSUs*** "), the amount of such dividend payment that would be payable to you if you were the holder of record of a number of shares of Stock equal to the number of Outstanding RSUs (the " ***Dividend Equivalent Payment*** ") shall be retained by the Company and deemed invested in full (and, as applicable, fractional) shares of Restricted Stock Units effective as of the record date of such dividend payment. Such additional notional shares of Stock (the " ***Additional Restricted Stock Units*** ") will constitute Restricted Stock Units subject to the restrictions and risk of forfeiture described in Section 4 of this Agreement. The restrictions and risk of forfeiture imposed on the Additional Restricted Stock Units will lapse at the same time, and subject to the same conditions, as each Restricted Stock Unit (or Additional Restricted Stock Unit) upon which the dividend was paid. You will have no shareholder rights with respect to the Additional Stock Units unless and until shares of Stock are issued to you upon settlement of the Additional Restricted Stock Units. The number of Additional Restricted Stock Units created pursuant to the declaration and payment of any dividend in respect of the Stock will be determined by dividing the Dividend Equivalent Payment by the Fair Market Value of the Stock on the record date of the dividend associated with the Dividend Equivalent Payment.

4. Restrictions; Forfeiture . The Restricted Stock Units (and the Additional Restricted Stock Units) are restricted in that they may not be sold, transferred or otherwise alienated or hypothecated until these restrictions are removed or expire as contemplated in Section 6 of this Agreement and as described in the Notice of Grant and Stock is issued to you as described in Section 5 of this Agreement. The Restricted Stock Units (and the Additional Restricted Stock Units) are also restricted because they may be forfeited to the Company if they fail to vest in accordance with the Notice of Grant (the " ***Forfeiture Restrictions*** ").

5. Settlement of Award . No shares of Stock shall be issued to you prior to the date on which the Restricted Stock Units vest and the restrictions, including the Forfeiture Restrictions, with respect to the Restricted Stock Units lapse, in accordance with Section 6. After the Restricted Stock Units vest pursuant to Section 6, the Company shall, within 60 days of such vesting date, cause (i) to be issued Stock registered in your name in payment of such vested Restricted Stock Units (and Additional Restricted Stock Units), or (ii) in the sole discretion of the Committee, to be paid to you in lieu of Stock pursuant to clause (i), a lump sum cash payment equal to (x) the simple average of the closing prices of one share of Stock (as reported in the *Wall Street Journal* or other similar publication determined by the Board) over the ten trading days prior to and including applicable date of vesting multiplied by (y) the number of Restricted Stock Units (and Additional Restricted Stock Units) vesting on such date, in each case upon receipt by the Company of any required tax withholding. The Company shall evidence the Stock to be issued in payment of such vested Restricted Stock Units, if applicable, in the manner it deems appropriate. The value of any fractional Restricted Stock Units shall be rounded down at the time Stock is issued to you in connection with the Restricted Stock Units. No fractional shares of Stock, nor the cash value of any fractional shares of Stock, will be issuable or payable to you pursuant to this Agreement. The value of such shares of Stock shall not bear any interest owing to the passage of time. Neither this Section 5 nor any action taken pursuant to or in accordance with this Section 5 shall be construed to create a trust or a funded or secured obligation of any kind.

6. Expiration of Restrictions and Risk of Forfeiture . The restrictions on the Restricted Stock Units (and the Additional Restricted Stock Units) granted pursuant to this Agreement, including the Forfeiture Restrictions, will expire as set forth in the Notice of Grant and shares of Stock that are nonforfeitable and transferable will be issued to you in payment of your vested Restricted Stock Units (and the Additional Restricted Stock Units) as set forth in Section 5, provided that you remain in the employ of, or a service provider to, the Company or its Subsidiaries until the applicable dates set forth in the Notice of Grant.

7. Termination of Services .

(a) Termination Generally **.** Subject to subsection (b), if your service relationship with the Company or any of its Subsidiaries is terminated for any reason, then those Restricted Stock Units (and the Additional Restricted Stock Units) for which the restrictions have not lapsed as of the date of termination shall become null and void and those Restricted Stock Units (and the Additional Restricted Stock Units) shall be forfeited to the Company. The Restricted Stock Units (and the Additional Restricted Stock Units) for which the restrictions have lapsed as of the date of such termination shall not be forfeited to the Company and shall be settled as set forth in Section 5.

(b) Effect of Employment Agreement . Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 8 and any employment agreement entered into by and between you and the Company or its Subsidiaries, the terms of the employment agreement shall control.

8. Leave of Absence . With respect to the Award, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of, or providing services for, the Company, provided that rights to the Restricted Stock Units (and the Additional Restricted Stock Units) during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began.

9. Payment of Taxes . The Company may require you to pay to the Company (or the Company's Subsidiary or Parent if you are an employee of a Subsidiary or the Parent of the Company), an amount the Company deems necessary to satisfy its (or its Subsidiary's or Parent's) current or future obligation to withhold federal, state or local income or other taxes that you incur as a result of the Award. With respect to any required tax withholding, you may (a) direct the Company to withhold from the shares of Stock to be issued to you (or the cash payment to be paid to you) under this Agreement the number of shares (or cash) necessary to satisfy the Company's obligation to withhold taxes; which determination will be based on the shares' Fair Market Value at the time such determination is made; (b) deliver to the Company shares of Stock sufficient to satisfy the Company's tax withholding obligations, based on the shares' Fair Market Value at the time such determination is made; (c) deliver cash to the Company sufficient to satisfy its tax withholding obligations; or (d) satisfy such tax withholding through any combination of (a), (b) and (c). If you desire to elect to use the Stock withholding

option described in subparagraph (a), you must make the election at the time and in the manner the Company prescribes. The Company, in its discretion, may deny your request to satisfy its tax withholding obligations using a method described under subparagraph (a) or (b). In the event the Company determines that the aggregate Fair Market Value of the shares of Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then you must pay to the Company, in cash, the amount of that deficiency immediately upon the Company's request. In the event you have not satisfied your required tax withholding pursuant to this Section 9 on or before the 60 th day following the applicable vesting date, the Restricted Stock Units (and the Additional Restricted Stock Units) that would have otherwise vested on such date will be immediately become null and void and be forfeited to the Company.

10. Compliance with Securities Law . Notwithstanding any provision of this Agreement to the contrary, the issuance of Stock will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is, at the time of issuance, in effect with respect to the shares issued or (b) in the opinion of legal counsel to the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. YOU ARE CAUTIONED THAT ISSUANCE OF STOCK UPON THE VESTING OF RESTRICTED STOCK UNITS GRANTED PURSUANT TO THIS AGREEMENT MAY NOT OCCUR UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make shares of Stock available for issuance.

11. Legends . The Company may at any time place legends referencing any restrictions imposed on the shares pursuant to Section 10 of this Agreement on all certificates representing shares issued with respect to this Award.

12. Right of the Company and Subsidiaries to Terminate Services . Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company or any Subsidiary or its Parent, or interfere in any way with the rights of the Company or any Subsidiary or its Parent to terminate your employment or service relationship at any time.

13. Furnish Information . You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

14. No Liability for Good Faith Determinations . The Company and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Restricted Stock Units granted hereunder.

15. Execution of Receipts and Releases . Any payment of cash or any issuance or transfer of shares of Stock or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

16. No Guarantee of Interests . The Board and the Company do not guarantee the Stock of the Company from loss, depreciation or diminution of value.

17. Company Records . Records of the Company or its Subsidiaries or Parent regarding your period of service, termination of service and the reason(s) therefor, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

18. Notice . All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or if earlier the date it is sent via certified United States mail.

19. Information Confidential . As partial consideration for the granting of the Award hereunder, you hereby agree to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that you have relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to your spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you.

20. Successors . This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

21. Severability . If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

22. Headings . The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

23. Governing Law . All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of Delaware, without giving any effect to any conflict of law provisions thereof, except to the extent Delaware state law is preempted by federal law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

24. Consent to Texas Jurisdiction and Venue . You hereby consent and agree that state courts located in Harris County, Texas and the United States District Court for the Southern District of Texas each shall have personal jurisdiction and proper venue with respect to any dispute between you and the Company arising in connection with the Restricted Stock Units or this Agreement. In any dispute with the Company, you will not raise, and you hereby expressly waive, any objection or defense to such jurisdiction as an inconvenient forum.

25. Amendment . This Agreement may be amended by the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; (b) as provided in the Plan; or (c) with your consent.

26. The Plan . This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

[Remainder of page intentionally left blank]

Exhibit 10.5

[To Be Placed on Spark Energy, Inc. Letterhead]

NOTICE OF GRANT OF RESTRICTED STOCK UNIT

I am very pleased to inform you that pursuant to the terms and conditions of the Spark Energy, Inc. Long Term Incentive Plan, attached as Appendix A (the "***Plan***"), and the associated Restricted Stock Unit Agreement, attached as Appendix B (the "***Agreement***"), you are hereby granted an award to receive the number of Restricted Stock Units set forth below whereby each Restricted Stock Unit represents the right to receive one share of Stock, plus rights to certain Dividend Equivalents described in Section 3 of the Agreement, subject to certain restrictions thereon, and under the terms and conditions set forth below, in the Agreement, and in the Plan (the "***Restricted Stock Units***"). Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Grantee: _____

Date of Grant: _____("***Date of Grant***")

Number of Restricted Stock Units: _____

Vesting Schedule:

By accepting this Award and the benefits hereunder, you acknowledge and agree that (a) you are not relying upon any written or oral statement or representation of the Company, its affiliates, or any of their respective employees, directors, officers, attorneys or agents (collectively, the " ***Company Parties*** ") regarding the tax effects associated with your execution of this Notice of Grant of Restricted Stock Units and your receipt and holding of and the vesting of the Restricted Stock Units, and (b) you are relying on your own judgment and the judgment of the professionals of your choice with whom you have consulted. You hereby release, acquit and forever discharge the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with your receipt and holding of and the vesting of the Restricted Stock Units.

You further acknowledge receipt of a copy of the Plan and the Agreement and agree to all of the terms and conditions of the Plan and the Agreement which are incorporated herein by reference.

Congratulations, and thanks for your commitment to our continued success!

Spark Energy, Inc. ,
a Delaware Corporation

By: _____
Name: _____
Title: _____

Attachments: Appendix A – Spark Energy, Inc. Long Term Incentive Plan
Appendix B – Restricted Stock Unit Agreement

Appendix A

Spark Energy, Inc. Long Term Incentive Plan

Appendix B

Restricted Stock Unit Agreement

Exhibit 10.6

TAX RECEIVABLE AGREEMENT

among

SPARK ENERGY, INC.,

SPARK HOLDCO, LLC,

CERTAIN MEMBERS OF SPARK HOLDCO, LLC,

and

W. KEITH MAXWELL III

DATED AS OF [•], 2014

TAX RECEIVABLE AGREEMENT

This TAX RECEIVABLE AGREEMENT (this " Agreement "), dated as of **[•]** , 2014, is hereby entered into by and among Spark Energy, Inc., a Delaware corporation (the " Corporate Taxpayer "), Spark HoldCo, LLC, a Delaware limited liability company (" Spark HoldCo "), those members of Spark HoldCo set forth on Schedule A (the " Members "), and W. Keith Maxwell III (the " Agent ").

RECITALS

WHEREAS, the Members and the Corporate Taxpayer own limited liability company interests in Spark HoldCo (the " Spark HoldCo Units "), which is classified as a partnership for U.S. federal income Tax purposes;

WHEREAS, pursuant to the Transaction Agreement, dated as of June 18, 2014, by and among the Corporate Taxpayer and the Members, NuDevco Retail Holdings, LLC (" NDRH ") transferred [ ] Spark Holdco Units to the Corporate Taxpayer in exchange for a note from the Corporate Taxpayer (the " Pre-IPO Sale ");

WHEREAS, in connection with the Corporate Taxpayer's initial public offering, NDRH shall sell the number of Spark Holdco Units set forth in that agreement (which number shall be increased if the underwriters exercise their option to purchase additional shares of Class A common stock of the Corporate Taxpayer, par value $0.01 per share (" Class A Shares ") from the Corporate Taxpayer) to the Corporate Taxpayer in exchange for cash (the " IPO Sale ");

WHEREAS, prior to the IPO Sale, the Corporate Taxpayer shall issue Class B common stock of the Corporate Taxpayer, par value $0.01 per share (" Class B Shares ") to Spark HoldCo, and Spark HoldCo shall distribute such Class B Shares to NDRH and NuDevco Retail, LLC immediately prior to the IPO (the " Class B Shares Distribution ");

WHEREAS, pursuant to the Spark HoldCo LLC Agreement (as defined below), the Members will have the right to exchange (the " Exchange Right ") all or a portion of their Spark HoldCo Units (together with an equal number of Class B Shares) for, at the option of Spark HoldCo, either (i) Class A Shares or (ii) cash equal to the Cash Election Amount of such Class A Shares;

WHEREAS, pursuant to the Spark HoldCo LLC Agreement, following an exercise of the Exchange Right, the Corporate Taxpayer may, in its sole discretion, elect to purchase directly and acquire the Spark HoldCo Units (together with an equal number of Class B Shares) the subject of the exercise of the Exchange Right by paying to the exchanging Member, at the option of the Corporate Taxpayer, either (i) that number of Class A Shares such Member would otherwise receive pursuant to the exercise of the Exchange Right or (ii) cash equal to the Cash Election Amount of such Class A Shares (the " Call Right ");

WHEREAS, Spark HoldCo and each of its direct and indirect subsidiaries treated as a partnership, if any, has and will have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended (the " Code "), for each Taxable Year (as defined below) in which an Exchange occurs, which election is expected to result in an adjustment to the Tax basis of the assets owned by Spark HoldCo and such subsidiaries, solely with respect to Corporate Taxpayer;

WHEREAS, this Agreement is intended to set forth the agreements among the parties regarding the sharing of the Tax benefits realized by the Corporate Taxpayer as a result of any Exchange;

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions . As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

" Accrued Amount " is defined in Section 3.1(b) of this Agreement.

" Adjusted EBITDA " means net income before provision for income Taxes, interest expense, depreciation and amortization, less (i) customer acquisition costs incurred in the applicable period, (ii) net gain (loss) on derivative instruments, (iii) net current period cash settlements on derivative instruments during the applicable period, (iv) non-cash compensation expense and (v) other non-cash operating items.

" Affiliate " means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

" Agent " means W. Keith Maxwell III or any other entity or individual appointed by W. Keith Maxwell III.

" Agreed Rate " means LIBOR plus 200 basis points.

" Agreement " is defined in the Recitals of this Agreement.

" Amended Schedule " is defined in Section 2.3(b) of this Agreement.

A " Beneficial Owner " of a security is a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The terms "Beneficially Own" and "Beneficial Ownership" shall have correlative meanings.

" Board " means the Board of Directors of the Corporate Taxpayer.

" Business Day " means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the **[** State of Texas **]** shall not be regarded as a Business Day.

" Call Right " is defined in the Recitals of this Agreement.

" Cash Available for Distribution " means the Adjusted EBITDA of Spark HoldCo for the applicable period, less: (i) cash interest paid by Spark HoldCo, (ii) capital expenditures of Spark HoldCo (exclusive of customer acquisition costs) and (iii) any Taxes payable by Spark HoldCo.

" Cash Election Amount " is defined in the Spark HoldCo LLC Agreement.

" Change of Control " means the occurrence of any of the following events:

(i) any Person or any group of Persons acting together which would constitute a "group" for purposes of Section 13(d) of the Securities and Exchange Act of 1934, or any successor provisions thereto, excluding a group of Persons which includes one or more Affiliates of W. Keith Maxwell III, is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporate Taxpayer representing more than 50% of the combined voting power of the Corporate Taxpayer's then outstanding voting securities; or

(ii) there is consummated a merger or consolidation of the Corporate Taxpayer with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (A) the Board immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or, if the surviving company is a Subsidiary, the ultimate parent thereof, or (B) the voting securities of the Corporate Taxpayer immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or

(iii) the shareholders of the Corporate Taxpayer approve a plan of complete liquidation or dissolution of the Corporate Taxpayer or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer's assets, other than such sale or other disposition by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Corporate Taxpayer in substantially the same proportions as their ownership of the Corporate Taxpayer immediately prior to such sale.

Notwithstanding the foregoing, except with respect to clause (ii)(A) above, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Corporate Taxpayer immediately prior to such transaction or series of transactions

continue to have substantially the same proportionate ownership in, and own substantially all of the shares of, an entity which owns all or substantially all of the assets of the Corporate Taxpayer immediately following such transaction or series of transactions.

" Class A Shares " is defined in the Recitals of this Agreement.

" Class B Shares " is defined in the Recitals of this Agreement.

" Class B Shares Distribution " is defined in the Recitals of this Agreement.

" Code " is defined in the Recitals of this Agreement.

" Control " means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

" Corporate Taxpayer " is defined in the Recitals of this Agreement.

" Corporate Taxpayer Return " means any Tax Return of the Corporate Taxpayer relating to a Tax imposed by the United States or any subdivision thereof.

" Cumulative Net Realized Tax Benefit " for a Taxable Year means the cumulative amount of Realized Tax Benefits for all Taxable Years of the Corporate Taxpayer, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments for the same period. The Realized Tax Benefit and Realized Tax Detriment for each Taxable Year shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination.

" Default Rate " means LIBOR plus 500 basis points.

" Deferred TRA Amount " is defined in Section 3.5(a) . For the avoidance of doubt, any reference to Tax Benefit Payments in this Agreement shall include any Deferred TRA Amount.

" Deferred TRA Payment Date " is defined in Section 3.5(b) .

" Determination " shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of U.S. state or local Tax law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

" Dispute " has the meaning set forth in Section 7.8(a) of this Agreement.

" Early Termination Date " means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

" Early Termination Effective Date " is defined in Section 4.2 of this Agreement.

" Early Termination Notice " is defined in Section 4.2 of this Agreement.

" Early Termination Payment " is defined in Section 4.3(b) of this Agreement.

" Early Termination Schedule " is defined in Section 4.2 of this Agreement.

" Exchange " means (i) any sale or deemed sale for U.S. federal income tax purposes resulting from the Pre-IPO Sale, the IPO Sale and the Class B Shares Distribution and (ii) any exchange by a Member, pursuant to either the Exchange Right or the Call Right, as applicable, of all or a portion of its Spark HoldCo Units (together with an equal number of Class B Shares) for, at the option of Spark HoldCo or the Corporate Taxpayer, as applicable, either (A) Class A Shares or (B) cash equal to the Cash Election Amount of such Class A Shares.

" Exchange Basis Adjustment " means any adjustment to the Tax basis of a Reference Asset as a result of an Exchange (as calculated under Section 2.1 of this Agreement), including, but not limited to: (i) under Sections 743(b) and 754 of the Code (including in situations where, following an Exchange, Spark HoldCo remains in existence as an entity for Tax purposes); (ii) under Section 732(b) of the Code (in situations where, as a result of one or more Exchanges, Spark HoldCo becomes an entity that is disregarded as separate from its owner for Tax purposes); (iii) under Section 707(a)(2)(B) of the Code; (iv) under Section 737 of the Code; (v) if the IPO Sale were characterized as if the Corporate Taxpayer purchased an interest in each of the Company's assets from NDRH's U.S. federal income tax owner and immediately thereafter the Corporate Taxpayer and NDRH's U.S. federal income tax owner contributed their respective interests in the Company's assets to the Company in exchange for Spark HoldCo Units (as described in Situation 1 of Rev. Rul. 99-5, 1999-1 C.B. 434); and (vi) in each case, comparable provisions of U.S. state or local Tax laws. Notwithstanding any other provision of this Agreement, the amount of any Exchange Basis Adjustment resulting from an Exchange of one or more Spark HoldCo Units shall be determined without regard to any Pre-Exchange Transfer of such Spark HoldCo Units and as if any such Pre-Exchange Transfer had not occurred.

" Exchange Basis Schedule " is defined in Section 2.1 of this Agreement.

An " Exchange Date " means each date on which an Exchange occurs.

" Exchange Right " is defined in the Recitals of this Agreement.

" Exchange Tax Basis " means, with respect to any Reference Asset at any time, the Tax basis that such asset would have had at such time if no Exchange Basis Adjustments had been made.

" Expert " is defined in Section 7.9 of this Agreement.

" Five-Year Deferral Period " means the period beginning on October 1, 2014 and ending on September 30, 2019.

" Hypothetical Tax Liability " means, with respect to any Taxable Year, the liability for Taxes of (i) the Corporate Taxpayer and (ii) without duplication, Spark HoldCo, but only with respect to Taxes imposed on Spark HoldCo and allocable to the Corporate Taxpayer, in each case using the same methods, elections, conventions and similar practices used on the relevant Corporate Taxpayer Return, but (A) using the Exchange Tax Basis as reflected on the Exchange Basis Schedule including amendments thereto for the Taxable Year and (B) excluding any deduction attributable to Imputed Interest for the Taxable Year. For the avoidance of doubt,

Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any Tax item (or portions thereof) that is attributable to the Exchange Basis Adjustment or Imputed Interest.

" Imputed Interest " shall mean any interest imputed under Section 1272, 1274 or 483 or other provision of the Code and any similar provision of U.S. state or local Tax law with respect to the Corporate Taxpayer's payment obligations under this Agreement.

" IPO " means the initial public offering of Class A Shares by the Corporate Taxpayer

" IPO Date " means the closing date of the IPO.

" IPO Sale " is defined in the Recitals of this Agreement.

" IRS " means the U.S. Internal Revenue Service.

" LIBOR " means during any period, an interest rate per annum equal to the one-year LIBOR reported, on the date two (2) calendar days prior to the first day of such period, on the Telerate Page 3750 (or if such screen shall cease to be publicly available, as reported on Reuters Screen page "LIBOR01" or by any other publicly available source of such market rate) for London interbank offered rates for United States dollar deposits for such period.

" Market Value " shall mean the closing price of the Class A Shares on the applicable Exchange Date on the national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by the Wall Street Journal; provided , that if the closing price is not reported by the Wall Street Journal for the applicable Exchange Date, then the Market Value shall mean the closing price of the Class A Shares on the Business Day immediately preceding such Exchange Date on the national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by the Wall Street Journal; provided further that if the Class A Shares are not then listed on a national securities exchange or interdealer quotation system, "Market Value" shall mean the cash consideration paid for Class A Shares, or the fair market value of the other property delivered for Class A Shares, as determined by the Board in good faith.

" Material Objection Notice " has the meaning set forth in Section 4.2 of this Agreement.

" Member " is defined in the Recitals of this Agreement.

" NDRH " is defined in the Recitals of this Agreement.

" Net Tax Benefit " is defined in Section 3.1(b) of this Agreement.

" Objection Notice " has the meaning set forth in Section 2.3(a) of this Agreement.

" Opt Out Notice " is defined in Section 3.4(a) of this Agreement.

" Payment Date " means any date on which a payment is required to be made pursuant to this Agreement.

" Person " means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

" Pre-Exchange Transfer " means any transfer or distribution in respect of Spark HoldCo Units (i) that occurs prior to an Exchange of such Spark HoldCo Units, and (ii) to which Section 743(b) of the Code applies.

" Pre-IPO Sale " is defined in the Recitals of this Agreement.

" Qualified Tax Advisor " means Vinson & Elkins L.L.P. or any other law or accounting firm that is nationally recognized as being expert in Tax matters and that is reasonably acceptable to the Corporate Taxpayer

" Realized Tax Benefit " means, for a Taxable Year, the excess, if any, of the Hypothetical Tax Liability over the actual liability for Taxes of (i) the Corporate Taxpayer and (ii) without duplication, Spark HoldCo, but for purposes of clause (ii), only with respect to Taxes imposed on Spark HoldCo and allocable to the Corporate Taxpayer for such Taxable Year. If all or a portion of the actual liability for such Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

" Realized Tax Detriment " means, for a Taxable Year, the excess, if any, of the actual liability for Taxes of (i) the Corporate Taxpayer and (ii) without duplication, Spark HoldCo, but for purposes of clause (ii), only with respect to Taxes imposed on Spark HoldCo and allocable to the Corporate Taxpayer for such Taxable Year, over the Hypothetical Tax Liability for such Taxable Year. If all or a portion of the actual liability for such Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination.

" Reconciliation Dispute " has the meaning set forth in Section 7.9 of this Agreement.

" Reconciliation Procedures " has the meaning set forth in Section 2.3(a) of this Agreement.

" Reference Asset " means an asset that is held by Spark HoldCo, or by any of its direct or indirect subsidiaries treated as a partnership or disregarded entity for purposes of the applicable Tax, at the time of an Exchange. A Reference Asset also includes any asset that is "substituted basis property" under Section 7701(a)(42) of the Code with respect to a Reference Asset.

" Schedule " means any of the following: (i) an Exchange Basis Schedule, (ii) a Tax Benefit Schedule, or (iii) the Early Termination Schedule.

" Senior Obligations " is defined in Section 5.1 of this Agreement.

" Spark HoldCo " is defined in the Recitals of this Agreement.

" Spark HoldCo LLC Agreement " means the Second Amended and Restated Limited Liability Company Agreement of Spark HoldCo.

" Spark HoldCo Units " is defined in the Recitals of this Agreement.

" Subsequent Due Date " is defined in Section 4.1(b) of this Agreement.

" Subsidiaries " means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

" Target Distribution " means target distributions with respect to Class A Shares of $ per share per quarter.

" Tax Benefit Payment " is defined in Section 3.1(b) of this Agreement.

" Tax Benefit Schedule " is defined in Section 2.2 of this Agreement.

" Tax Return " means any return, declaration, report or similar statement required to be filed with respect to Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

" Taxable Year " means a taxable year of the Corporate Taxpayer as defined in Section 441(b) of the Code or comparable section of U.S. state or local Tax law, as applicable (and, therefore, for the avoidance of doubt, may include a period of less than twelve (12) months for which a Tax Return is made), ending on or after the IPO Date.

" Taxes " means any and all taxes, assessments or similar charges imposed by the United States or any subdivision thereof that are based on or measured with respect to net income or profits, and any interest related to such Tax.

" Taxing Authority " shall mean any federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

" Total Distributions " means the aggregate distributions of Spark HoldCo necessary to cause the Corporate Taxpayer to receive distributions of cash equal to (i) the Target Distribution on each Quarterly Distribution Date (as defined in the Spark HoldCo LLC Agreement) during the applicable four-quarter period, plus (ii) its Assumed Tax Liability (as defined in the Spark HoldCo LLC Agreement) on each Tax Distribution Date (as defined in the Spark HoldCo LLC Agreement) during such four-quarter period, plus (iii) the expected Tax Benefit Payment payable during the calendar year for which the TRA Coverage Ratio is being tested.

" TRA Coverage Ratio " is defined in Section 3.5(a) .

" TRA Holder " means the Members and their respective successors and assigns pursuant to Section 7.6(a) .

" Treasury Regulations " means the final, temporary and proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant Taxable Year.

" Valuation Assumptions " shall mean, as of an Early Termination Date, the assumptions that (i) in each Taxable Year ending on or after such Early Termination Date, the Corporate Taxpayer will have taxable income sufficient to fully utilize the deductions arising from the Exchange Basis Adjustments and the Imputed Interest during such Taxable Year or future Taxable Years (including, for the avoidance of doubt, Exchange Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available, (ii) the U.S. federal income tax rates and state and local income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Date, (iii) any loss carryovers generated by any Exchange Basis Adjustment or Imputed Interest and available as of the date of the Early Termination Schedule will be utilized by the Corporate Taxpayer on a pro rata basis from the date of the Early Termination Schedule through the scheduled expiration date of such loss carryovers, (iv) any non-amortizable assets will be disposed of on the fifteenth anniversary of the applicable Basis Adjustment, and (v) if, at the Early Termination Date, there are Spark HoldCo Units that have not been Exchanged, then each such Spark HoldCo Units shall be deemed to be Exchanged for the Market Value of the Class A Shares and the amount of cash that would be transferred if the Exchange occurred on the Early Termination Date.

Section 1.2 Other Definitional and Interpretative Provisions . The words "hereof," "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," whether or not they are in fact followed by those words or words of like import. "Writing," "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms thereof. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

ARTICLE II
DETERMINATION OF CERTAIN REALIZED TAX BENEFIT

Section 2.1 Basis Adjustment Schedule . Within sixty (60) calendar days after the filing of the U.S. federal income Tax Return of the Corporate Taxpayer for each Taxable Year in which any Exchange has been effected, the Corporate Taxpayer shall deliver to Agent a schedule (the " Exchange Basis Schedule ") that shows, in reasonable detail necessary to perform the calculations required by this Agreement, including with respect to each Exchanging Person, (i) the Exchange Tax Basis of the Reference Assets as of each applicable Exchange Date, (ii) the Exchange Basis Adjustments with respect to the Reference Assets as a result of the Exchanges effected in such Taxable Year, calculated in the aggregate, (iii) the period (or periods) over which the Reference Assets are amortizable and/or depreciable and (iv) the period (or periods) over which each Exchange Basis Adjustment is amortizable and/or depreciable. For the avoidance of doubt, payments made under this Agreement shall not be treated as resulting in an Exchange Basis Adjustment to the extent such payments are treated as Imputed Interest.

Section 2.2 Tax Benefit Schedule . Within sixty (60) calendar days after the filing of the U.S. federal income Tax Return of the Corporate Taxpayer for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, the Corporate Taxpayer shall provide to Agent: (i) a schedule showing, in reasonable detail, the calculation of the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year (a " Tax Benefit Schedule "), (ii) the Corporate Taxpayer Return, (iii) a reasonably detailed calculation by the Corporate Taxpayer of the Hypothetical Tax Liability, (iv) a reasonably detailed calculation by the Corporate Taxpayer of the actual Tax liability, and (v) any other work papers requested by Agent. In addition, the Corporate Taxpayer shall allow Agent reasonable access at no cost to the appropriate representatives of the Corporate Taxpayer in connection with a review of such Tax Benefit Schedule. The Tax Benefit Schedule will become final as provided in Section 2.3(a) and may be amended as provided in Section 2.3(b) (subject to the procedures set forth in Section 2.3(b)).

Section 2.3 Procedure; Amendments .

(a) Procedure . An applicable Schedule or amendment thereto shall become final and binding on all parties thirty (30) calendar days from the first date on which Agent has received the applicable Schedule or amendment thereto unless Agent (i) within thirty (30) calendar days after receiving an applicable Schedule or amendment thereto, provides the Corporate Taxpayer with notice of a material objection to such Schedule (" Objection Notice ") made in good faith or (ii) provides a written waiver of such right of any Objection Notice within the period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date the waiver is received by the Corporate Taxpayer. If the parties, for any reason, are unable to successfully resolve the issues raised in an Objection Notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of such Objection Notice, the Corporate Taxpayer and Agent shall employ the reconciliation procedures described in Section 7.9 of this Agreement (the " Reconciliation Procedures ").

(b) Amended Schedule . The applicable Schedule for any Taxable Year may be amended from time to time by the Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct material inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was provided to Agent, (iii) to comply with the Expert's determination under the Reconciliation Procedures, (iv) to reflect a material change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a

loss or other Tax item to such Taxable Year, (v) to reflect a material change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year or (vi) to adjust an Exchange Basis Schedule to take into account payments made pursuant to this Agreement (any such Schedule, an " Amended Schedule ").

ARTICLE III
TAX BENEFIT PAYMENTS

Section 3.1 Payments .

(a) Payments . Subject to Section 3.5 , within five (5) calendar days after a Tax Benefit Schedule delivered to Agent becomes final in accordance with Section 2.3(a) , the Corporate Taxpayer shall pay to each TRA Holder its proportionate share of the Tax Benefit Payment determined pursuant to Section 3.1(b) for such Taxable Year. Each such payment shall be made by wire transfer of immediately available funds to the bank account previously designated by the TRA Holder to the Corporate Taxpayer or as otherwise agreed by the Corporate Taxpayer and the TRA Holder. For the avoidance of doubt, no Tax Benefit Payment shall be made in respect of estimated Tax payments, including, without limitation, U.S. federal estimated income Tax payments. Notwithstanding the foregoing, the Corporate Taxpayer shall have no obligation to make a Tax Benefit Payment with respect to a Taxable Year prior to December 19 of the subsequent calendar year.

(b) A " Tax Benefit Payment " means the sum of the Net Tax Benefit and the Accrued Amount. Subject to Section 3.3 , the " Net Tax Benefit " for a Taxable Year shall be an amount equal to the excess, if any, of 85% of the Cumulative Net Realized Tax Benefit as of the end of such Taxable Year over the total amount of payments previously made under this Section 3.1 (excluding payments attributable to Accrued Amounts); provided , for the avoidance of doubt, that a TRA Holder shall not be required to return any portion of any previously made Tax Benefit Payment. The " Accrued Amount " shall equal the interest on the Net Tax Benefit calculated at the Agreed Rate from the due date (without extensions) for filing the Corporate Taxpayer Return with respect to Taxes for such Taxable Year until the Payment Date. For the avoidance of doubt, for Tax purposes, the Accrued Amount shall not be treated as interest but shall instead be treated as additional consideration for the acquisition of Spark HoldCo Units in an Exchange unless otherwise required by law.

Section 3.2 No Duplicative Payments . It is intended that the provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under this Agreement. It is also intended that the provisions of this Agreement will result in 85% of the Cumulative Net Realized Tax Benefit, and the Accrued Amount thereon, being paid to the TRA Holders pursuant to this Agreement. The provisions of this Agreement shall be construed in the appropriate manner to achieve these fundamental results.

Section 3.3 Proportionate Share and Pro Rata Payments .

(a) Proportionate Share . For purposes of this Agreement, a TRA Holder's "proportionate share" for any Taxable Year equals (i) the deductions available for use in such Taxable Year associated with the Exchange Basis Adjustments and the Imputed Interest attributable to such TRA Holder, divided by (ii) the deductions associated with all Exchange Basis Adjustments and all Imputed Interest that are available for use in such Taxable Year.

(b) Pro Rata Payments . If the Corporate Taxpayer lacks sufficient funds to satisfy or is prevented under any credit agreement or other arrangement from satisfying its obligations to make all Tax Benefit Payments due in a particular Taxable Year, each TRA Holder shall receive its proportionate share of the total funds available in the Taxable Year to make the Tax Benefit Payments.

Section 3.4 Opt Out .

(a) Notwithstanding Section 3.1 , prior to an Exchange, a TRA Holder may elect not to receive any payments under this Agreement with respect to such Exchange, by delivering written notice evidencing such election (an " Opt Out Notice ") to the Corporate Taxpayer at least three Business Days prior to the Exchange Date of the relevant Exchange. An Opt Out Notice, when delivered, shall be irrevocable.

(b) This Agreement shall not apply to any Exchange which is covered by an Opt Out Notice delivered pursuant to Section 3.4(a) , and all computations hereunder, including the computation of any Tax Benefit Payments and determination of any amounts attributable to a TRA Holder, shall be made without taking into account Exchanges covered by such Opt Out Notice. For the avoidance of doubt, a TRA Holder who makes an election pursuant to Section 3.4(a) shall remain entitled to payments under this Agreement with respect to any Exchanges for which no election has been made pursuant to Section 3.4(a) .

Section 3.5 Five-Year Deferral Period .

(a) Any Tax Benefit Payment that would otherwise be due and payable pursuant to Section 3.1(a) during the Five-Year Deferral Period shall be reduced to the extent necessary to cause the TRA Coverage Ratio with respect to such Tax Benefit Payment to be met. The " TRA Coverage Ratio " shall be met with respect to a Tax Benefit Payment if Cash Available for Distribution during the four-quarter period ending on September 30 of the calendar year in which such Tax Benefit Payment would be due and payable equals or exceeds 130% of the Total Distributions for such four-quarter period. The cumulative amount by which any Tax Benefit Payments are reduced pursuant this Section 3.5(a) is referred to herein as the " Deferred TRA Amount ." For the avoidance of doubt, in the event that the TRA Coverage Ratio is met with respect to any portion of a Tax Benefit Payment, that portion of the Tax Benefit Payment shall be due and payable under Section 3.1(a) , with the remainder being added to the Deferred TRA Amount.

(b) Subject to Section 3.5(c) , the Corporate Taxpayer shall pay the Deferred TRA Amount as soon as practicable following the expiration of the Five-Year Deferral Period and in no event later than October 10, 2019 (the date of such actual payment, the " Deferred TRA Payment Date ").

(c) The Deferred TRA Amount shall not exceed the Corporate Taxpayer's pro rata share (as of the Deferred TRA Payment Date) of the excess of (i) Cash Available for Distribution generated during the Five-Year Deferral Period, over (ii) the actual distributions made by Spark HoldCo during the Five-Year Deferral Period.

(d) For purposes of illustration, sample calculations of the TRA Coverage Ratio and examples of non-deferral, full deferral, and partial deferral are set forth in Schedule B attached hereto.

ARTICLE IV
TERMINATION

Section 4.1 Early Termination, Breach of Agreement and Payment Related to Change of Control .

(a) The Corporate Taxpayer may terminate this Agreement at any time by paying to each TRA Holder its proportionate share of the Early Termination Payment. Upon payment of the Early Termination Payment by the Corporate Taxpayer, the Corporate Taxpayer shall not have any further payment obligations under this Agreement, other than for (i) any Tax Benefit Payment agreed to by the Corporate Taxpayer acting in good faith and any TRA Holder as due and payable but unpaid as of the Early Termination Notice and (ii) any Tax Benefit Payment due for the Taxable Year ending with or including the date of the Early Termination Notice (except to the extent that the amount described in clause (ii) is included in the Early Termination Payment). Upon payment of all amounts provided for in this Section 4.1(a) , this Agreement shall terminate.

(b) In the event that the Corporate Taxpayer breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such breach and shall include, but shall not be limited to, (i) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of a breach, (ii) any Tax Benefit Payment agreed to by the Corporate Taxpayer acting in good faith and any TRA Holder as due and payable but unpaid as of the date of a breach, and (iii) any Tax Benefit Payment due for the Taxable Year ending with or including the date of a breach. Notwithstanding the foregoing, in the event that the Corporate Taxpayer breaches this Agreement, the TRA Holders shall be entitled to elect to receive the amounts set forth in clauses (i), (ii) and (iii) above or to seek specific performance of the terms hereof. The parties agree that the failure to make any payment due pursuant to this Agreement within three (3) months of the date such payment is due shall be deemed to be a breach of a material obligation under this Agreement for all purposes of this Agreement, and that it shall not be considered to be a breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three (3) months of the date such payment is due. Notwithstanding anything in this Agreement to the contrary, it shall not be a breach of this Agreement if the Corporate Taxpayer fails to make any Tax Benefit Payment when due to the extent that the Corporate Taxpayer has insufficient funds to make such payment; provided that the interest provisions of Section 5.2 shall apply to such late payment (unless the Corporate

Taxpayer does not have sufficient cash to make such payment as a result of limitations imposed by existing credit agreements to which Spark HoldCo or any Subsidiary of Spark HoldCo is a party, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate); provided further that it shall be a breach of this Agreement, and the provisions in the first two sentences of this Section 4.1(b) shall apply as of the original due date of the Tax Benefit Payment, if the Corporate Taxpayer makes any distribution of cash or other property to its shareholders in excess of the Target Distribution while any Tax Benefit Payment is due and payable but unpaid. Any Tax Benefit Payment that is not paid when due pursuant to this Section 4.1(b) shall be due on the date of the next Tax Benefit Payment (the " Subsequent Due Date "). If all or a portion of any Tax Benefit Payment is not made to any TRA Holder on the Subsequent Due Date, such payment may be further deferred pursuant to the provisions of this Section 4.1(b) and shall continue to accrue interest pursuant to Section 5.2 .

(c) The Corporate Taxpayer and each TRA Holder hereby acknowledges that, as of the date of this Agreement, the aggregate value of the Tax Benefit Payments cannot reasonably be ascertained for U.S. federal income Tax or other applicable Tax purposes.

(d) In the event of a Change of Control, all obligations hereunder shall be accelerated and such obligations shall be calculated pursuant to this Article IV as if an Early Termination Notice had been delivered on the closing date of the Change of Control and shall include, but not be limited to, (i) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the effective date of a Change of Control, (ii) any Tax Benefit Payment in respect of a TRA Holder agreed to by the Corporation and such TRA Holder as due and payable but unpaid as of the Early Termination Notice and (iii) any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the effective date of a Change of Control. In the event of a Change of Control, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions and by substituting in each case the terms "the closing date of a Change of Control" for an "Early Termination Date."

Section 4.2 Early Termination Notice . If the Corporate Taxpayer chooses to exercise its right of early termination under Section 4.1(a) above, the Corporate Taxpayer shall deliver to Agent notice of such intention to exercise such right (the " Early Termination Notice ") and a schedule (the " Early Termination Schedule ") specifying the Corporate Taxpayer's intention to exercise such right and showing in reasonable detail the calculation of the Early Termination Payment. The Early Termination Schedule shall become final and binding on all parties thirty (30) calendar days from the first date on which Agent has received such Schedule or amendment thereto unless Agent (i) within thirty (30) calendar days after receiving the Early Termination Schedule, provides the Corporate Taxpayer with notice of a material objection to such Schedule made in good faith (" Material Objection Notice ") or (ii) provides a written waiver of such right of a Material Objection Notice within the period described in clause (i) above, in which case such Schedule becomes binding on the date the waiver is received by the Corporate Taxpayer (the " Early Termination Effective Date "). If the parties, for any reason, are unable to successfully resolve the issues raised in such notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of the Material Objection Notice, the Corporate Taxpayer and Agent shall employ the Reconciliation Procedures.

Section 4.3 Payment upon Early Termination .

(a) Within three (3) calendar days after the Early Termination Effective Date, the Corporate Taxpayer shall pay to each TRA Holder its Early Termination Payment. Each such payment shall be made by wire transfer of immediately available funds to a bank account or accounts designated by the TRA Holder or as otherwise agreed by the Corporate Taxpayer and the TRA Holder.

(b) " Early Termination Payment " shall equal, with respect to each TRA Holder, the present value, discounted at the Agreed Rate as of the Early Termination Effective Date, of all Tax Benefit Payments that would be required to be paid by the Corporate Taxpayer to the TRA Holder beginning from the Early Termination Date and assuming that the Valuation Assumptions are applied; provided that, in the event the Early Termination Effective date occurs prior to or on the same date as the Deferred TRA Payment Date, the Deferred TRA Amount shall be included in the Early Termination Payment without regard to the limitations set forth in Section 3.5(c) .

ARTICLE V
SUBORDINATION AND LATE PAYMENTS

Section 5.1 Subordination . Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment, Deferred TRA Amount or Early Termination Payment required to be made by the Corporate Taxpayer to any TRA Holder under this Agreement shall rank subordinate and junior in right of payment to any principal, interest or other amounts due and payable in respect of any obligations in respect of indebtedness for borrowed money of the Corporate Taxpayer and its Subsidiaries (" Senior Obligations ") and shall rank pari passu with all current or future unsecured obligations of the Corporate Taxpayer that are not Senior Obligations. For the avoidance of doubt, notwithstanding the above, the determination of whether it is a breach of this Agreement if the Corporate Taxpayer fails to make any Tax Benefit Payment when due is governed by Section 4.1(b) .

Section 5.2 Late Payments by the Corporate Taxpayer . The amount of all or any portion of any Tax Benefit Payment, Deferred TRA Amount or Early Termination Payment not made to any TRA Holder when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate (or, if so provided in Section 4.1(b) , at the Agreed Rate) and commencing from the date on which such Tax Benefit Payment, Deferred TRA Amount or Early Termination Payment was due and payable. For the avoidance of doubt, no interest (other than the Accrued Amount) shall accrue on any Deferred TRA Amount during the Five-Year Deferral Period, but interest shall accrue as provided in this Section 5.2 on the amount of all or any portion of any Deferred TRA Amount not made to any TRA Holder as provided in Section 3.5(b) .

ARTICLE VI
NO DISPUTES; CONSISTENCY; COOPERATION

Section 6.1 Participation in the Corporate Taxpayer's and Spark HoldCo's Tax Matters . Except as otherwise provided herein, the Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporate Taxpayer and Spark HoldCo, including without limitation the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer shall notify Agent of, and keep Agent reasonably informed with respect to, the portion of any audit of the Corporate Taxpayer and Spark HoldCo by a Taxing Authority the outcome of which is reasonably expected to affect the rights and obligations of the TRA Holders under this Agreement, and shall provide to Agent reasonable opportunity to provide information and other input to the Corporate Taxpayer, Spark HoldCo and their respective advisors concerning the conduct of any such portion of such audit; provided, however , that the Corporate Taxpayer and Spark HoldCo shall not be required to take any action that is inconsistent with any provision of the Spark HoldCo LLC Agreement.

Section 6.2 Consistency . Except upon the written advice of a Qualified Tax Advisor, and except for items that are explicitly characterized as "deemed" or in a similar manner by the terms of this Agreement, the Corporate Taxpayer and the TRA Holders agree to report and cause to be reported for all purposes, including U.S. federal, state, local and non-U.S. Tax purposes and financial reporting purposes, all Tax-related items (including, without limitation, the Reference Assets and each Tax Benefit Payment) in a manner consistent with that specified by the Corporate Taxpayer in any Schedule required to be provided by or on behalf of the Corporate Taxpayer under this Agreement. Any Dispute concerning such advice shall be subject to the terms of Section 7.9 .

Section 6.3 Cooperation . Each TRA Holder shall (i) furnish to the Corporate Taxpayer in a timely manner such information, documents and other materials as the Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (ii) make itself available to the Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other information as the Corporate Taxpayer or its representatives may reasonably request in connection with any of the matters described in clause (i) above, and (iii) reasonably cooperate in connection with any such matter, and the Corporate Taxpayer shall reimburse the TRA Holder for any reasonable third-party costs and expenses incurred pursuant to this Section 6.3 .

ARTICLE VII
MISCELLANEOUS

Section 7.1 Notices . All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given and received (i) on the date of delivery if delivered personally, or by facsimile upon confirmation of transmission by the sender's fax machine if sent on a Business Day (or otherwise on the next Business Day) or (ii) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Corporate Taxpayer, to:

2105 CityWest Blvd., Suite 100
Houston, Texas 77042
Attention: General Counsel

with a copy (which shall not constitute notice to the Corporate Taxpayer) to:

Vinson & Elkins L.L.P.
1001 Fannin, Suite 2500
Houston, Texas 77002-6760
Telephone: _____
Attention: _____

If to Agent, to:

_____
_____
_____

If to a TRA Holder, other than Agent, that is a partner in Spark HoldCo, to:

The address set forth in the records of Spark HoldCo.

Any party may change its address or fax number by giving the other party written notice of its new address or fax number in the manner set forth above.

Section 7.2 Counterparts . This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; No Third Party Beneficiaries . This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.4 Governing Law . This Agreement shall be governed by, and construed in accordance with, the law of the State of Texas, without regard to the conflicts of laws principles thereof that would mandate the application of the laws of another jurisdiction.

Section 7.5 Severability . If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 Successors; Assignment; Amendments; Waivers .

(a) No TRA Holder may assign this Agreement to any person without the prior written consent of the Corporate Taxpayer; provided , however , that (i) to the extent Spark HoldCo Units are transferred in accordance with the terms of the Spark HoldCo LLC Agreement, the transferring TRA Holder shall have the option to assign to the transferee of such Spark HoldCo Units the transferring TRA Holder's rights under this Agreement with respect to such transferred Spark HoldCo Units as long as such transferee has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer, agreeing to become a "TRA Holder" for all purposes of this Agreement, except as otherwise provided in such joinder, and (ii) any and all payments payable or that may become payable to a TRA Holder pursuant to this Agreement (A) that do not arise from an Exchange and (B) that, once an Exchange has occurred, arise with respect to the Exchanged Spark HoldCo Units, may be assigned to any Person or Persons as long as any such Person has executed and delivered, or, in connection with such assignment, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer, agreeing to be bound by Section 7.12 and acknowledging specifically the terms of Section 7.6(b) . For the avoidance of doubt, if a TRA Holder transfers Spark HoldCo Units but does not assign to the transferee of such Spark HoldCo Units the rights of such TRA Holder under this Agreement with respect to such transferred Spark HoldCo Units, such TRA Holder shall continue to be entitled to receive the Tax Benefit Payments, if any, due hereunder with respect to, including any Tax Benefit Payments arising in respect of a subsequent Exchange of, such Spark HoldCo Units.

(b) Notwithstanding the foregoing provisions of this Section 7.6 , no transferee described in clause (i) of the first sentence of Section 7.6(a) shall have the right to enforce the provisions of Section 2.3 , Section 4.2 , or Section 6.2 of this Agreement, and no assignee described in clause (ii) of the first sentence of Section 7.6(a) shall have any rights under this Agreement except for the right to enforce its right to receive payments under this Agreement.

(c) No provision of this Agreement may be amended unless such amendment is approved in writing by each of the Corporate Taxpayer and Spark HoldCo and by TRA Holders who would be entitled to receive at least two-thirds of the Early Termination Payments payable to all TRA Holders hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the most recent Exchange prior to such amendment (excluding, for purposes of this sentence, all payments made to any TRA Holder pursuant to this Agreement

since the date of such most recent Exchange); provided , however , that no such amendment shall be effective if such amendment would have a disproportionate effect on the payments certain TRA Holders will or may receive under this Agreement unless all such disproportionately affected TRA Holders consent in writing to such amendment. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

(d) Except as otherwise specifically provided herein, all of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. the Corporate Taxpayer shall cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporate Taxpayer, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporate Taxpayer would be required to perform if no such succession had taken place. Notwithstanding anything to the contrary herein, in the event a TRA Holder transfers his Spark HoldCo Units to a Permitted Transferee (as defined in the Spark HoldCo LLC Agreement), such TRA Holder shall have the right, on behalf of such transferee, to enforce the provisions of Section 2.3 , Section 4.2 or Section 6.2 with respect to such transferred Spark HoldCo Units.

Section 7.7 Titles and Subtitles . The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.8 Resolution of Disputes .

(a) Any and all disputes which are not governed by Section 7.9 , including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this Section 7.8 and Section 7.9) (each a " Dispute ") shall be governed by this Section 7.8 . The parties hereto shall attempt in good faith to resolve all Disputes by negotiation. If a Dispute between the parties hereto cannot be resolved in such manner, such Dispute shall be finally settled by arbitration conducted by a single arbitrator in **[** Texas **]** in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the Dispute fail to agree on the selection of an arbitrator within ten (10) calendar days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer admitted to the practice of law in the State of **[** Texas **]** and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings. In addition to monetary damages, the arbitrator shall be empowered to award equitable relief, including an injunction and specific performance of any obligation under this Agreement. The arbitrator is not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any Dispute. The award shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues, or accounting presented to the arbitral tribunal. Judgment upon any award may be entered and enforced in any court having jurisdiction over a party or any of its assets.

(b) Notwithstanding the provisions of Section 7.8(a) , the Corporate Taxpayer may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this Section 7.8(b) , Agent and each TRA Holder (i) expressly consents to the application of Section 7.8(c) to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Corporate Taxpayer as agent of such party for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such party in writing of any such service of process, shall be deemed in every respect effective service of process upon such party in any such action or proceeding.

(c) (i) EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN HARRIS COUNTY, TEXAS, FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (B) OF THIS SECTION 7.8 , OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this Section 7.8(c) have a reasonable relation to this Agreement, and to the parties' relationship with one another; and

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in Section 7.8(c)(i) and such parties agree not to plead or claim the same.

Section 7.9 Reconciliation . In the event that the Corporate Taxpayer and Agent or the relevant TRA Holder, as applicable, are unable to resolve a disagreement with respect to the matters governed by Section 2.3 , Section 4.2 and Section 6.2 within the relevant period designated in this Agreement (" Reconciliation Dispute "), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the " Expert ") in the particular area of disagreement mutually acceptable to both parties. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and unless the Corporate Taxpayer and Agent or the relevant TRA Holder agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporate Taxpayer or Agent or the relevant TRA Holder, as applicable, or other actual or potential conflict of interest. If the parties are unable to agree on an Expert within fifteen (15) calendar days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the

Exchange Basis Schedule or an amendment thereto or the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, the undisputed amount shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporate Taxpayer, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporate Taxpayer except as provided in the next sentence. The Corporate Taxpayer and Agent or the relevant TRA Holder, as applicable, shall bear their own costs and expenses of such proceeding, unless (i) the Expert adopts Agent's or the relevant TRA Holder's, as applicable, position, in which case the Corporate Taxpayer shall reimburse Agent or the relevant TRA Holder, as applicable, for any reasonable out-of-pocket costs and expenses in such proceeding, or (ii) the Expert adopts the Corporate Taxpayer's position, in which case Agent or the relevant TRA Holder, as applicable, shall reimburse the Corporate Taxpayer for any reasonable out-of-pocket costs and expenses in such proceeding. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.9 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.9 shall be binding on the Corporate Taxpayer and its Subsidiaries and Agent or the relevant TRA Holder, as applicable, and may be entered and enforced in any court having jurisdiction.

Section 7.10 Withholding . The Corporate Taxpayer shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporate Taxpayer is required to deduct and withhold with respect to the making of such payment under the Code or any provision of U.S. federal, state, local or non-U.S. Tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the relevant TRA Holder.

Section 7.11 Admission of the Corporate Taxpayer into a Consolidated Group; Transfers of Corporate Assets .

(a) If the Corporate Taxpayer becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Sections 1501 *et seq*. of the Code or any corresponding provisions of U.S. state or local law, then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments, Early Termination Payments and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If any entity that is obligated to make a Tax Benefit Payment or Early Termination Payment hereunder transfers one or more assets to a corporation (or a Person classified as a corporation for U.S. federal income Tax purposes) with which such entity does not file a consolidated Tax Return pursuant to Section 1501 of the Code, such entity, for purposes of

calculating the amount of any Tax Benefit Payment or Early Termination Payment (e.g., calculating the gross income of the entity and determining the Realized Tax Benefit of such entity) due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such contribution. The consideration deemed to be received by such entity shall be equal to the fair market value of the contributed asset, plus (i) the amount of debt to which such asset is subject, in the case of a contribution of an encumbered asset or (ii) the amount of debt allocated to such asset, in the case of a contribution of a partnership interest. For purposes of this Section 7.11(b) , a transfer of a partnership interest shall be treated as a transfer of the transferring partner's share of each of the assets and liabilities of that partnership.

Section 7.12 Confidentiality .

(a) Agent and each of its assignees and each TRA Holder and each of its assignees acknowledges and agrees that the information of the Corporate Taxpayer is confidential and, except in the course of performing any duties as necessary for the Corporate Taxpayer and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of the Corporate Taxpayer and its Affiliates and successors, concerning Spark HoldCo and its Affiliates and successors or the TRA Holders, learned by Agent or TRA Holder heretofore or hereafter. This Section 7.12 shall not apply to (i) any information that has been made publicly available by the Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of Agent or a TRA Holder in violation of this Agreement) or is generally known to the business community and (ii) the disclosure of information to the extent necessary for a TRA Holder to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such returns. Notwithstanding anything to the contrary herein, Agent and each of its assignees (and each employee, representative or other agent of Agent or its assignees, as applicable) and each TRA Holder and each of its assignees (and each employee, representative or other agent of such TRA Holder or its assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and Tax structure of the Corporate Taxpayer, Spark HoldCo, Agent, the TRA Holders and their Affiliates, and any of their transactions, and all materials of any kind (including opinions or other Tax analyses) that are provided to Agent or the TRA Holder relating to such Tax treatment and Tax structure.

(b) If Agent or an assignee or a TRA Holder or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12 , the Corporate Taxpayer shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporate Taxpayer or any of its Subsidiaries or the TRA Holders and the accounts and funds managed by the Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

IN WITNESS WHEREOF, the Corporate Taxpayer, Spark HoldCo, the Members, and Agent have duly executed this Agreement as of the date first written above.

CORPORATE TAXPAYER:

SPARK ENERGY, INC.

By: _____
Name: Nathan Kroeker
Title: President and Chief Executive Officer

SPARK HOLDCO:

SPARK HOLDCO, LLC

By: _____
Name: Nathan Kroeker
Title: President and Chief Executive Officer

AGENT:

_____
Name: W. Keith Maxwell III

[The signatures of the Members are attached in Schedule A.]

SCHEDULE A

THE MEMBERS OF SPARK HOLDCO, LLC PARTY TO TAX RECEIVABLE AGREEMENT

Member	Signature
NuDevco Retail Holdings, LLC	NUDEVCO RETAIL HOLDINGS, LLC By: _____ Name: Nathan Kroeker Title: President and Chief Executive Officer
NuDevco Retail, LLC	NUDEVCO RETAIL, LLC By: _____ Name: Nathan Kroeker Title: President and Chief Executive Officer

SCHEDULE B

ILLUSTRATION OF TRA COVERAGE RATIO AND DEFERRAL CALCULATIONS

Exhibit 10.7

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

SPARK HOLDCO, LLC

DATED AS OF [ ], 2014

THE LIMITED LIABILITY COMPANY INTERESTS IN SPARK HOLDCO, LLC HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE, OR ANY OTHER APPLICABLE SECURITIES LAWS, AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE MANAGING MEMBER AND THE APPLICABLE MEMBER. THE LIMITED LIABILITY COMPANY INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS, THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BY THE MANAGING MEMBER AND THE APPLICABLE MEMBER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH LIMITED LIABILITY COMPANY INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

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SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

SPARK HOLDCO, LLC

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as amended, supplemented or restated from time to time, this " ***Agreement*** ") is entered into as of [ ], 2014, by and among SPARK HOLDCO, LLC, a Delaware limited liability company (the " ***Company*** "), and each other Person who is or at any time becomes a Member in accordance with the terms of this Agreement and the Act. Capitalized terms used herein and not otherwise defined have the respective meanings set forth in Section 1.1 .

RECITALS

WHEREAS , the Company was formed pursuant to a Certificate of Formation filed in the office of the Secretary of State of the State of Delaware on April 22, 2014;

WHEREAS , in connection with the execution and delivery of the Transaction Agreement, dated as of June [18], 2014, by and among the Company, Spark Energy Ventures, LLC, a Texas limited liability company, Spark Energy, Inc., a Delaware corporation (" ***SEI*** "), Spark Energy Holdings, LLC, Texas limited liability company, NuDevo Retail, LLC, a Delaware limited liability company (" ***NuDevco Retail*** ") and NuDevco Retail Holdings, LLC, a Texas limited liability company (" ***NuDevco Retail Holdings*** ") and the consummation of the transactions contemplated thereby, NuDevco Retail, NuDevco Retail Holdings and SEI entered into the Amended and Restated Limited Liability Company Agreement of the Company, dated as of June [18], 2014 (the " ***Existing LLC Agreement*** "), pursuant to which SEI was admitted as the sole managing member of the Company (in its capacity as managing Member as well as in any other capacity, the " ***Managing Member*** ");

WHEREAS , SEI has entered into an underwriting agreement with the several underwriters named therein, providing for the initial public offering (the " ***IPO*** ") of up to shares of Class A Stock;

WHEREAS , it is contemplated that pursuant to the Transaction Agreement II, dated as of the date hereof, by and among the Company, SEI, NuDevco Retail, NuDevco Retail Holdings and Associated Energy Services, LP, a Texas limited partnership, the parties to that agreement will effect various transactions in connection with the IPO (the " ***IPO Transactions*** ");

WHEREAS , the Members of the Company consist of those Persons listed on Exhibit A as of the date hereof;

WHEREAS , the Members of the Company desire to amend and restate the Existing LLC Agreement to reflect the IPO Transactions and to provide for, among other things, the exchange rights set forth in Section 3.7 ; and

WHEREAS , this Agreement shall supersede the Existing LLC Agreement in its entirety as of the date hereof;

NOW THEREFORE , in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 **Definitions** . (a) As used in this Agreement and the Schedules and Exhibits attached to this Agreement, the following definitions shall apply:

" ***Act*** " means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq., as amended from time to time (or any corresponding provisions of succeeding law).

" ***Action*** " means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Entity.

" ***Adjusted Basis*** " has the meaning given such term in Section 1011 of the Code.

" ***Adjusted Capital Account Deficit*** " means the deficit balance, if any, in such Member's Capital Account at the end of any Fiscal Year, with the following adjustments:

(a) credit to such Capital Account any amount that such Member is obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(*c*), as well as any addition thereto pursuant to the next to last sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) after taking into account thereunder any changes during such year in Company Minimum Gain and in the minimum gain attributable to any Member Nonrecourse Debt; and

(b) debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(*d*)(4), (5) and (6).

This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(*d*) and shall be interpreted consistently therewith.

" ***Affiliate*** " means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. For these purposes, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; provided that, for purposes of this Agreement, (i) no Member shall be deemed an Affiliate of the Company or any of its Subsidiaries and (ii) none of the Company or any of its Subsidiaries shall be deemed an Affiliate of any Member.

" ***Agreement*** " is defined in the preamble.

" ***Assumed Tax Liability*** " means, with respect to any taxable year, an amount equal to (a) the cumulative amount of federal, state and local income taxes (including any applicable estimated taxes), determined taking into account the character of income and loss allocated as it affects the applicable tax rate, due from SEI in all prior taxable years and that the Managing Member estimates as of such Tax Distribution Date would be due from SEI in such taxable year, (i) assuming SEI earned solely the items of income, gain, deduction, loss, and/or credit allocated to it pursuant to Article IV , (ii) after taking proper account of loss carryforwards available to SEI resulting from losses allocated to SEI by the Company, to the extent not taken into account in prior periods, minus (b) prior distributions made pursuant to Section 5.2(a). For purposes of determining the Assumed Tax Liability of SEI, adjustments by reason of Sections 734(b) or 743(b) of the Code shall be taken into account.

" ***beneficially own*** " and " ***beneficial owner*** " shall be as defined in Rule 13d-3 of the rules promulgated under the Exchange Act.

" ***Business Day*** " means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the City of Houston, Texas.

" ***Call Election Notice*** " is defined in Section 3.7(g)(ii) .

" ***Call Right*** " has the meaning set forth in Section 3.7(g)(i) .

" ***Capital Account*** " means, with respect to any Member, the Capital Account maintained for such Member in accordance with Section 3.4 .

" ***Capital Contributions*** " means, with respect to any Member, the amount of cash and the initial Gross Asset Value of any property (other than cash) contributed to the Company by such Member. Any reference to the Capital Contributions of a Member will include the Capital Contributions made by a predecessor holder of such Member's Units to the extent the Capital Contribution was made in respect of Units Transferred to such Member.

" ***Cash Election*** " is defined in Section 3.7(a)(ii) .

" ***Cash Election Amount*** " means with respect to a particular Exchange, an amount of cash equal to the value of the shares of Class A Stock that would be received in such Exchange as of the date of receipt by the Company of the Exchange Notice with respect to such Exchange pursuant to Section 3.7 (the " ***Valuation Date*** "), decreased by any distributions received by the Exchanging Member with respect to the Units that are the subject of the Exchange following the date of receipt by the Company of the Exchange Notice where the record date for such distribution was after the date of receipt of such notice. For this purpose, the value of a share of Class A Stock shall equal (i) if shares of Class A Stock are then admitted to trading on a National Securities Exchange, the volume weighted average price on such exchange of a share of Class A Stock for the 30 trading days ending on the trading day prior to the Valuation Date or (ii) in the event shares of Class A Stock are not then admitted to trading on a National Securities Exchange, the value, as reasonably determined by the Managing Member in good faith, that would be obtained in an arm's length transaction for cash between an informed and willing buyer and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, and without regard to the particular circumstances of the buyer or seller.

" ***Class A Stock*** " shall, as applicable, (i) mean the Class A Common Stock, par value $0.01 per share, of SEI or (ii) following any consolidation, merger, reclassification or other similar event involving SEI, mean any shares or other securities of SEI or any other Person or cash or other property that become payable in consideration for the Class A Stock or into which the Class A Stock is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

" ***Class B Stock*** " shall, as applicable, (i) mean the Class B Common Stock, par value $0.01 per share, of SEI or (ii) following any consolidation, merger, reclassification or other similar event involving SEI, mean any shares or other securities of SEI or any other Person or cash or other property that become payable in consideration for the Class B Stock or into which the Class B Stock is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

" ***Code*** " means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

" ***Commission*** " means the U.S. Securities and Exchange Commission.

" ***Company*** " is defined in the preamble to this Agreement.

" ***Company Minimum Gain*** " has the meaning of "partnership minimum gain" set forth in Treasury Regulations Sections 1.704-2(b)(2) and -2(d). It is further understood that Company Minimum Gain shall be determined in a manner consistent with the rules of Treasury Regulations Section 1.702-2(b)(2), including the requirement that if the adjusted Gross Asset Value of property subject to one or more Nonrecourse Liabilities differs from its adjusted tax basis, Company Minimum Gain shall be determined with reference to such Gross Asset Value.

" ***Contract*** " means any written agreement, contract, lease, sublease, license, sublicense, obligation, promise or undertaking.

" ***control*** " (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

" ***Depreciation*** " means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that (a) with respect to any such property the Gross Asset Value of which differs from its Adjusted Basis for federal income tax purposes and which difference is being eliminated by use of the "remedial method" pursuant to Treasury Regulations Section 1.704-3(d), Depreciation for such Fiscal Year shall be the amount of book basis recovered for such Fiscal Year under the rules prescribed by Treasury Regulations Section 1.704-3(d)(2), and (b) with respect to any other such property the Gross Asset Value of which differs from its Adjusted Basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning Adjusted Basis; *provided* , *however* , that if the Adjusted Basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation with respect to such asset shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Matters Member.

" ***DGCL*** " means the General Corporation Law of the State of Delaware, as amended from time to time (or any corresponding provisions of succeeding law).

" ***Equity Securities*** " means (a) with respect to a partnership, limited liability company or similar Person, any and all units, interests, rights to purchase, warrants, options or other equivalents of, or other ownership interests in, any such Person as well as debt or equity instruments convertible, exchangeable or exercisable into any such units, interests, rights or other ownership interests and (b) with respect to a corporation, any and all shares, interests, participation or other equivalents (however designated) of corporate stock, including all common stock and preferred stock, or warrants, options or other rights to acquire any of the foregoing, including any debt instrument convertible or exchangeable into any of the foregoing.

" ***Exchange*** " has the meaning set forth in Section 3.7(a) .

" ***Exchange Act*** " means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as the same may be amended from time to time (or any corresponding provisions of succeeding law).

" ***Exchange Date*** " is defined in Section 3.7(c) .

" ***Exchange Notice*** " is defined in Section 3.7(b) .

" ***Exchanging Member*** " is defined in Section 3.7(b) .

" ***Existing LLC Agreement*** " is defined in the recitals to this Agreement.

" ***Fair Market Value*** " means the fair market value of any property as determined in good faith by the Managing Member after taking into account such factors as the Managing Member shall deem appropriate.

" ***Fiscal Year*** " means the fiscal year of the Company, which shall end on December 31 of each calendar year unless, for federal income tax purposes, another fiscal year is required. The Company shall have the same fiscal year for federal income tax purposes and for accounting purposes.

" ***GAAP*** " means generally acceptable accounting principles at the time.

" ***Good Faith*** " means a Person having acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal proceeding, having had no reasonable cause to believe such Person's conduct was unlawful.

" ***Governmental Entity*** " means any federal, national, supranational, state, provincial, local, foreign or other government, governmental, stock exchange, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

" ***Gross Asset Value*** " means, with respect to any asset, the asset's Adjusted Basis for federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross Fair Market Value of such asset as of the date of such contribution;

(b) the Gross Asset Values of all Company assets shall be adjusted to equal their respective gross Fair Market Values as of the following times: (i) the acquisition of an interest (or additional interest) in the Company by any new or existing Member in exchange for more than a *de minimis* Capital Contribution to the Company or in exchange for the performance of more than a *de minimis* amount of services to or for the benefit of the Company; (ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company assets as consideration for an interest in the Company; (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(*g*)(1) (other than pursuant to Code Section 708(b)(1)(B)); (iv) the acquisition of an interest in the Company by any new or existing Member upon the exercise of a noncompensatory option in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(*s*); or (v) any other event to the extent determined by the Managing Member to be permitted and necessary to properly reflect Gross Asset Values in accordance with the standards set forth in Treasury Regulations Section 1.704-1(b)(2)(iv)(*q*); *provided* , however, that adjustments pursuant to clauses (i), (ii) and (iv) above shall be made only if the Managing Member reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company. If any noncompensatory options are outstanding upon the occurrence of an event described in this paragraph (b)(i) through (b)(v), the Company shall adjust the Gross Asset Values of its properties in accordance with Treasury Regulations Sections 1.704-1(b)(2)(iv)(*f*)(1) and 1.704-1(b)(2)(iv)(*h*)(2);

(c) the Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross Fair Market Value of such asset on the date of such distribution;

(d) the Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(*m*) and subsection (f) in the definition of "Profits" or "Losses" below or Section 4.2(g) ; *provided* , however, that the Gross Asset Value of a Company asset shall not be adjusted pursuant to this subsection to the extent the Managing Member determines that an adjustment pursuant to subsection (b) of this definition is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d); and

(e) if the Gross Asset Value of a Company asset has been determined or adjusted pursuant to subsections (a) , (b) or (d) of this definition of Gross Asset Value, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits, Losses and other items allocated pursuant to Article IV .

" ***Indebtedness*** " means (a) all indebtedness for borrowed money (including capitalized lease obligations, sale-leaseback transactions or other similar transactions, however evidenced), (b) any other indebtedness that is evidenced by a note, bond, debenture, draft or similar instrument, (c) notes payable and (d) lines of credit and any other agreements relating to the borrowing of money or extension of credit.

" ***Interest*** " means the entire interest of a Member in the Company, including the Units and all of such Member's rights, powers and privileges under this Agreement and the Act.

" ***IPO*** " is defined in the recitals to this Agreement.

" ***IPO Date Capital Account Balance*** " means, with respect to any Member, the positive Capital Account balance of such Member as of the date hereof, the amount or deemed value of which is set forth on Exhibit A .

" ***IPO Transactions*** " is defined in the recitals to this Agreement.

" ***Law*** " means any federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including common law).

" ***Legal Action*** " is defined in Section 11.7 .

" ***Liability*** " means any liability or obligation, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due, regardless of when asserted.

" ***Liquidating Events*** " is defined in Section 10.1 .

" ***Loss*** " means any and all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable attorneys' fees and expenses, but excluding any allocation of corporate overhead, internal legal department costs and other internal costs and expenses).

" ***Managing Member*** " is defined in the recitals to this Agreement.

" ***Member*** " means any Person that executes this Agreement as a Member, and any other Person admitted to the Company as an additional or substituted Member, that has not made a disposition of such Person's entire Interest.

" ***Member Minimum Gain*** " has the meaning ascribed to "partner nonrecourse debt minimum gain" set forth in Treasury Regulations Section 1.704-2(i). It is further understood that the determination of Member Minimum Gain and the net increase or decrease in Member Minimum Gain shall be made in the same manner as required for such determination of Company Minimum Gain under Treasury Regulations Sections 1.704-2(d) and -2(g)(3).

" ***Member Nonrecourse Debt*** " has the meaning of "partner nonrecourse debt" set forth in Treasury Regulations Section 1.704-2(b)(4).

" ***Member Nonrecourse Deductions*** " has the meaning of "partner nonrecourse deductions" set forth in Treasury Regulations Sections 1.704-2(i)(1) and 1.704-2(i)(2).

" ***National Securities Exchange*** " means an exchange registered with the Commission under the Exchange Act.

" ***Nonrecourse Deductions*** " has the meaning assigned that term in Treasury Regulations Section 1.704-2(b).

" ***Nonrecourse Liability*** " is defined in Treasury Regulations Section 1.704-2(b)(3).

" ***Notice*** " is defined in Section 3.3(c) .

" ***NuDevco Retail*** " is defined in the recitals to this Agreement.

" ***NuDevco Retail Holdings*** " is defined in the recitals to this Agreement.

" ***Officer*** " means each Person designated as an officer of the Company pursuant to and in accordance with the provisions of Section 6.2 , subject to any resolution of the Managing Member appointing such Person as an officer or relating to such appointment.

" ***Permitted Transferee*** " means, with respect to any Member, (a) any Affiliate of such Member; (b) any successor entity of such Member; (c) a trust established by or for the benefit of a Member of which only such Member and his or her immediate family members are beneficiaries; (d) any Person established for the benefit of, and beneficially owned solely by, an entity Member or the sole individual direct or indirect owner of an entity Member; and (d) upon an individual Member's death, an executor, administrator or beneficiary of the estate of the deceased Member.

" ***Person*** " means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

" ***Plan Asset Regulations*** " means the regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations, or any successor regulations as the same may be amended from time to time.

" President and Chief Executive Officer " is defined in Section 6.2(b) .

" ***Prime Rate*** " means, on any date of determination, a rate per annum equal to the rate of interest most recently published by The Wall Street Journal as the "prime rate" at large U.S. money center banks.

" ***Proceeding*** " is defined in Section 6.4 .

" ***Profits*** " or " ***Losses*** " means, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) any income or gain of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(*i*), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) in the event the Gross Asset Value of any Company asset is adjusted pursuant to subsection (b) or (c) of the definition of Gross Asset Value above, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the Company asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the Company asset) from the disposition of such asset and shall, except to the extent allocated pursuant to Section 4.2 , be taken into account for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of Company assets with respect to which gain or loss is recognized for federal income tax purposes shall be computed with reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value;

(e) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation;

(f) to the extent an adjustment to the adjusted tax basis of any asset pursuant to Code Section 734(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(*m*)(4), to be taken into account in determining Capital Account balances as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or an item of loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) any items of income, gain, loss or deduction which are specifically allocated pursuant to the provisions of Section 4.2 shall not be taken into account in computing Profits or Losses for any taxable year, but such items available to be specially allocated pursuant to Section 4.2 will be determined by applying rules analogous to those set forth in subparagraphs (a) through (f) above.

" ***Property*** " means all real and personal property owned by the Company from time to time, including both tangible and intangible property.

" ***SEI*** " is defined in the recitals to this Agreement.

" ***SEI Common Stock*** " means all classes and series of common stock of SEI, including the Class A Stock and Class B Stock.

" ***SEI Offer*** " is defined in Section 3.7(h) .

" ***Quarterly Distribution Date*** " means _____

" ***Reclassification Event*** " means any of the following: (i) any reclassification or recapitalization of SEI Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination or any transaction subject to Section 3.1(g)), (ii) any merger, consolidation or other combination involving the Managing Member, or (iii) any sale, conveyance, lease, or other disposal of all or substantially all the properties and assets of the Managing Member to any other Person, in each of clauses (i), (ii) or (iii), as a result of which holders of SEI Common Stock shall be entitled to receive cash, securities or other property for their shares of SEI Common Stock.

" ***Regulatory Allocations*** " is defined in Section 4.2(h) .

" ***Revocation Notice*** " is defined in Section 3.7(g)(ii) .

" ***Securities Act*** " means the Securities Act of 1933, and the rules and regulations promulgated thereunder, as the same may be amended from time to time (or any corresponding provisions of succeeding law).

" ***Subsidiary*** " means, with respect to any specified Person, any other Person with respect to which such specified Person (a) has, directly or indirectly, the power, through the ownership of securities or otherwise, to elect a majority of directors or similar managing body or (b) beneficially owns, directly or indirectly, a majority of such Person's Equity Securities.

"Target Distribution" is defined in the Tax Receivable Agreement.

" ***Tax Advance*** " has the meaning set forth in Section 5.2(d).

" ***Tax Distribution Date*** " means any date that is two Business Days prior to the date on which estimated federal income tax payments are required to be made by calendar year corporate taxpayers and the due date for federal income tax returns of corporate calendar year taxpayers (without regard to extensions).

" ***Tax Matters Member*** " means the "tax matters partner" as defined in Code Section 6231(a)(7) and as appointed in Section 9.4 .

" ***Tax Receivable Agreement*** " means the Tax Receivable Agreement dated as of [ ], 2014, by and among the Company, SEI, NuDevco Retail and NuDevco Retail Holdings, as the same may be amended, supplemented or restated from time to time.

" ***Transfer*** " means, as a noun, any voluntary or involuntary, direct or indirect (whether through a change of control of the Transferor or any Person that controls the Transferor, the issuance or transfer of Equity Securities of the Transferor, by operation of law or otherwise), transfer, sale, pledge or hypothecation or other disposition and, as a verb, voluntarily or involuntarily, directly or indirectly (whether through a change of control of the Transferor or any Person that controls the Transferor, the issuance or transfer of Equity Securities of the Transferor or any Person that controls the Transferor, by operation of law or otherwise), to transfer, sell, pledge or hypothecate or otherwise dispose of. The terms "Transferee," "Transferor," "Transferred," and other forms of the word "Transfer" shall have the correlative meanings.

"TRA Payment Date" means each "Payment Date," as defined in the Tax Receivable Agreement. For the avoidance of doubt, each TRA Payment Date shall be determined without taking into account any payment deferrals to which SEI is entitled under the terms of the Tax Receivable Agreement.

" ***Transfer Agent*** " is defined in Section 3.7(b) .

" ***Treasury Regulations*** " means pronouncements, as amended from time to time, or their successor pronouncements, which clarify, interpret and apply the provisions of the Code, and which are designated as "Treasury Regulations" by the United States Department of the Treasury.

" ***Units*** " means the Units issued hereunder and shall also include any equity security issued in respect of or in exchange for Units, whether by way of dividend or other distribution, split, recapitalization, merger, rollup transaction, consolidation, conversion or reorganization.

" ***Valuation Date*** " is defined in the definition of "Cash Election Amount."

" ***Winding-Up Member*** " is defined in Section 10.3(a) .

Section 1.2 **Interpretive Provisions** . For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Section 1.1 have the meanings assigned to them in Section 1.1 and are applicable to the singular as well as the plural forms of such terms;

(b) all accounting terms not otherwise defined herein have the meanings assigned under GAAP;

(c) all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in United States dollars;

(d) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;

(e) whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation";

(f) "or" is not exclusive;

(g) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms; and

(h) the words "hereof", "herein" and "hereunder" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

ARTICLE II

ORGANIZATION OF THE LIMITED LIABILITY COMPANY

Section 2.1 **Formation** . The Company has been formed as a limited liability company subject to the provisions of the Act upon the terms, provisions and conditions set forth in this Agreement.

Section 2.2 **Filing** . The Company's Certificate of Formation has been filed with the Secretary of State of the State of Delaware in accordance with the Act. The Members shall execute such further documents (including amendments to such Certificate of Formation) and take such further action as is appropriate to comply with the requirements of Law for the formation or operation of a limited liability company in Delaware and in all states and counties where the Company may conduct its business.

Section 2.3 **Name** . The name of the Company is "SPARK HOLDCO, LLC" and all business of the Company shall be conducted in such name or, in the discretion of the Managing Member, under any other name.

Section 2.4 **Registered Office; Registered Agent** . The location of the registered office of the Company in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, or at such other place as the Managing Member from time to time may select. The name and address for service of process on the Company in the State of Delaware are Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, or such other qualified Person as the Managing Member may designate from time to time and its business address.

Section 2.5 **Principal Place of Business** . The principal place of business of the Company shall be located in such place as is determined by the Managing Member from time to time.

Section 2.6 **Purpose; Powers** . The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which limited liability companies may be formed under the Act. The Company shall have the power and authority to take any and all actions and engage in any and all activities necessary, appropriate, desirable, advisable, ancillary or incidental to the accomplishment of the foregoing purpose.

Section 2.7 **Term** . The term of the Company commenced on the date of filing of the Certificate of Formation of the Company with the office of the Secretary of State of the State of Delaware in accordance with the Act and shall continue indefinitely. The Company may be dissolved and its affairs wound up only in accordance with Article X .

Section 2.8 **Intent** . It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a "partnership" for federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the Federal Bankruptcy Code. Neither the Company nor any Member shall take any action inconsistent with the express intent of the parties hereto as set forth in this Section 2.8 .

ARTICLE III

OWNERSHIP AND CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

Section 3.1 **Authorized Units; General Provisions With Respect to Units** .

(a) Subject to the provisions of this Agreement, the Company shall be authorized to issue from time to time such number of Units and such other Equity Securities as the Managing Member shall determine in accordance with Section 3.3 . Each authorized Unit may be issued pursuant to such agreements as the Managing Member shall approve, including pursuant to options and warrants. The Company may reissue any Units that have been repurchased or acquired by the Company.

(b) Each outstanding Unit shall be identical (except with respect to vesting and as provided in Section 3.3).

(c) Initially, none of the Units will be represented by certificates. If the Managing Member determines that it is in the interest of the Company to issue certificates representing the Units, certificates will be issued and the Units will be represented by those certificates, and this Agreement shall be amended as necessary or desirable to reflect the issuance of certificated Units for purposes of the Uniform Commercial Code. Nothing contained in this Section 3.1(c) shall be deemed to authorize or permit any Member to Transfer its Units except as otherwise permitted under this Agreement.

(d) The total number of Units issued and outstanding and held by the Members is set forth on Exhibit A (as amended from time to time in accordance with the terms of this Agreement) as of the date set forth therein.

(e) If at any time SEI issues a share of its Class A Stock (subsequent to the IPO) or any other Equity Security of SEI (other than shares of Class B Stock), (i) the Company shall issue to SEI one Unit (if SEI issues a share of Class A Stock), or such other Equity Security of the Company (if SEI issues Equity Securities other than Class A Stock) corresponding to the Equity Securities issued by SEI, and with substantially the same rights to dividends and distributions (including distributions upon liquidation) and other economic rights as those of such Equity Securities of SEI and (ii) the net proceeds received by SEI with respect to the corresponding share of Class A Stock or other Equity Security, if any, shall be concurrently transferred to the Company; *provided , however* , that if SEI issues any shares of Class A Stock in order to purchase or fund the purchase from a Member of a number of Units (and shares of Class B

Stock) equal to the number of shares of Class A Stock so issued, then the Company shall not issue any new Units in connection therewith and SEI shall not be required to transfer any net proceeds of such issuance to the Company (it being understood that any such net proceeds shall instead be transferred to the selling Member as consideration for such purchase). Notwithstanding the foregoing, this Section 3.1(e) shall not apply to the issuance and distribution to holders of shares of SEI Common Stock of rights to purchase Equity Securities of SEI under a "poison pill" or similar shareholders rights plan (it being understood that upon exchange of Units for Class A Stock, such Class A Stock will be issued together with a corresponding right), or to the issuance under SEI's employee benefit plans of any warrants, options, other rights to acquire Equity Securities of SEI or rights or property that may be converted into or settled in Equity Securities of SEI, but shall in each of the foregoing cases apply to the issuance of Equity Securities of SEI in connection with the exercise or settlement of such rights, warrants, options or other rights or property. Except pursuant to Section 3.7 , (x) the Company may not issue any additional Units to SEI or any of its Subsidiaries unless simultaneously SEI or such Subsidiary issues or sells an equal number of shares of SEI's Class A Stock to another Person, and (y) the Company may not issue any other Equity Securities of the Company to SEI or any of its Subsidiaries unless simultaneously SEI or such Subsidiary issues or sells, to another Person, an equal number of shares of a new class or series of Equity Securities of SEI or such Subsidiary with substantially the same rights to dividends and distributions (including distributions upon liquidation) and other economic rights as those of such Equity Securities of the Company.

(f) SEI or any of its Subsidiaries may not redeem, repurchase or otherwise acquire (i) any shares of Class A Stock (including upon forfeiture of any unvested shares of Class A Stock) unless simultaneously the Company redeems, repurchases or otherwise acquires from SEI an equal number of Units for the same price per security or (ii) any other Equity Securities of SEI unless simultaneously the Company redeems, repurchases or otherwise acquires from SEI an equal number of Equity Securities of the Company of a corresponding class or series with substantially the same rights to dividends and distributions (including distributions upon liquidation) and other economic rights as those of such Equity Securities of SEI for the same price per security. Except pursuant to Section 3.7 , the Company may not redeem, repurchase or otherwise acquire (A) any Units from SEI or any of its Subsidiaries unless simultaneously SEI or such Subsidiary redeems, repurchases or otherwise acquires an equal number of shares of Class A Stock for the same price per security from holders thereof, or (B) any other Equity Securities of the Company from SEI or any of its Subsidiaries unless simultaneously SEI or such Subsidiary redeems, repurchases or otherwise acquires for the same price per security an equal number of Equity Securities of SEI of a corresponding class or series with substantially the same rights to dividends and distributions (including distribution upon liquidation) and other economic rights as those of such Equity Securities of SEI. Notwithstanding the foregoing, to the extent that any consideration payable by SEI in connection with the redemption or repurchase of any shares of Class A Stock or other Equity Securities of SEI or any of its Subsidiaries consists (in whole or in part) of shares of Class A Stock or such other Equity Securities (including, for the avoidance of doubt, in connection with the cashless exercise of an option or warrant), then the redemption or repurchase of the corresponding Units or other Equity Securities of the Company shall be effectuated in an equivalent manner.

(g) The Company shall not in any manner effect any subdivision (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combination (by reverse stock split, reclassification, recapitalization or otherwise) of the outstanding Units unless accompanied by an identical subdivision or combination, as applicable, of the outstanding SEI Common Stock, with corresponding changes made with respect to any other exchangeable or convertible securities. SEI shall not in any manner effect any subdivision (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combination (by reverse stock split, reclassification, recapitalization or otherwise) of the outstanding SEI Common Stock unless accompanied by an identical subdivision or combination, as applicable, of the outstanding Units, with corresponding changes made with respect to any other exchangeable or convertible securities.

Section 3.2 **Voting Rights** . No Member has any voting right except with respect to those matters specifically reserved for a Member vote under the Act and for matters expressly requiring the approval of Members under this Agreement. Except as otherwise required by the Act, each Unit will entitle the holder thereof to one vote on all matters to be voted on by the Members. Except as otherwise expressly provided in this Agreement, the holders of Units having voting rights will vote together as a single class on all matters to be approved by the Members.

Section 3.3 **Capital Contributions; Unit Ownership** .

(a) *Capital Contributions* . Each Member named on Exhibit A shall be credited with the IPO Date Capital Account Balance set forth on Exhibit A in respect of its Interest specified thereon. No Member shall be required to make additional Capital Contributions.

(b) *Issuance of Additional Units or Interests* . Except as otherwise expressly provided in this Agreement, the Managing Member shall have the right to authorize and cause the Company to issue on such terms (including price) as may be determined by the Managing Member (i) subject to the limitations of Section 3.1 , additional Units or other Equity Securities in the Company (including creating preferred interests or other classes or series of securities having such rights, preferences and privileges as determined by the Managing Member), and (ii) obligations, evidences of Indebtedness or other securities or interests convertible or exchangeable for Units or other Equity Securities in the Company; provided that, at any time following the date hereof, in each case the Company shall not issue Equity Securities in the Company to any Person unless such Person shall have executed a counterpart to this Agreement and all other documents, agreements or instruments deemed necessary or desirable in the discretion of the Managing Member. In that event, the Managing Member shall amend Exhibit A to reflect such additional issuances.

Section 3.4 **Capital Accounts** . A Capital Account shall be maintained for each Member in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and, to the extent consistent with such regulations, the other provisions of this Agreement. The Capital Account balance of each of the Members as of the date hereof is its respective IPO Date Capital Account Balance set forth on Exhibit A . Thereafter, each Member's Capital Account shall be (a) increased by (i) allocations to such Member of Profits pursuant to Section 4.1 and any other items of income or gain allocated to such Member pursuant to Section 4.2 , (ii) the amount of additional cash or the initial Gross Asset Value of any asset (net of any Liabilities assumed by the Company and any Liabilities to which the asset is subject) contributed to the Company by such Member, and (iii) any other increases allowed or required by Treasury Regulations Section 1.704-1 (b)(2)(iv), and (b) decreased by (i) allocations to such Member of Losses pursuant to Section 4.1 and any other items of deduction or loss allocated to such Member pursuant to the provisions of Section 4.2 , (ii) the amount of any cash or the Gross Asset Value of any asset (net of any Liabilities assumed by the Company and any Liabilities to which the asset is subject) distributed to such Member, and (iii) any other decreases allowed or required by Treasury Regulations Section 1.704-1(b)(2) (iv). In the event of a Transfer of Units made in accordance with this Agreement, the Capital Account of the Transferor that is attributable to the Transferred Units shall carry over to the Transferee Member in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(*l*).

Section 3.5 **Reserved** .

Section 3.6 **Other Matters** .

(a) No Member shall demand or receive a return on or of its Capital Contributions or withdraw from the Company without the consent of the Managing Member. Under circumstances requiring a return of any Capital Contributions, no Member has the right to receive property other than cash.

(b) No Member shall receive any interest, salary, compensation, draw or reimbursement with respect to its Capital Contributions or its Capital Account, or for services rendered or expenses incurred on behalf of the Company or otherwise in its capacity as a Member, except as otherwise provided in or contemplated by this Agreement.

(c) The Liability of each Member shall be limited as set forth in the Act and other applicable Law and, except as expressly set forth in this Agreement or required by Law, no Member (or any of its Affiliates) shall be personally liable, whether to the Company, to any of the other Members, to the creditors of the Company, or to any other third party, for any debt or Liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Member of the Company.

(d) Except as otherwise required by the Act, a Member shall not be required to restore a deficit balance in its Capital Account, to lend any funds to the Company or to make any additional contributions or payments to the Company.

(e) The Company shall not be obligated for the repayment of any Capital Contributions of any Member.

Section 3.7 **Exchange of Units** .

(a) (i) Subject to adjustment as provided in Section 3.7(d) and subject to SEI's rights described in Section 3.7(g) , each of the Members other than SEI shall be entitled to exchange with the Company, at any time and from time to time, any or all of such Member's Units (together with the same number of shares of Class B Stock) for an equivalent number of shares of Class A Stock (an " ***Exchange*** ") or, at the Company's election made in accordance with Section 3.7(a)(ii) , cash equal to the Cash Election Amount calculated with respect to such Exchange. Each Exchange shall be treated for federal income tax purposes as a sale of the Exchanging Member's Units (together with the same number of shares of Class B Stock) to SEI in exchange for shares of Class A Stock or cash, as applicable.

(ii) Upon receipt of an Exchange Notice, the Company shall be entitled to elect (a " ***Cash Election*** ") to settle the Exchange by the delivery to the Exchanging Member, in lieu of the applicable number of shares of Class A Stock that would be received in such Exchange, an amount of cash equal to the Cash Election Amount for such Exchange. In order to make a Cash Election with respect to an Exchange, the Company must provide written notice of such election to the Exchanging Member prior to 1:00 pm, Houston time, on the third Business Day after the date on which the Exchange Notice shall have been received by the Company. If the Company fails to provide such written notice prior to such time, it shall not be entitled to make a Cash Election with respect to such Exchange.

(iii) Each Exchanging Member shall be permitted to effect an exchange of Units and shares of Class B Stock pursuant to this Section 3.7 that involves less than 1,000,000 Units no more frequently than on a quarterly basis; *provided , however* , that if an Exchanging Member provides an Exchange Notice with respect to all of the Units and shares of Class B Stock held by such Exchanging Member, such Exchange may occur at any time, subject to this Section 3.7 .

(b) In order to exercise the exchange right under Section 3.7(a) , the exchanging Member (the " ***Exchanging Member*** ") shall provide written notice (the " ***Exchange Notice*** ") to the Company and SEI, stating that the Exchanging Member elects to exchange with the Company a stated (and equal) number of Units and shares of Class B Stock represented, if applicable, by a certificate or certificates, to the extent specified in such notice, and if the shares of Class A Stock to be received are to be issued other than in the name of the Exchanging Member, specifying the name(s) of the Person(s) in whose name or on whose order the shares of Class A Stock are to be issued, and shall present and surrender the certificate or certificates representing such Units and shares of Class B Stock (in each case, if certificated) during normal business hours at the principal executive offices of the Company, or if any agent for the registration or transfer of Class A Stock is then duly appointed and acting (the " ***Transfer Agent*** "), at the office of the Transfer Agent with respect to such Class A Stock.

(c) If required by SEI, any certificate for Units and shares of Class B Stock (in each case, if certificated) surrendered for exchange with the Company shall be accompanied by instruments of transfer, in form reasonably satisfactory to SEI and the Transfer Agent (if then duly appointed and acting), duly executed by the Exchanging Member or the Exchanging Member's duly authorized representative. If the Company has not made a valid Cash Election, then as promptly as practicable after the receipt of the Exchange Notice and the surrender to the Company of the certificate or certificates, if any, representing such Units and shares of Class B Stock (but in any event by the Exchange Date, as defined below), SEI shall issue and contribute to the Company, and the Company shall deliver to the Exchanging Member, or on the Exchanging Member's written order, a certificate or certificates, if applicable, for the number of shares of Class A Stock issuable upon the Exchange, and the Company shall deliver such Units and shares of Class B Stock to SEI in exchange for no additional consideration. If the Company has made a valid Cash Election, then as promptly as practicable after the receipt of the Exchange Notice (but in no event more than three Business Days after receipt of the Exchange Notice), upon surrender to the Company of the certificate or certificates, if any, representing such Units and shares of Class B Stock, the Company shall deliver to the Exchanging Member as directed by the Exchanging Member by wire transfer of immediately available funds the Cash Election Amount payable upon the Exchange, and the Company shall deliver such Units and shares of Class B Stock to SEI for no additional consideration. Each Exchange shall be deemed to have been effected on (i) (x) the Business Day after the date on which the Exchange Notice shall have been received by the Company, SEI or the Transfer Agent, as applicable (subject to receipt by the Company, SEI or the Transfer Agent, as applicable, within three Business Days thereafter of any required instruments of transfer as aforesaid) if the Company has not made a valid Cash Election with respect to such Exchange or (y) if the Company has made a valid Cash Election with respect to such Exchange, the first Business

Day on which the Company has available funds to pay the Cash Election Amount (but in no event more than three Business Days after receipt of the Exchange Notice), or (ii) such later date specified in or pursuant to the Exchange Notice (such date identified in clause (i) or (ii), as applicable, the " ***Exchange Date*** "). If the Company has not made a valid Cash Election, and the Person or Persons in whose name or names any certificate or certificates for shares of Class A Stock (which certificates shall bear any legends as may be required in accordance with applicable Law) shall be issuable upon such Exchange as aforesaid shall be deemed to have become, on the Exchange Date, the holder or holders of record of the shares represented thereby. Notwithstanding anything herein to the contrary, unless the Company has made a valid Cash Election, any Exchanging Member may withdraw or amend an Exchange request, in whole or in part, prior to the effectiveness of the applicable Exchange, at any time prior to 5:00 p.m., Houston time, on the Business Day immediately preceding the Exchange Date (or any such later time as may be required by applicable law) by delivery of a written notice of withdrawal to the Company, SEI or the Transfer Agent, specifying (1) the certificate numbers of the withdrawn Units (if any) and shares of Class B Stock, (2) if any, the number of Units and shares of Class B Stock as to which the Exchange Notice remains in effect and (3) if the Exchanging Member so determines, a new Exchange Date or any other new or revised information permitted in an Exchange Notice. An Exchange Notice may specify that the Exchange is to be contingent (including as to timing) upon the consummation of a purchase by another Person (whether in a tender or exchange offer, an underwritten offering or otherwise) of the shares of Class A Stock into which the Units and shares of Class B Stock are exchangeable, or contingent (including as to timing) upon the closing of an announced merger, consolidation or other transaction or event in which the shares of Class A Stock would be exchanged or converted or become exchangeable for or convertible into cash or other securities or property, provided that the foregoing shall not apply to any Exchange with respect to which the Company has made a valid Cash Election.

(d) If (i) there is any reclassification, reorganization, recapitalization or other similar transaction pursuant to which the shares of Class A Stock are converted or changed into another security, securities or other property, or (ii) SEI shall, by dividend or otherwise, distribute to all holders of the shares of Class A Stock evidences of its indebtedness or assets, including securities (including shares of Class A Stock and any rights, options or warrants to all holders of the shares of Class A Stock to subscribe for or to purchase or to otherwise acquire shares of Class A Stock, or other securities or rights convertible into, exchangeable for or exercisable for shares of Class A Stock) but excluding any cash dividend or distribution as well as any such distribution of indebtedness or assets received by SEI from the Company in respect of the Units, then upon any subsequent Exchange, in addition to the shares of Class A Stock or the Cash Election Amount, as applicable, each Member shall be entitled to receive the amount of such security, securities or other property that such Member would have received if such Exchange had occurred immediately prior to the effective date of such reclassification, reorganization, recapitalization, other similar transaction dividend or other distribution, taking into account any adjustment as a result of any subdivision (by any split, distribution or dividend, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of such security, securities or other property that occurs after the effective time of such reclassification, reorganization, recapitalization or other similar transaction. For the avoidance of doubt, if there is any reclassification, reorganization, recapitalization or other similar transaction in which the shares of Class A Stock are converted or changed into another security, securities or other property, or any dividend or distribution (other than an excluded dividend or distribution, as described above), this Section 3.7 shall continue to be applicable, mutatis mutandis, with respect to such security or other property. This Agreement shall apply to the Units held by the Members and their Permitted Transferees as of the date hereof, as well as any Units hereafter acquired by a Member and his or her or its Permitted Transferees.

(e) SEI shall at all times keep available, solely for the purpose of issuance upon an Exchange, such number of shares of Class A Stock that shall be issuable upon the Exchange of all such outstanding Units and shares of Class B Stock; provided, that nothing contained herein shall be construed to preclude SEI from satisfying its obligations with respect of an Exchange by delivery of shares of Class A Stock that are held in the treasury of SEI. SEI covenants that all shares of Class A Stock that shall be issued upon an Exchange shall, upon issuance thereof, be validly issued, fully paid and non-assessable. In addition, for so long as the shares of Class A Stock are listed on a National Securities Exchange, SEI shall use its commercially reasonable efforts to cause all shares of Class A Stock issued upon an Exchange to be listed on such National Securities Exchange at the time of such issuance.

(f) The issuance of shares of Class A Stock upon an Exchange shall be made without charge to the Exchanging Member for any stamp or other similar tax in respect of such issuance; *provided* , however, that if any such shares are to be issued in a name other than that of the Exchanging Member, then the Person or Persons in whose name the shares are to be issued shall pay to SEI the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of SEI that such tax has been paid or is not payable.

(g) (i) Notwithstanding anything to the contrary in this Section 3.7 , but subject to Section 3.7(h) , an Exchanging Member shall be deemed to have offered to sell its Units and shares of Class B Stock as described in the Exchange Notice to SEI, and SEI may, in its sole discretion, by means of delivery of Call Election Notices and/or Revocation Notices in accordance with, and subject to the terms of, this Section 3.7(g) , elect to purchase directly and acquire such Units and shares of Class B Stock on the Exchange Date by paying to the Exchanging Member (or, on the Exchanging Member's written order, its designee) that number of shares of Class A Stock the Exchanging Member (or its designee) would otherwise receive pursuant to Section 3.7(a) or, at SEI's election, an amount of cash equal to the Cash Election Amount of such shares of Class A Stock (the " ***Call Right*** "), whereupon SEI shall acquire the Units and shares of Class B Stock offered for exchange by the Exchanging Member and shall be treated for all purposes of this Agreement as the owner of such Units and shares of Class B Stock. In the event SEI shall exercise the Call Right, each of the Exchanging Member, the Company and SEI, as the case may be, shall treat the transaction between the Company and the Exchanging Member for federal income tax purposes as a sale of the Exchanging Member's Units and shares of Class B Stock to SEI.

(ii) SEI may at any time in its sole discretion deliver written notice (a " ***Call Election Notice*** ") to each other Member setting forth its election to exercise its Call Right as contemplated by Section 3.7(g) with respect to future Exchanges (without needing to provide further notice of its intention to exercise its Call Right). Subject to the remainder of this Section 3.7(g)(ii) , a Call Election Notice will be effective until SEI amends its Call Election Notice with a superseding Call Election Notice or revokes such Call Election Notice by delivery of a written notice of revocation delivered to each other Member or, with respect to a particular Exchange, the Company exercises its Cash Election (a " ***Revocation Notice*** "). A Call Election Notice may be amended or revoked by SEI at any time; provided that any Exchange Notice delivered by a Member will not, without such Member's written consent, be affected by the subsequent delivery of a Revocation Notice or by an Exchange Notice that is not effective until after the Exchange Date. Following delivery of a Revocation Notice, SEI may deliver a new Call Election Notice pursuant to this Section 3.7(g) . Any amendment of a Call Election Notice will not be effective until the Business Day after its delivery to each Member (other than SEI). Each Call Election Notice shall specify the date from which it shall be effective (which shall be no earlier than the Business Day after delivery).

(h) In the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to shares of Class A Stock (an " ***SEI Offer*** ") is proposed by SEI or is proposed to SEI or its stockholders and approved by the board of directors of SEI or is otherwise effected or to be effected with the consent or approval of the board of directors of SEI, the Members (other than SEI) shall be permitted to participate in such SEI Offer by delivery of a contingent Exchange Notice in accordance with the last sentence of Section 3.7(c) . In the case of an SEI Offer proposed by SEI, SEI will use its commercially reasonable efforts to take all such actions and do all such things as are necessary or desirable to enable and permit the Members to participate in such SEI Offer to the same extent or on an economically equivalent basis as the holders of shares of Members without discrimination; provided that, without limiting the generality of this sentence, SEI will use its commercially reasonable efforts to ensure that such Members may participate in each such SEI Offer without being required to exchange Units and shares of Class B Stock (or, if so required, to ensure that any such Exchange shall be effective only upon, and shall be conditional upon, the closing of such SEI Offer and only to the extent necessary to tender or deposit to SEI Offer in accordance with the last sentence of Section 3.7(c) , or, as applicable, to the extent necessary to exchange the number of Units and shares of Class B Stock being repurchased). For the avoidance of doubt, in no event shall Members (other than SEI) be entitled to receive in such SEI Offer aggregate consideration for each Unit and corresponding share of Class B Stock that is greater than the consideration payable in respect of each share of Class A Stock in connection with an SEI Offer.

(i) No Exchange shall impair the right of the Exchanging Member to receive any distributions payable on the Units so exchanged in respect of a record date that occurs prior to the Exchange Date for such Exchange. For the avoidance of doubt, no Exchanging Member, or a Person designated by an Exchanging Member to receive shares of Class A Stock, shall be entitled to receive, with respect to the same fiscal quarter, distributions or dividends both on Units exchanged by such Exchanging Member and on shares of Class A Stock received by such Exchanging Member, or other Person so designated, if applicable, in such Exchange.

ARTICLE IV

ALLOCATIONS OF PROFITS AND LOSSES

Section 4.1 **Profits and Losses** . After giving effect to the allocations under Section 4.2 , Profits and Losses (and, to the extent determined by the Managing Member to be necessary and appropriate to achieve the resulting Capital Account balances described below, any allocable items of income, gain, loss, deduction or credit includable in the computation of Profits and Losses) for each Fiscal Year shall be allocated among the Members during such Fiscal Year in a manner such that, after giving effect to the special allocations set forth in Sections 4.2 and all distributions through the end of such Fiscal Year, the Capital Account balance of each Member, immediately after making such allocation, is, as nearly as possible, equal to (i) the amount such Member would receive pursuant to Section 10.3(b) if all assets of the Company on hand at the end of such Fiscal Year were sold for cash equal to their Gross Asset Values, all liabilities of the Company were satisfied in cash in accordance with their terms (limited with respect to each nonrecourse liability to the Gross Asset Value of the assets securing such liability), and all remaining or resulting cash was distributed, in accordance with Section 10.3(b) , to the Members immediately after making such allocation, minus (ii) such Member's share of Company Minimum Gain and Member Minimum Gain, computed immediately prior to the hypothetical sale of assets.

Section 4.2 **Special Allocations** .

(a) Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Members in the manner excess nonrecourse liabilities of the Company are allocated pursuant to Section 4.4(c) . The amount of Nonrecourse Deductions for a Fiscal Year shall equal the excess, if any, of the net increase, if any, in the amount of Company Minimum Gain during that Fiscal Year over the aggregate amount of any distributions during that Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined in accordance with the provisions of Treasury Regulations Section 1.704-2(d).

(b) Any Member Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Member who bears economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i). If more than one Member bears the economic risk of loss for such Member Nonrecourse Debt, the Member Nonrecourse Deductions attributable to such Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss. This Section 4.2(b) is intended to comply with the provisions of Treasury Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

(c) Notwithstanding any other provision of this Agreement to the contrary, if there is a net decrease in Company Minimum Gain during any Fiscal Year (or if there was a net decrease in Company Minimum Gain for a prior Fiscal Year and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 4.2(c) , each Member shall be specially allocated items of Company income and gain for such Fiscal Year in an amount equal to such Member's share of the net decrease in Company Minimum Gain during such year (as determined pursuant to Treasury Regulations Section 1.704-2(g)(2)). This section is intended to constitute a minimum gain chargeback under Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(d) Notwithstanding any other provision of this Agreement except Section 4.2(c) , if there is a net decrease in Member Minimum Gain during any Fiscal Year (or if there was a net decrease in Member Minimum Gain for a prior Fiscal Year and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 4.2(d)), each Member shall be specially allocated items of Company income and gain for such year in an amount equal to such Member's share of the net decrease in Member Minimum Gain (as determined pursuant to Treasury Regulations Section 1.704-2(i)(4)). This section is intended to constitute a partner nonrecourse debt minimum gain chargeback under Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(e) Notwithstanding any provision hereof to the contrary except Section 4.2(c) and Section 4.2(d) , in the event any Member unexpectedly receives any adjustment, allocation or distribution described in paragraph (4), (5) or (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(*d*), items of income and gain (consisting of a *pro rata* portion of

each item of income, including gross income, and gain for the Fiscal Year) shall be specially allocated to such Member in an amount and manner sufficient to eliminate any Adjusted Capital Account Deficit of that Member as quickly as possible; provided that an allocation pursuant to this Section 4.2(e) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.2(e) were not in this Agreement. This Section 4.2(e) is intended to constitute a qualified income offset under Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(f) If any Member has a deficit balance in its Capital Account at the end of any Fiscal Year that is in excess of the sum of (i) the amount that such Member is obligated to restore and (ii) the amount that the Member is deemed to be obligated to restore pursuant to the penultimate sentence of Treasury Regulations Sections 1.704-2(g)(1) and (i)(5), that Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 4.2(f) shall be made only if and to the extent that such Member would have a deficit balance in its Capital Account in excess of such sum after all other allocations provided for in this Article IV have been made as if Section 4.2(e) and this Section 4.2(f) were not in this Agreement.

(g) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(*m*)(2) or 1.704-1(b)(2)(iv)(*m*)(4), to be taken into account in determining Capital Accounts as a result of a distribution to any Member in complete liquidation of such Member's Interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such item of gain or loss shall be allocated to the Members in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(*m*)(2) if such section applies or to the Member to whom such distribution was made if Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) For the proper administration of the Company, the Managing Member may (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations of income, gain, loss, deduction, Unrealized Gain or Unrealized Loss; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704 (c) of the Code. The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 4.4(h) only if such conventions, allocations or amendments would not have a material adverse effect on any holder of Units.

(i) The allocations set forth in Sections 4.2(a) through 4.2(g) (the " ***Regulatory Allocations*** ") are intended to comply with certain requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding any other provision of this Article IV (other than the Regulatory Allocations), the Regulatory Allocations (and anticipated future Regulatory Allocations) shall be taken into account in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocation of other items and the Regulatory Allocations to each Member should be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. This Section 4.2(h) is intended to minimize to the extent possible and to the extent necessary any economic distortions which may result from application of the Regulatory Allocations and shall be interpreted in a manner consistent therewith.

Section 4.3 **Allocations for Tax Purposes in General** .

(a) Except as otherwise provided in this Section 4.3 , each item of income, gain, loss and deduction of the Company for federal income tax purposes shall be allocated among the Members in the same manner as such item is allocated under Sections 4.1 and 4.2 .

(b) In accordance with Code Section 704(c) and the Treasury Regulations thereunder (including the Treasury Regulations applying the principles of Code Section 704(c) to changes in Gross Asset Values), items of income, gain, loss and deduction with respect to any Company property having a Gross Asset Value that differs from such property's adjusted U.S. federal income tax basis shall, solely for U.S. federal income tax purposes, be allocated among the Members to account for any such difference using the "traditional method with curative allocations," with the curative allocations applied only to sale gain under Treasury Regulations Section 1.704-3(c) or such other method or methods as determined by the Managing Member to be appropriate and in accordance with the applicable Treasury Regulations.

(c) Any (i) recapture of depreciation or any other item of deduction shall be allocated, in accordance with Treasury Regulations Sections 1.1245-1(e) and 1.1254-5, to the Members who received the benefit of such deductions (taking into account the effect of remedial allocations), and (ii) recapture of grants credits shall be allocated to the Members in accordance with applicable law.

(d) Allocations pursuant to this Section 4.3 are solely for purposes of federal, state and local taxes and shall not affect or in any way be taken into account in computing any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

Section 4.4 **Other Allocation Rules** .

(a) The Members are aware of the income tax consequences of the allocations made by this Article IV and the economic impact of the allocations on the amounts receivable by them under this Agreement. The Members hereby agree to be bound by the provisions of this Article IV in reporting their share of Company income and loss for income tax purposes.

(b) All items of income, gain, loss, deduction and credit allocable to an interest in the Company that may have been Transferred shall be allocated between the Transferor and the Transferee based on the portion of the Fiscal Year during which each was recognized as the owner of such interest, without regard to the results of Company operations during any particular portion of that year and without regard to whether cash distributions were made to the Transferor or the Transferee during that year; *provided* , however, that this allocation must be made in accordance with a method permissible under Code Section 706 and the Treasury Regulations thereunder.

(c) The Members' proportionate shares of the "excess nonrecourse liabilities" of the Company, within the meaning of Treasury Regulations Section 1.752-3 (a)(3), shall be allocated to the Members in any manner determined by the Managing Member and permissible under the Treasury Regulations.

ARTICLE V

DISTRIBUTIONS

Section 5.1 **Distributions** .

(a) *Distributions* . To the extent permitted by applicable Law and hereunder, distributions to Members may be declared by the Managing Member out of funds legally available therefor in such amounts and on such terms (including the payment dates of such distributions) as the Managing Member shall determine using such record date as the Managing Member may designate; such distribution shall be made to the Members as of the close of business on such record date on a *pro rata* basis (except that repurchases or redemptions made in accordance with Section 3.1(f) or payments made in accordance with Section 6.4 need not be on a *pro rata* basis), in accordance with the number of Units owned by each Member as of the close of business on such record date; *provided* , however, that the Managing Member shall have the obligation to make distributions as set forth in Sections 3.1(f) , 5.2 and 6.4 ; and provided further that, notwithstanding any other provision herein to the contrary, no distributions shall be made to any Member to the extent such distribution would render the Company insolvent. For purposes of the foregoing sentence, insolvency means the inability of the Company to meet its payment obligations when due. Promptly following the designation of a record date and the declaration of a distribution pursuant to this Section 5.1 , the Managing Member shall give notice to each Member of the record date, the amount and the terms of the distribution and the payment date thereof.

(b) *Successors* . For purposes of determining the amount of distributions, each Member shall be treated as having made the Capital Contributions and as having received the Distributions made to or received by its predecessors in respect of any of such Member's Units.

(c) *Distributions In-Kind* . Except as otherwise provided in this Agreement, any distributions may be made in cash or in kind, or partly in cash and partly in kind, as determined by the Managing Member. To the extent that the Company distributes property in-kind to the Members, the Company shall be treated as making a distribution equal to the Fair Market Value of such property for purposes of Section 5.1(a) and such property shall be treated as if it were sold for an amount equal to its Fair Market Value. Any resulting gain or loss shall be allocated to the Member's Capital Accounts in accordance with Section 4.1 and Section 4.2 .

Section 5.2 **Certain Distributions and Advances** . Subject to the availability of funds and to any restrictions contained in any agreement to which the Company is bound,

(a) On each Tax Distribution Date, the Company shall, make distributions to the Members *pro rata* in proportion to their respective Units in an amount sufficient to cause SEI to receive a distribution of cash equal to its Assumed Tax Liability, if any.

(b) On or immediately prior to each Quarterly Distribution Date, the Company shall make distributions to the Members pro rata in proportion to their respective Units in an amount determined by the Managing Member in its sole discretion, to be sufficient to cause SEI to receive a distribution of cash equal to the dividend declared by SEI for such Quarterly Distribution Date.

(c) On each TRA Payment Date, the Company shall make distributions to the Members pro rata in proportion to their respective Units in an amount sufficient to cause SEI to receive a distribution of cash equal to its required payments under the Tax Receivable Agreement, subject to any deferral required under the Tax Receivable Agreement.

(d) If the cumulative amount of actual federal, state and local income taxes due from SEI for the current taxable year and all prior taxable years as of the due date for SEI's federal income tax return for such taxable year exceeds the sum of the cumulative amount of Tax Distributions, distributions under Section 5.1 and any Tax Advances (as defined below) made to SEI through such date, the Company shall, to the extent permitted by applicable Law, but subject to the Act, the availability of funds and any restrictions contained in any agreement to which the Company is bound, make advances to SEI in an amount equal to such excess (a "Tax Advance"). Any such Tax Advance shall be treated as an advance against and, thus, shall reduce (without duplication), any future distributions that would otherwise be made to SEI pursuant to Sections 5.1 and 5.2(a) .

Section 5.3 **Distribution Upon Withdrawal** . No withdrawing Member shall be entitled to receive any distribution or the value of such Member's Interest in the Company as a result of withdrawal from the Company prior to the liquidation of the Company, except as specifically provided in this Agreement.

ARTICLE VI

MANAGEMENT

Section 6.1 **The Managing Member; Fiduciary Duties** .

(a) SEI shall be the sole Managing Member of the Company. Except as otherwise required by Law, (i) the Managing Member shall have full and complete charge of all affairs of the Company, (ii) the management and control of the Company's business activities and operations shall rest exclusively with the Managing Member, and the Managing Member shall make all decisions regarding the business, activities and operations of the Company (including the incurrence of costs and expenses) in its sole discretion without the consent of any other Member and (iii) the Members other than the Managing Member (in their capacity as such) shall not participate in the control, management, direction or operation of the activities or affairs of the Company and shall have no power to act for or bind the Company.

(b) In connection with the performance of its duties as the Managing Member of the Company, the Managing Member acknowledges that it will owe to the Members the same fiduciary duties as it would owe to the stockholders of a Delaware corporation if it were a member of the board of directors of such a corporation and the Members were stockholders of such corporation. The parties acknowledge that the Managing Member will take action through its board of directors, and that the members of the Managing Member's board of directors will owe comparable fiduciary duties to the stockholders of the Managing Member. The Managing Member will use commercially reasonable efforts, as determined in good faith by the Managing Member, to minimize any conflict of interest between the Members, on the one hand, and the stockholders of the Managing Member, on the other hand, and to effectuate any transaction that involves or affects any of the Company, the Managing Member, the Members and/or the stockholders of the Managing Member in a manner that does not (i) disadvantage the Members or their interests relative to the stockholders of the Managing Member or (ii) advantage the stockholders of the Managing Member relative to the Members or (iii) treats the Members and the stockholders of the Managing Member differently.

Section 6.2 **Officers** .

(a) The Managing Member may appoint, employ or otherwise contract with any Person for the transaction of the business of the Company or the performance of services for or on behalf of the Company, and the Managing Member may delegate to any such Persons such authority to act on behalf of the Company as the Managing Member may from time to time deem appropriate.

(b) Except as otherwise set forth herein, the president and chief executive officer of the Company (the " ***President and Chief Executive Officer*** ") will be responsible for the general and active management of the business of the Company and its Subsidiaries and will see that all orders of the Managing Member are carried into effect. The President and Chief Executive Officer will report to the Managing Member and have the general powers and duties of management usually vested in the office of president and chief executive officer of a corporation organized under the DGCL, subject to the terms of this Agreement, and will have such other powers and duties as may be prescribed by the Managing Member or this Agreement. The President and Chief Executive Officer will have the power to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Company, except where required or permitted by Law to be otherwise signed and executed, and except where the signing and execution thereof will be expressly delegated by the Managing Member to some other Officer or agent of the Company.

(c) Except as set forth herein, the Managing Member may appoint Officers at any time, and the Officers may include one or more vice presidents, a secretary, one or more assistant secretaries, a chief financial officer, a general counsel, a treasurer, one or more assistant treasurers, a chief operating officer, an executive chairman, and any other officers that the Managing Member deems appropriate. Except as set forth herein, the Officers will serve at the pleasure of the Managing Member, subject to all rights, if any, of such Officer under any contract of employment. Any individual may hold any number of offices, and an Officer may, but need not, be a Member of the Company. The Officers will exercise such powers and perform such duties as specified in this Agreement or as determined from time to time by the Managing Member.

(d) Subject to this Agreement and to the rights, if any, of an Officer under a contract of employment, any Officer may be removed, either with or without cause, by the Managing Member. Any Officer may resign at any time by giving written notice to the Managing Member. Any resignation will take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation will not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the Officer is a party. A vacancy in any office because of death, resignation, removal, disqualification or any other cause will be filled in the manner prescribed in this Agreement for regular appointments to that office.

Section 6.3 **Warranted Reliance by Officers on Others** . In exercising their authority and performing their duties under this Agreement, the Officers shall be entitled to rely on information, opinions, reports, or statements of the following persons or groups unless they have actual knowledge concerning the matter in question that would cause such reliance to be unwarranted:

(a) one or more employees or other agents of the Company or subordinates whom the Officer reasonably believes to be reliable and competent in the matters presented; and

(b) any attorney, public accountant, or other person as to matters which the Officer reasonably believes to be within such person's professional or expert competence.

Section 6.4 **Indemnification** . Subject to the limitations and conditions provided in this Section 6.4 , each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or arbitrative (each, a " ***Proceeding*** "), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact the, she or it, or a Person of which he, she or it is the legal representative, is or was a Member or an Officer, in each case, shall be indemnified by the Company to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment) against all judgment, penalties (including excise and similar taxes and punitive damages), fines, settlement and reasonable expenses (including reasonable attorneys' fees and expenses) actually incurred by such person in connection with such Proceeding, appeal, inquiry or investigation, if such Person acted in Good Faith. Reasonable expenses incurred by a Person of the type entitled to be indemnified under this Section 6.4 who was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Company in advance of the final disposition of the Proceeding upon receipt of an undertaking by or on behalf of such Person to repay such amount if it shall ultimately be determined that he, she or it is not entitled to be indemnified by the Company. Indemnification under this Section 6.4 shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Section 6.4 shall be deemed contract rights, and no amendment, modification or repeal of this Section 6.4 shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings, appeals, inquiries or investigations arising prior to any amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Section 6.4 could involve indemnification for negligence or under theories of strict liability.

Section 6.5 **Maintenance of Insurance or Other Financial Arrangements** . In compliance with applicable Law, the Company (with the approval of the Managing Member) may purchase and maintain insurance or make other financial arrangements on behalf of any Person who is or was a Member, employee or agent of the Company, or at the request of the Company is or was serving as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, for any Liability asserted against such Person and Liability and expenses incurred by such Person in such Person's capacity as such, or arising out of such Person's status as such, whether or not the Company has the authority to indemnify such Person against such Liability and expenses.

Section 6.6 **Resignation or Termination of Managing Member** . SEI shall not, by any means, resign as, cease to be or be replaced as Managing Member except in compliance with this Section 6.6 . No termination or replacement of SEI as Managing Member shall be effective unless proper provision is made, in compliance with this Agreement, so that the obligations of SEI, its successor (if applicable) and any new Managing Member and the rights of all Members under this Agreement and applicable Law remain in full force and effect. No appointment of a Person other than SEI (or its successor, as applicable) as Managing Member shall be effective unless SEI (or its successor, as applicable) and the new Managing Member (as applicable) provide all other Members with contractual rights, directly enforceable by such other Members against SEI (or its successor, as applicable) and the new Managing Member (as applicable), to cause (a) SEI to comply with all SEI's obligations under this Agreement (including its obligations under Section 3.7) other than those that must necessarily be taken in its capacity as Managing Member and (b) the new Managing Member to comply with all the Managing Member's obligations under this Agreement.

Section 6.7 **No Inconsistent Obligations** . The Managing Member represents that it does not have any contracts, other agreements, duties or obligations that are inconsistent with its duties and obligations (whether or not in its capacity as Managing Member) under this Agreement and covenants that, except as permitted by Section 6.1 , it will not enter into any contracts or other agreements or undertake or acquire any other duties or obligations that are inconsistent with such duties and obligations.

Section 6.8 **Reclassification Events of SEI** . If a Reclassification Event occurs, the Managing Member or its successor, as the case may be, shall, as and to the extent necessary, amend this Agreement in compliance with Section 11.1 , and enter into any necessary supplementary or additional agreements, to ensure that, following the effective date of the Reclassification Event: (i) the exchange rights of holders of Units set forth in Section 3.7 provide

that each Unit and share of Class B Stock is exchangeable for the same amount and same type of property, securities or cash (or combination thereof) that one share of Class A Stock becomes exchangeable for or converted into as a result of the Reclassification Event and (ii) SEI or the successor to SEI, as applicable, is obligated to deliver such property, securities or cash upon such exchange. SEI shall not consummate or agree to consummate any Reclassification Event unless the successor Person, if any, becomes obligated to comply with the obligations of SEI (in whatever capacity) under this Agreement.

Section 6.9 **Certain Costs and Expenses** . The Company shall (i) pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Company (including the costs, fees and expenses of attorneys, accountants or other professionals and the compensation of all personnel providing services to the Company) incurred in pursuing and conducting, or otherwise related to, the activities of the Company, and (ii) in the sole discretion of the Managing Member, bear and/or reimburse the Managing Member for any costs, fees or expenses incurred by it in connection with serving as the Managing Member. To the extent that the Managing Member determines in its sole discretion that such expenses are related to the business and affairs of the Managing Member that are conducted through the Company and/or its Subsidiaries (including expenses that relate to the business and affairs of the Company and/or its Subsidiaries and that also relate to other activities of the Managing Member), the Managing Member may cause the Company to pay or bear all expenses of the Managing Member, including, without limitation, costs of securities offerings not borne directly by members, board of directors compensation and meeting costs, cost of periodic reports to its stockholders, litigation costs and damages arising from litigation, accounting and legal costs and franchise taxes and any other general and administrative expenses incurred as a result of the Managing Member being a publicly traded company, provided that the Company shall not pay or bear any income tax obligations of the Managing Member.

Section 6.10 **Waiver of Business Opportunities .**

(a) To the fullest extent permitted by applicable law, the Company, on behalf of itself and its subsidiaries, and each of the Members, renounces any interest or expectancy in, or in being offered an opportunity to participate in, any business opportunities that are from time to time presented to NuDevco Partners, LLC, NuDevco Partners Holdings, LLC and W. Keith Maxwell III (collectively, the " Sponsors ") or any of their respective affiliates or any of their respective agents, shareholders, members, partners, directors, officers, employees, affiliates or subsidiaries (other than the Company, SEI and their respective subsidiaries), including any director or officer of the Company who is also an agent, shareholder, member, partner, director, officer, employee, affiliate or subsidiary of any Sponsor (each, a " Business Opportunities Exempt Party "), even if the business opportunity is one that the Company or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no Business Opportunities Exempt Party shall have any duty to communicate or offer any such business opportunity to the Company or any other Member or be liable to the Company, any other Member or their respective subsidiaries or any Member, including for breach of any fiduciary or other duty, and the Company shall indemnify each Business Opportunities Exempt Party against any claim that such person is liable to the Company or the Members for breach of any fiduciary duty, by reason of the fact that such person (i) participates in, pursues or acquires any such business opportunity, (ii) directs any such business opportunity to another person or (iii) fails to present any such business opportunity, or information regarding any such business opportunity, to the Company, any other Member or their respective subsidiaries, unless, in the case of a person who is a director or officer of the Company, such business opportunity is expressly offered to such director or officer in writing solely in his capacity as a director or officer of the Company.

(b) Neither the amendment nor repeal of this Section 6.10, nor the amendment of the Certificate of Formation of the Company, nor, to the fullest extent permitted by applicable Law, any modification of Law, shall eliminate, reduce or otherwise adversely affect any right or protection of any Person granted pursuant hereto existing at, or arising out of or related to any event, act or omission that occurred prior to, the time of such amendment, repeal, adoption or modification (regardless of when any proceeding (or part thereof) relating to such event, act or omission arises or is first threatened, commenced or completed).

(c) If any provision or provisions of this Section 6.10 shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever, (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Section 6.10 (including, without limitation, each portion of any paragraph of this Section 6.10 containing any such provision held to be invalid, illegal or unenforceable

that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and [(b) to the fullest extent possible, the provisions of this Section 6.10 (including, without limitation, each such portion of any paragraph of this Section 6.10 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Company to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by applicable Law.

ARTICLE VII

ROLE OF MEMBERS

Section 7.1 **Rights or Powers** . Other than the Managing Member, the Members, acting in their capacity as Members, shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way. Notwithstanding the foregoing, the Members have all the rights and powers specifically set forth in this Agreement and, to the extent not inconsistent with this Agreement, in the Act. A Member, any Affiliate thereof or an employee, stockholder, agent, director or officer of a Member or any Affiliate thereof, may also be an employee or be retained as an agent of the Company. The existence of these relationships and acting in such capacities will not result in the Member (other than the Managing Member) being deemed to be participating in the control of the business of the Company or otherwise affect the limited liability of the Member. Except as specifically provided herein, a Member (other than the Managing Member) shall not, in its capacity as a Member, take part in the operation, management or control of the Company's business, transact any business in the Company's name or have the power to sign documents for or otherwise bind the Company.

Section 7.2 **Voting** .

(a) Meetings of the Members may be called upon the written request of Members holding at least 50% of the outstanding Units. Such request shall state the location of the meeting and the nature of the business to be transacted at the meeting. Written notice of any such meeting shall be given to all Members not less than two Business Days nor more than 30 days prior to the date of such meeting. Members may vote in person, by proxy or by telephone at any meeting of the Members and may waive advance notice of such meeting. Whenever the vote or consent of Members is permitted or required under this Agreement, such vote or consent may be given at a meeting of the Members or may be given in accordance with the procedure prescribed in this Section 7.2 . Except as otherwise expressly provided in this Agreement, the affirmative vote of the Members holding a majority of the outstanding Units shall constitute the act of the Members.

(b) Each Member may authorize any Person or Persons to act for it by proxy on all matters in which such Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by such Member or its attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

(c) Each meeting of Members shall be conducted by an Officer designated by the Managing Member or such other individual person as the Managing Member deems appropriate.

(d) Any action required or permitted to be taken by the Members may be taken without a meeting if the requisite Members whose approval is necessary consent thereto in writing.

Section 7.3 **Various Capacities** . The Members acknowledge and agree that the Members or their Affiliates will from time to time act in various capacities, including as a Member and as the Tax Matters Member.

ARTICLE VIII

TRANSFERS OF INTERESTS

Section 8.1 **Restrictions on Transfer** .

(a) Except as provided in Section 3.7 and except for the Transfers by a Member to Permitted Transferee, no Member shall Transfer all or any portion of its Interest without the prior written consent of the Managing Member in its sole discretion. If, notwithstanding the provisions of this Section 8.1(a) , all or any portion of a Member's Interests are Transferred in violation of this Section 8.1(a) , involuntarily, by operation of law or otherwise, then without limiting any other rights and remedies available to the other parties under this Agreement or otherwise, the Transferee of such Interest (or portion thereof) shall not be admitted to the Company as a Member or be entitled to any rights as a Member hereunder, and the Transferor will continue to be bound by all obligations hereunder, unless and until the Managing Member consents in writing to such admission, which consent shall be granted or withheld in the Managing Member's sole discretion. Any attempted or purported Transfer of all or a portion of a Member's Interests in violation of this Section 8.1(a) shall be null and void and of no force or effect whatsoever. No Units may be Transferred by a Member that also holds Class B Stock unless a corresponding number of shares of Class B Stock are transferred therewith. For the avoidance of doubt, the restrictions on Transfer contained in this Article VIII shall not apply to the Transfer of any capital stock of the Managing Member; provided that no shares of Class B Stock may be Transferred unless a corresponding number of Units are Transferred therewith in accordance with this Agreement.

(b) In addition to any other restrictions on Transfer herein contained, including the provisions of this Article VIII , in no event may any Transfer or assignment of Interests by any Member be made (i) to any Person who lacks the legal right, power or capacity to own Interests; (ii) if in the opinion of legal counsel or a qualified tax advisor to the Company such Transfer presents a material risk that such Transfer would cause the Company to cease to be classified as a partnership or to be classified as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code for federal income tax purposes; (iii) if such Transfer would cause the Company to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(e)(2) of the Code); (iv) if such Transfer would, in the opinion of counsel to the Company, cause any portion of the assets of the Company to constitute assets of any employee benefit plan pursuant to the Plan Asset Regulation or otherwise cause the Company to be subject to regulation under ERISA; (v) if such Transfer requires the registration of such Interests or any Equity Securities issued upon any exchange of such Interests, pursuant to any applicable federal or state securities Laws; (vi) if such Transfer subjects the Company to regulation under the Investment Company Act or the Investment Advisors Act of 1940, each as amended (or any succeeding law); or (vi) by the Managing Member, if such Transfer would result in the Managing Member holding less than 2% of the outstanding Units.

Section 8.2 **Notice of Transfer** . Other than in connection with Transfers made pursuant to Section 3.7 , each Member shall, after complying with the provisions of this Agreement, but in any event no later than three Business Days following any Transfer of Interests, give written notice to the Company of such Transfer. Each such notice shall describe the manner and circumstances of the Transfer.

Section 8.3 **Transferee Members** . A Transferee of Interests pursuant to this Article VIII shall have the right to become a Member only if (i) the requirements of this Article VIII are met, (ii) such Transferee executes an instrument reasonably satisfactory to the Managing Member agreeing to be bound by the terms and provisions of this Agreement and assuming all of the Transferor's then existing and future Liabilities arising under or relating to this Agreement, (iii) such Transferee represents that the Transfer was made in accordance with all applicable securities Laws, (iv) the Transferor or Transferee shall have reimbursed the Company for all reasonable expenses (including attorneys' fees and expenses) of any Transfer or proposed Transfer of a Member's Interest, whether or not consummated and (v) if such Transferee or his or her spouse is a resident of a community property jurisdiction, then such Transferee's spouse shall also execute an instrument reasonably satisfactory to the Managing Member agreeing to be bound by the terms and provisions of this Agreement to the extent of his or her community property or quasi-community property interest, if any, in such Member's Interest. Unless agreed to in writing by the Managing Member, the admission of a Member shall not result in the release of the Transferor from any Liability that the Transferor may have to each remaining Member or to the Company under this Agreement or any other Contract between the Managing Member, the Company or any of its Subsidiaries, on the one hand, and such Transferor or any of its Affiliates, on the other hand. Written notice of the admission of a Member shall be sent promptly by the Company to each remaining Member. Notwithstanding anything to the contrary in this Section 8.3 , and except as otherwise provided in this Agreement, following a Transfer by one or more Members (or a transferee of the type described in this sentence) to an Permitted Transferee of all or substantially all of their Interests, such transferee shall succeed to all of the rights of such Member(s) under this Agreement.

Section 8.4 **Legend** . Each certificate representing a Unit, if any, will be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

THESE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT.

THE TRANSFER AND VOTING OF THESE SECURITIES IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF SPARK HOLDCO, LLC DATED AS OF [ ], 2014, AMONG THE MEMBERS LISTED THEREIN, AS IT MAY BE AMENDED, SUPPLEMENTED AND/OR RESTATED FROM TIME TO TIME, AND NO TRANSFER OF THESE SECURITIES WILL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE ISSUER OF SUCH SECURITIES."

ARTICLE IX

ACCOUNTING

Section 9.1 **Books of Account** . The Company shall maintain true books and records of account in which full and correct entries shall be made of all its business transactions pursuant to a system of accounting established and administered in accordance with GAAP, and shall set aside on its books all such proper accruals and reserves as shall be required under GAAP.

Section 9.2 **Tax Elections** . The Company shall make the following elections on the appropriate forms or tax returns:

(a) to adopt the calendar year as the Company's Fiscal Year, if permitted under the Code;

(b) to adopt the accrual method of accounting for U.S. federal income tax purposes;

(c) to elect to amortize the organizational expenses of the Company as permitted by Code Section 709(b);

(d) to make an election described in Section 754 of the Code (which the Company shall ensure that it has in effect at all times); and

(e) any other election the Managing Member may deem appropriate and in the best interests of the Company.

Section 9.3 **Tax Returns; Information** . The Tax Matters Member shall arrange for the preparation and timely filing of all income and other tax and informational returns of the Company. The Tax Matters Member shall furnish to each Member a copy of each approved return and statement, together with any schedules or other information which each Member may require in connection with such Member's own tax affairs as soon as practicable (but in no event more than 60 days after the end of each Fiscal Year).

Section 9.4 **Tax Matters Member** . The Managing Member is specially authorized and appointed to act as the " ***Tax Matters Member*** " under the Code and in any similar capacity under state or local Law. The Tax Matters Member may retain, at the Company's expense, such outside counsel, accountants and other professional consultants as it may reasonably deem necessary in the course of fulfilling its obligations as Tax Matters Member.

Section 9.5 **Withholding Tax Payments and Obligations** . If withholding taxes are paid or required to be paid in respect of payments made to or by the Company, such payments or obligations shall be treated as follows:

(a) If the Company receives proceeds in respect of which a tax has been withheld, the Company shall be treated as having received cash in an amount equal to the amount of such withheld tax, and, for all purposes of this Agreement but subject to Section 9.5(d) , each Member shall be treated as having received a distribution pursuant to Section 5.1 equal to the portion of the withholding tax allocable to such Member, as determined by the Managing Member in its discretion.

(b) The Company is authorized to withhold from any payment made to, or any distributive share of, a Member any taxes required by Law to be withheld.

(c) Neither the Company nor the Managing Member shall be liable for any excess taxes withheld in respect of any Member, and, in the event of overwithholding, a Member's sole recourse shall be to apply for a refund from the appropriate Governmental Entity.

(d) Any taxes withheld pursuant to Section 9.5(a) or (b) shall be treated as if distributed to the relevant Member to the extent an amount equal to such withheld taxes would then be distributable to such Member, and, to the extent in excess of such distributable amounts, as a demand loan payable by the Member to the Company with interest at the Prime Rate in effect from time to time, compounded annually. The Managing Member may, in its discretion, either demand payment of the principal and accrued interest on such demand loan at any time, and enforce payment thereof by legal process, or may withhold from one or more distributions to a Member amounts sufficient to satisfy such Member's obligations under any such demand loan.

(e) If the Company is required by Law to make any payment to a Governmental Entity that is specifically attributable to a Member or a Member's status as such (including federal withholding taxes, state personal property taxes, and state unincorporated business taxes), then such Member shall indemnify and contribute to the Company in full for the entire amount of taxes paid (plus interest, penalties and related expenses if the failure of the Company to make such payment is due to the fault of the Member) (which payment shall not be deemed a Capital Contribution for purposes of this Agreement). The Managing Member may offset distributions to which a Person is otherwise entitled under this Agreement against such Person's obligation to indemnify the Company under this Section 9.5(e) .

ARTICLE X

DISSOLUTION AND TERMINATION

Section 10.1 **Liquidating Events** . The Company shall dissolve and commence winding up and liquidating upon the first to occur of the following (" ***Liquidating Events*** "):

(a) The sale of all or substantially all of the assets of the Company; and

(b) The determination of the Managing Member to dissolve, wind up, and liquidate the Company.

The Members hereby agree that the Company shall not dissolve prior to the occurrence of a Liquidating Event and that no Member shall seek a dissolution of the Company, under Section 18-802 of the Act or otherwise, other than based on the matters set forth in subsections (a) and (b) above. If it is determined by a court of competent jurisdiction that the Company has dissolved prior to the occurrence of a Liquidating Event, the Members hereby agree to continue the business of the Company without a winding up or liquidation. In the event of a dissolution pursuant to Section 10.1(b) , the relative economic rights of each class of Units immediately prior to such dissolution shall be preserved to the greatest extent practicable with respect to distributions made to Members pursuant to Section 10.3 in connection with such dissolution, taking into consideration tax and other legal constraints that may adversely affect one or more parties to such dissolution and subject to compliance with applicable laws and regulations, unless, with respect to any class of Units, holders of a majority of the Units of such class consent in writing to a treatment other than as described above.

Section 10.2 **Bankruptcy** . For purposes of this Agreement, the "bankruptcy" of a Member shall mean the occurrence of any of the following: (a) any Governmental Entity shall take possession of any substantial part of the property of that Member or shall assume control over the affairs or operations thereof, or a receiver or trustee shall be appointed, or a writ, order, attachment or garnishment shall be issued with respect to any substantial part thereof, and

such possession, assumption of control, appointment, writ or order shall continue for a period of 90 consecutive days; or (b) a Member shall admit in writing of its inability to pay its debts when due, or make an assignment for the benefit of creditors; or apply for or consent to the appointment of any receiver, trustee or similar officer or for all or any substantial part of its property; or shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debts, dissolution, liquidation, or similar proceeding under the Laws of any jurisdiction; or (c) a receiver, trustee or similar officer shall be appointed for such Member or with respect to all or any substantial part of its property without the application or consent of that Member, and such appointment shall continue undischarged or unstayed for a period of 90 consecutive days or any bankruptcy, insolvency, reorganization, arrangements, readjustment of debt, dissolution, liquidation or similar proceedings shall be instituted (by petition, application or otherwise) against that Member and shall remain undismissed for a period of 90 consecutive days.

Section 10.3 **Procedure** .

(a) In the event of the dissolution of the Company for any reason, the Members shall commence to wind up the affairs of the Company and to liquidate the Company's investments; provided that if a Member is in bankruptcy or dissolved, another Member, who shall be the Managing Member (" ***Winding-Up Member*** ") shall commence to wind up the affairs of the Company and, subject to Section 10.4(a) , such Winding-Up Member shall have full right and unlimited discretion to determine in good faith the time, manner and terms of any sale or sales of the Property or other assets pursuant to such liquidation, having due regard to the activity and condition of the relevant market and general financial and economic conditions. The Members shall continue to share profits, losses and distributions during the period of liquidation in the same manner and proportion as though the Company had not dissolved. The Company shall engage in no further business except as may be necessary, in the reasonable discretion of the Managing Member or the Winding-Up Member, as applicable, to preserve the value of the Company's assets during the period of dissolution and liquidation.

(b) Following the payment of all expenses of liquidation and the allocation of all Profits and Losses as provided in Article IV , the proceeds of the liquidation and any other funds of the Company shall be distributed in the following order of priority:

(i) First, to the payment and discharge of all of the Company's debts and Liabilities to creditors (whether third parties or Members), in the order of priority as provided by Law, except any obligations to the Members in respect of their Capital Accounts;

(ii) Second, to set up such cash reserves which the Managing Member reasonably deems necessary for contingent or unforeseen Liabilities or future payments described in Section 10.3(b)(i) (which reserves when they become unnecessary shall be distributed in accordance with the provisions of subsection (iv), below); and

(iii) Third, subject to Section 5.2(b) , the balance to the Members, *pro rata* in proportion to their respective Units.

(c) Except as provided in Section 10.4(a) , no Member shall have any right to demand or receive property other than cash upon dissolution and termination of the Company.

(d) Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Managing Member or the Winding-Up Member, as the case may be, shall have the authority to execute and record a certificate of cancellation of the Company, as well as any and all other documents required to effectuate the dissolution and termination of the Company.

Section 10.4 **Rights of Members** .

(a) Each Member irrevocably waives any right that it may have to maintain an action for partition with respect to the property of the Company.

(b) Except as otherwise provided in this Agreement, (i) each Member shall look solely to the assets of the Company for the return of its Capital Contributions, and (ii) no Member shall have priority over any other Member as to the return of its Capital Contributions, distributions or allocations.

Section 10.5 **Notices of Dissolution** . In the event a Liquidating Event occurs or an event occurs that would, but for provisions of Section 10.1 , result in a dissolution of the Company, the Company shall, within 30 days thereafter, (a) provide written notice thereof to each of the Members and to all other parties with whom the Company regularly conducts business (as determined in the discretion of the Managing Member), and (b) comply, in a timely manner, with all filing and notice requirements under the Act or any other applicable Law.

Section 10.6 **Reasonable Time for Winding Up** . A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets in order to minimize any losses that might otherwise result from such winding up.

Section 10.7 **No Deficit Restoration** . No Member shall be personally liable for a deficit Capital Account balance of that Member, it being expressly understood that the distribution of liquidation proceeds shall be made solely from existing Company assets.

ARTICLE XI

GENERAL

Section 11.1 **Amendments; Waivers** .

(a) The terms and provisions of this Agreement may be waived, modified or amended (including by means of merger, consolidation or other business combination to which the Company is a party) only with the approval of the Managing Member; *provided , however* , that no amendment to this Agreement may:

(i) modify the limited liability of any Member, or increase the liabilities or obligations of any Member, in each case, without the consent of each such affected Member; or

(ii) materially alter or change any rights, preferences or privileges of any Interests in a manner that is different or prejudicial relative to any other Interests, without the approval of a majority in interest of the Members holding the Interests affected in such a different or prejudicial manner.

(b) Notwithstanding the foregoing subsection (a), the Managing Member, acting alone, may amend this Agreement, including Exhibit A , to reflect the admission of new Members, Transfers of Interests, the issuance of additional Units or Equity Securities, as provided by the terms of this Agreement, and, subject to Section 11.1(a) , subdivisions or combinations of Units made in compliance with Section 3.1(g) .

(c) No waiver of any provision or default under, nor consent to any exception to, the terms of this Agreement or any agreement contemplated hereby shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.

Section 11.2 **Further Assurances** . Each party agrees that it will from time to time, upon the reasonable request of another party, execute such documents and instruments and take such further action as may be required to accomplish the purposes of this Agreement.

Section 11.3 **Successors and Assigns** . All of the terms and provisions of this Agreement shall be binding upon the parties and their respective successors and assigns, but shall inure to the benefit of and be enforceable by the successors and assigns of any Member only to the extent that they are permitted successors and assigns pursuant to the terms hereof. No party may assign its rights hereunder except as herein expressly permitted.

Section 11.4 **Entire Agreement**. This Agreement, together with all Exhibits and Schedules hereto and all other agreements referenced therein and herein, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein and therein.

Section 11.5 **Rights of Members Independent**. The rights available to the Members under this Agreement and at Law shall be deemed to be several and not dependent on each other and each such right accordingly shall be construed as complete in itself and not by reference to any other such right. Any one or more and/or any combination of such rights may be exercised by a Member and/or the Company from time to time and no such exercise shall exhaust the rights or preclude another Member from exercising any one or more of such rights or combination thereof from time to time thereafter or simultaneously.

Section 11.6 **Governing Law**. This Agreement, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to matters arising under or growing out of or in connection with or in respect of this Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware applicable to contracts made and performed in such State and without regard to conflicts of law doctrines, except to the extent that certain matters are preempted by federal Law or are governed as a matter of controlling Law by the Law of the jurisdiction of organization of the respective parties.

Section 11.7 **Jurisdiction and Venue**. The parties hereto hereby agree and consent to be subject to the jurisdiction of any federal court of the District of Delaware or the Delaware Court of Chancery over any action, suit or proceeding (a "Legal Action") arising out of or in connection with this Agreement. The parties hereto irrevocably waive the defense of an inconvenient forum to the maintenance of any such Legal Action. Each of the parties hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such Legal Action by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of receipt of such registered mail. Nothing in this Section 11.7 shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

Section 11.8 **Headings**. The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

Section 11.9 **Counterparts**. This Agreement and any amendment hereto or any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement (or other document) and shall become effective (unless otherwise provided therein) when one or more counterparts have been signed by each party and delivered to the other party.

Section 11.10 **Notices**. Any notice or other communication hereunder must be given in writing and (a) delivered in person, (b) transmitted by facsimile or telecommunications mechanism, provided, that any notice so given is also mailed as provided in clause (c), or (c) mailed by certified or registered mail, postage prepaid, receipt requested as follows:

If to the Company or the Managing Member, addressed to it at:

c/o Spark Energy, Inc.
2105 CityWest Blvd., Suite 100
Houston, Texas 77042
Telephone: 713.600.2600
Facsimile: 832.320.2943
Attention: Gil Melman, General Counsel

With copies (which shall not constitute notice) to:

Vinson & Elkins L.L.P.
1001 Fannin, Suite 2500-6760
Houston, Texas 77002

Telephone: 713.758.2977
Facsimile: 713.615.5234
Attention: Sarah K. Morgan

or to such other address or to such other person as either party shall have last designated by such notice to the other parties. Each such notice or other communication shall be effective (i) if given by telecommunication, when transmitted to the applicable number so specified in (or pursuant to) this Section 11.10 and an appropriate answerback is received or, if transmitted after 4:00 p.m. local time on a Business Day in the jurisdiction to which such notice is sent or at any time on a day that is not a Business Day in the jurisdiction to which such notice is sent, then on the immediately following Business Day, (ii) if given by mail, on the first Business Day in the jurisdiction to which such notice is sent following the date three days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, on the Business Day when actually received at such address or, if not received on a Business Day, on the Business Day immediately following such actual receipt.

Section 11.11 **Representation By Counsel; Interpretation** . The parties acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of Law, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived.

Section 11.12 **Severability** . If any provision of this Agreement is determined to be invalid, illegal or unenforceable by any Governmental Entity, the remaining provisions of this Agreement, to the extent permitted by Law shall remain in full force and effect, provided, that the essential terms and conditions of this Agreement for all parties remain valid, binding and enforceable.

Section 11.13 **Expenses** . Except as otherwise provided in this Agreement, each party shall bear its own expenses in connection with the transactions contemplated by this Agreement.

Section 11.14 **No Third Party Beneficiaries** . Except as expressly provided in Section 6.4 and Section 9.2, nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto and their respective successors and permitted assigns, any rights or remedies under this Agreement or otherwise create any third party beneficiary hereto.

[Signatures on Next Page]

IN WITNESS WHEREOF, each of the parties hereto has caused this Second Amended and Restated Limited Liability Company Agreement to be executed by its duly authorized officers as of the day and year first above written.

COMPANY:
SPARK HOLDCO, LLC

By: _____
Name: Nathan Kroeker
Title: President and Chief Executive Officer

MANAGING MEMBER:

SPARK ENERGY, INC.

By: _____
Name: Nathan Kroeker
Title: President and Chief Executive Officer

NUDEVCO RETAIL HOLDINGS, LLC

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

NUDEVCO RETAIL, LLC

By: _____
Name: W. Keith Maxwell III
Title: Chief Executive Officer

EXHIBIT A

MEMBERS, IPO DATE CAPITAL ACCOUNT BALANCE AND INTERESTS

Members	Beginning Net Capital	IPO Date Capital Balance	Units	Percentage of Class of Units	Date Issued by the Company
Spark Energy, Inc.	[ ]	[ ]	[ ]	[ ]	[ ]
NuDevco Retail Holdings, LLC	[ ]	[ ]	[ ]	[ ]	[ ]
NuDevco Retail, LLC					

Exhibit 10.8

FORM OF

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (" Agreement ") is made as of , by and between Spark Energy, Inc., a Delaware corporation (the " Corporation "), and (" Indemnitee ").

RECITALS :

WHEREAS, directors, officers and other persons in service to corporations or business enterprises are subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Corporation or business enterprise itself;

WHEREAS, highly competent persons have become more reluctant to serve as directors, officers or in other capacities unless they are provided with adequate protection through insurance and adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Corporation (the " Board ") has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Corporation and its stockholders and that the Corporation should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, (i) the Amended and Restated Bylaws of the Corporation (as may be amended, the " Bylaws ") require indemnification of the officers and directors of the Corporation, (ii) Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (" DGCL ") and (iii) the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive and thereby contemplate that contracts may be entered into between the Corporation and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and the Amended and Restated Certificate of Incorporation of the Corporation (as may be amended, the " Certificate of Incorporation ") and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, (i) Indemnitee does not regard the protection available under the Bylaws and insurance as adequate in the present circumstances, (ii) Indemnitee may not be willing to serve or continue to serve as a director or officer of the Corporation without adequate protection, (iii) the Corporation desires Indemnitee to serve in such capacity, and (iv) Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Corporation on the condition that he be so indemnified.

AGREEMENT :

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Corporation and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions . (a) As used in this Agreement:

" Affiliate " of any specified Person shall mean any other Person controlling, controlled by or under common control with such specified Person.

" Corporate Status " describes the status of a person who is or was a director, officer, employee or agent of (i) the Corporation or (ii) any other corporation, limited liability company, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

" Disinterested Director " shall mean a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

" Enterprise " shall mean the Corporation and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Corporation as a director, officer, employee, agent or fiduciary.

" Exchange Act " shall mean the Securities Exchange Act of 1934, as amended.

" Expenses " shall mean all reasonable costs, expenses, fees and charges, including, without limitation, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include, without limitation, (i) expenses incurred in connection with any appeal resulting from, incurred by Indemnitee in connection with, arising out of, or in respect of or relating to, any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent, (ii) for purposes of Section 12(d) hereof only, expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise, (iii) any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, and (iv) any interest, assessments or other charges in respect of the foregoing. "Expenses" shall not include "Liabilities."

" Indemnity Obligations " shall mean all obligations of the Corporation to Indemnitee under this Agreement, including the Corporation's obligations to provide indemnification to Indemnitee and advance Expenses to Indemnitee under this Agreement.

" Independent Counsel " shall mean a law firm of fifty (50) or more attorneys, or a member of a law firm of fifty (50) or more attorneys, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Corporation or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder; provided, however, that the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

" Liabilities " shall mean all claims, liabilities, damages, losses, judgments, orders, fines, penalties and other amounts payable in connection with, arising out of, or in respect of or relating to any Proceeding, including, without limitation, amounts paid in settlement in any Proceeding and all costs and expenses in complying with any judgment, order or decree issued or entered in connection with any Proceeding or any settlement agreement, stipulation or consent decree entered into or issued in settlement of any Proceeding.

" Person " shall mean any individual, corporation, partnership, limited partnership, limited liability company, trust, governmental agency or body or any other legal entity.

" Proceeding " shall mean any threatened, pending or completed action, claim, suit, arbitration, alternate dispute resolution mechanism, formal or informal hearing, inquiry or investigation, litigation, inquiry, administrative hearing or any other actual, threatened or completed judicial, administrative or arbitration proceeding (including, without limitation, any such proceeding under the Securities Act of 1933, as amended, or the Exchange Act or any other federal law, state law, statute or regulation), whether brought in the right of the Corporation or otherwise, and whether of a civil, criminal, administrative or investigative nature, in each case, in which Indemnitee was, is or will be, or is threatened to be, involved as a party, witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Corporation, by reason of any actual or alleged action taken by Indemnitee or of any action on Indemnitee's part while acting as director or officer of the Corporation, or by reason of the fact that he is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement can be provided under this Agreement.

(b) For the purpose hereof, references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a Person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

Section 2. Indemnity in Third-Party Proceedings . The Corporation shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Liabilities and Expenses suffered or reasonably incurred (and, in the case of retainers, reasonably expected to be incurred) by Indemnitee or on Indemnitee's behalf in connection with any Proceeding (other than any Proceeding brought by or in the right of the Corporation to procure a judgment in its favor), or any claim, issue or matter therein.

Section 3. Indemnity in Proceedings by or in the Right of the Corporation . The Corporation shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Liabilities and Expenses suffered or incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding brought by or in the right of the Corporation to procure a judgment in its favor, or any claim, issue or matter therein. No indemnification for Liabilities and Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Corporation, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to such indemnification.

Section 4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful . Notwithstanding any other provisions of this Agreement, and without limiting the rights of Indemnitee under any other provision hereof, including any rights to indemnification pursuant to Sections 2 or 3 hereof, to the fullest extent permitted by applicable law, to the extent that Indemnitee is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved Proceeding, claim, issue or matter. For purposes of this Section 4 and without limitation, the termination of any Proceeding or claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 5. Indemnification For Expenses of a Witness . Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness or otherwise a participant in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses suffered or incurred (or, in the case of retainers, reasonably expected to be incurred) by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 6. Additional Indemnification . Notwithstanding any limitation in Sections 2, 3 or 4 hereof, the Corporation shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Corporation to procure a judgment in its favor) against all Liabilities and Expenses suffered or reasonably incurred by Indemnitee in connection with such Proceeding, including but not limited to:

(a) the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL; and

(b) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 7. Exclusions . Notwithstanding any provision in this Agreement, the Corporation shall not be obligated under this Agreement to indemnify or hold harmless Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy obtained by the Corporation except with respect to any excess beyond the amount paid under such insurance policy;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law;

(c) except as provided in Section 12(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Corporation or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law; or

(d) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

Section 8. Advancement . In accordance with the pre-existing requirements of the Bylaws, and notwithstanding any provision of this Agreement to the contrary, the Corporation shall advance, to the extent not prohibited by applicable law, the Expenses reasonably incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days after the receipt by the Corporation of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all Expenses reasonably incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Corporation to support the advances claimed. Indemnitee shall qualify for advances upon the execution and delivery to the Corporation of this Agreement, which shall constitute an undertaking providing that Indemnitee undertakes to repay the amounts advanced to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Corporation. This Section 8 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 7 hereof.

Section 9. Procedure for Notification and Defense of Claim .

(a) Indemnitee shall promptly notify the Corporation in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement hereunder following the receipt by Indemnitee of written notice thereof. The written notification to the Corporation shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Any delay or failure by Indemnitee to notify the Corporation hereunder will not relieve the Corporation from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay or failure in so notifying the Corporation shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Corporate Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) In the event Indemnitee is entitled to indemnification and/or advancement with respect to any Proceeding, Indemnitee may, at Indemnitee's option, (i) retain counsel selected by Indemnitee and approved by the Corporation to defend Indemnitee in such Proceeding, at the sole expense of the Corporation (which approval shall not be unreasonably withheld, conditioned or delayed), or (ii) have the Corporation assume the defense of Indemnitee in such Proceeding, in which case the Corporation shall assume the defense of such Proceeding with counsel selected by the Corporation and approved by Indemnitee (which approval shall not be unreasonably withheld, conditioned or delayed) within ten (10) days of the Corporation's receipt of written notice of Indemnitee's election to cause the Corporation to do so. If the Corporation is required to assume the defense of any such Proceeding, it shall engage legal counsel for such defense, and the Corporation shall be solely responsible for all fees and expenses of such legal counsel and otherwise of such defense. Such legal counsel may represent both Indemnitee and the Corporation (and any other party or parties entitled to be indemnified by the Corporation with respect to such matter) unless, in the

reasonable opinion of legal counsel to Indemnitee, there is a conflict of interest between Indemnitee and the Corporation (or any other such party or parties) or there are legal defenses available to Indemnitee that are not available to the Corporation (or any such other party or parties). Notwithstanding either party's assumption of responsibility for defense of a Proceeding, each party shall have the right to engage separate counsel at its own expense. The party having responsibility for defense of a Proceeding shall provide the other party and its counsel with all copies of pleadings and material correspondence relating to the Proceeding. Indemnitee and the Corporation shall reasonably cooperate in the defense of any Proceeding with respect to which indemnification is sought hereunder, regardless of whether the Corporation or Indemnitee assumes the defense thereof. Indemnitee may not settle or compromise any Proceeding without the prior written consent of the Corporation, which consent shall not be unreasonably withheld, conditioned or delayed. The Corporation may not settle or compromise any Proceeding without the prior written consent of Indemnitee.

Section 10. Procedure Upon Application for Indemnification .

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a) hereof, if any determination by the Corporation is required by applicable law with respect to Indemnitee's entitlement thereto, such determination shall be made (i) if Indemnitee shall request such determination be made by Independent Counsel, by Independent Counsel, and (ii) in all other circumstances, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) if so directed by the Board, by the stockholders of the Corporation; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Corporation (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Corporation will not deny any written request for indemnification hereunder made in good faith by Indemnitee unless a determination as to Indemnitee's entitlement to such indemnification described in this Section 10(a) has been made. The Corporation agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Liabilities and Expenses arising out of or relating to this Agreement or its engagement pursuant hereto.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a) hereof, (i) the Independent Counsel shall be selected by the Corporation within ten (10) days of the Submission Date (the cost of such Independent Counsel to be paid by the Corporation), (ii) the Corporation shall give written notice to Indemnitee advising it of the identity of the Independent Counsel so selected and (iii) Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Corporation Indemnitee's written objection to such selection. Such objection by Indemnitee may be asserted only on the ground that the Independent Counsel selected does not meet the requirements of "Independent Counsel" as defined in this Agreement. If such written objection is made and substantiated, the Independent Counsel selected shall not serve as Independent Counsel unless and until Indemnitee withdraws the objection or a court has determined that such objection is without merit. Absent a timely objection, the person so selected shall act as Independent Counsel. If no Independent Counsel shall have been selected and not objected to before the later of (i) thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof (the " Submission Date ") and (ii) ten (10) days after the final disposition of the Proceeding, each of the Corporation and Indemnitee shall select a law firm or member of a law firm meeting the qualifications to serve as Independent Counsel, and such law firms or members of law firms shall select the Independent Counsel. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings .

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by applicable law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Corporation shall, to the fullest extent not prohibited by applicable law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Corporation (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 12(e) hereof, if the person, persons or entity empowered or selected under Section 10 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Corporation of the request therefore, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by applicable law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent a prohibition of such indemnification under applicable law; *provided* , *however* , that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if (i) the determination is to be made by Independent Counsel and Indemnitee objects to the Corporation's selection of Independent Counsel and (ii) the Independent Counsel ultimately selected requires such additional time for the obtaining or evaluating of documentation or information relating thereto; *provided further* , *however* , that such 60-day period may also be extended for a reasonable time, not to exceed an additional sixty (60) days, if the determination of entitlement to indemnification is to be made by the stockholders of the Corporation.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) Reliance as Safe Harbor . For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 11(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others . The knowledge or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee .

(a) Subject to Section 12(e) hereof, in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within ninety (90) days after receipt by the Corporation of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 4 or 5 or the last sentence of Section 10(a) of this Agreement within ten (10) days after receipt by the Corporation of a written request therefor, (v) payment of indemnification pursuant to Sections 2, 3 or 6 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Corporation or any other Person takes or threatens to take any action to declare this Agreement void or

unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of Indemnitee's entitlement to such indemnification or advancement. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Corporation shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12 the Corporation shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a prohibition of such indemnification under applicable law.

(d) The Corporation shall, to the fullest extent not prohibited by applicable law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement. It is the intent of the Corporation that Indemnitee not be required to incur Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. The Corporation shall indemnify Indemnitee against any and all such Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Corporation of a written request therefore) advance, to the extent not prohibited by applicable law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Corporation under this Agreement or under any directors' and officers' liability insurance policies maintained by the Corporation, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement or insurance recovery, as the case may be.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding; *provided* that, in absence of any such determination with respect to such Proceeding, the Corporation shall advance Expenses with respect to such Proceeding.

Section 13. Non-Exclusivity; Survival of Rights; Insurance; Subrogation .

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Corporation hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement and insurance provided by one or more Persons with whom or which Indemnitee may be associated. The Corporation hereby acknowledges and agrees that (i) the Corporation shall be the indemnitor of first resort with

respect to any Proceeding, Expense, Liability or matter that is the subject of the Indemnity Obligations, (ii) the Corporation shall be primarily liable for all Indemnity Obligations and any indemnification afforded to Indemnitee in respect of any Proceeding, Expense, Liability or matter that is the subject of Indemnity Obligations, whether created by applicable law, organizational or constituent documents, contract (including this Agreement) or otherwise, (iii) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee or advance Expenses or Liabilities to Indemnitee in respect of any Proceeding shall be secondary to the obligations of the Corporation hereunder, (iv) the Corporation shall be required to indemnify Indemnitee and advance Expenses or Liabilities to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person and (v) the Corporation irrevocably waives, relinquishes and releases any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Corporation hereunder. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss which is the subject of any Indemnity Obligation owed by the Corporation or payable under any Corporation insurance policy, the payor shall have a right of subrogation against the Corporation or its insurer or insurers for all amounts so paid which would otherwise be payable by the Corporation or its insurer or insurers under this Agreement. In no event will payment of an Indemnity Obligation by any other Person with whom or which Indemnitee may be associated or their insurers affect the obligations of the Corporation hereunder or shift primary liability for any Indemnity Obligation to any other Person with whom or which Indemnitee may be associated. Any indemnification, insurance or advancement provided by any other Person with whom or which Indemnitee may be associated with respect to any Liability arising as a result of Indemnitee's Corporate Status or capacity as an officer or director of any Person is specifically in excess over any Indemnity Obligation of the Corporation or any collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Corporation under this Agreement.

(c) To the extent that the Corporation maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Corporation or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies and such policies shall provide for and recognize that the insurance policies are primary to any rights to indemnification, advancement or insurance proceeds to which Indemnitee may be entitled from one or more Persons with whom or which Indemnitee may be associated to the same extent as the Corporation's indemnification and advancement obligations set forth in this Agreement. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Corporation has director and officer liability insurance in effect, the Corporation shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Corporation shall not be subrogated to the rights of recovery of Indemnitee, including rights of indemnification provided to Indemnitee from any other person or entity with whom Indemnitee may be associated; *provided* , *however* , that the Corporation shall be subrogated to the extent of any such payment of all rights of recovery of Indemnitee under insurance policies of the Corporation or any of its subsidiaries.

(e) The indemnification and contribution provided for in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee.

Section 14. Duration of Agreement; Not Employment Contract . This Agreement shall continue until and terminate upon the latest of: (i) ten (10) years after the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Corporation or any other Enterprise and (ii) the date of final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. This Agreement shall not be deemed an employment contract between the Corporation (or any of its subsidiaries or any other Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Corporation (or any of its subsidiaries

or any other Enterprise), if any, is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Corporation (or any of its subsidiaries or any other Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director of the Corporation, by the Certificate of Incorporation, the Bylaws or the DGCL.

Section 15. Severability . If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by applicable law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement .

(a) The Corporation expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer, employee or agent of the Corporation, and the Corporation acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee or agent of the Corporation.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided , however* , that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and shall not be deemed a substitute therefore, nor diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver . No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

Section 18. Notices . All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Corporation.

(b) If to the Corporation to:

Spark Energy, Inc.
2105 CityWest Blvd., Suite 100
Houston, Texas 77042
Attention: Board of Directors

or to any other address as may have been furnished to Indemnitee by the Corporation.

Section 19. Contribution . To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Corporation, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for Liabilities or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Corporation and Indemnitee as a result of the event(s) and transaction(s) giving cause to such Proceeding; and (ii) the relative fault of the Corporation (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and transaction(s).

Section 20. Applicable Law and Consent to Jurisdiction . This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Corporation and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 21. Counterparts . This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 22. Miscellaneous . Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

SPARK ENERGY, INC.

By: _____
Name: _____
Title: _____

INDEMNITEE

By: _____
Name: _____
Title: _____

Exhibit 10.9

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this " ***Agreement*** ") is made and entered into as of [•], 2013, by and among Spark Energy, Inc., a Delaware corporation (the " ***Company*** "), NuDevco Retail, LLC, a Delaware limited liability company (" ***NuDevco Retail*** ") and NuDevco Retail Holdings, LLC, a Delaware limited liability company (" ***NuDevco Retail Holdings*** ") (each a " ***Party*** " and collectively, the " ***Parties*** ").

W I T N E S S E T H:

WHEREAS , in connection with, and in consideration of, the transactions contemplated by the Company's Registration Statement on Form S-1, (File No. 333-196375) initially filed with the Commission (as hereinafter defined) on May 29, 2014 and declared effective by the Commission under the Securities Act (as hereinafter defined) on [•], 2014, the Holders (as hereinafter defined) have requested, and the Company has agreed to provide, registration rights with respect to the Registrable Securities (as hereinafter defined), as set forth in this Agreement.

NOW, THEREFORE , in consideration of the premises and the mutual covenants of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

Section 1. *Definitions*

Unless otherwise defined herein, as used in this Agreement, the following terms have the following meanings:

" ***Agreement*** " has the meaning set forth in the preamble.

" ***Automatic Shelf Registration Statement*** " means a registration statement filed on Form S-3 (or successor form or other appropriate form under the Securities Act) by a WKSI pursuant to General Instruction I.D. or I.C. (or other successor or appropriate instruction) of such forms, respectively.

" ***Business Day*** " means any day other than a Saturday, Sunday or legal holiday on which banks in New York, New York are authorized or obligated by law to close.

" ***Capital Stock*** " means the Class A Common Stock and the Class B Common Stock.

" ***Class A Common Stock*** " means the Company's Class A common stock, par value $0.01 per share.

" ***Class B Common Stock*** " means the Company's Class B common stock, par value $0.01 per share.

" ***Commission*** " means the Securities and Exchange Commission.

" ***Company*** " has the meaning set forth in the preamble.

" ***Entity*** " means any corporation, limited liability company, general partnership, limited partnership, venture, trust, business trust, unincorporated association, estate or other entity.

" ***Exchange Act*** " means the Securities Exchange Act of 1934, as amended.

" ***Governmental Authority*** " means any United States, foreign, supra-national, federal, state, provincial, local or self-regulatory governmental, regulatory or administrative authority, agency, division, body, organization or commission or any judicial or arbitral body.

" ***Holder*** " means any Party owning Registrable Securities.

" ***Initiating Holder(s)*** " has the meaning set forth in Section 2(a).

" ***NuDevco Retail*** " has the meaning set forth in the preamble.

" ***NuDevco Retail Holdings*** " has the meaning set forth in the preamble.

" ***Party*** " has the meaning set forth in the preamble.

" ***Person*** " means any individual or Entity.

" ***Prospectus*** " has the meaning set forth in Section 5(a).

" ***Registering Stockholder*** " means any Holder of Registrable Securities giving the Company a notice pursuant to Section 2 or Section 3 hereof requesting that the Registrable Securities owned by it be included in a proposed registration.

" ***Registrable Securities*** " means any shares of Class A Common Stock held by the Holders from time to time, including any shares of Class A Common Stock issuable upon exchange of Units, together with the same number of shares of Class B Common Stock, other than shares of Class A Common Stock (a) sold by a Holder in a transaction in which the Holder's rights under this Agreement are not assigned, (b) sold pursuant to an effective registration statement under the Securities Act, (c) sold in a transaction exempt from the registration and prospectus delivery requirements of the Securities Act (including transactions under Rule 144, or a successor thereto, promulgated under the Securities Act) so that all transfer restrictions and restrictive legends with respect thereto, if any, are removed upon the consummation of such sale, or (d) that can be publicly sold by the Holder in question without limitations on the manner of such sale and without volume limitations pursuant to Rule 144, or a successor thereto.

" ***Registration Expenses*** " means, except for Selling Expenses (as hereinafter defined), all expenses incurred by the Company in effecting any registration pursuant to this Agreement, including all registration, qualification and filing fees, printing expenses, escrow fees, reasonable fees and disbursements of counsel for the Company, blue sky fees and expenses, the expense of any special audits incident to or required by any such registration and the reasonable fees and disbursements of one special legal counsel to represent all of the Holders together.

" ***Registration Statement*** " has the meaning set forth in Section 5(a).

" ***Rule 144*** " has the meaning set forth in Section 8.

" ***Securities Act*** " means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

" ***Selling Expenses*** " means all underwriting discounts and selling commissions applicable to the securities sold in a transaction or transactions registered on behalf of the Holders.

" ***Shelf Registration Statement*** " shall mean a registration statement of the Company filed with the Commission on Form S-3 (or any successor form or other appropriate form under the Securities Act) for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act (or any similar rule that may be adopted by the Commission) covering the Registrable Securities, as applicable.

" ***Spark HoldCo LLC Agreement*** " means the Second Amended and Restated Limited Liability Company Agreement of Spark HoldCo, LLC, a Delaware limited liability company, dated as of [•], 2014.

" ***Transfer*** " means a disposition, sale, assignment, transfer, exchange, pledge or the grant of a security interest or other encumbrance.

" ***Underwritten Offering*** " has the meaning set forth in Section 2(a).

" ***Units*** " has the meaning given to such term in the Spark HoldCo LLC Agreement.

" ***Violation*** " has the meaning set forth in Section 7(a).

" ***WKSI*** ," or a well-known seasoned issuer, has the meaning set forth in Rule 405 under the Securities Act.

Section 2. *Demand Registration Rights*

(a) *General* . If the Company shall receive from any Holder or group of Holders, at any time after the 180 th day after the date of the closing of the Company's initial public offering, a written request that the Company file a registration statement with respect to any of such Holder's Registrable Securities or, in the event that a Shelf Registration Statement covering such Holders' Registrable Securities is already effective, a written request that the Company engage in an underwritten offering (an " ***Underwritten Offering*** ") in respect of such Holder's Registrable Securities (the sender(s) of such request or any similar request pursuant to this Agreement shall be known as the " ***Initiating Holder(s)*** "), then the Company shall, within thirty (30) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 2, use its commercially reasonable efforts to effect, as soon as reasonably practicable, the registration under the Securities Act of the sale of all Registrable Securities that the Holders request to be registered and/or the Underwritten Offering of all Registrable Securities that the Holders request to be offered pursuant to such Underwritten Offering. Notwithstanding the foregoing, if the Initiating Holders' Registrable Securities that are desired to be sold in an Underwritten Offering are subject to an effective Shelf Registration Statement, neither the Company nor the Initiating Holders shall be required to include in such Underwritten

Offering other Registrable Securities that are not subject to an effective Shelf Registration Statement to the extent that such inclusion would result in a material delay in the consummation of the Underwritten Offering. Notwithstanding anything to the contrary in this Agreement, the Initiating Holders may request that the Company register the sale of such Registrable Securities on an appropriate form, including a Shelf Registration Statement (so long as the Company is eligible to use Form S-3) and, if the Company is a WKSI, an Automatic Shelf Registration Statement. The Company shall not be obligated to take any action to effect an Underwritten Offering unless such Holder or Holders reasonably anticipates that the Underwritten Offering will result in gross process of at least $30,000,000 in the aggregate.

(b) *Underwriting* . In connection with any Underwritten Offering, the Company shall retain underwriters that are reasonably acceptable to such Holder or Holders in order to permit the Holder or Holders to effect such disposition through an Underwritten Offering; provided , however , that the Company shall have the exclusive right to select the bookrunning managers. The Company and the Holder or Holders shall enter into an underwriting agreement in customary form with the underwriter that is acceptable to the Company and take all reasonable actions as are requested by the managing underwriters to facilitate the Underwritten Offering and sale of the Registrable Securities therein. Notwithstanding any other provision of this Section 2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, the Initiating Holders shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the registration and underwriting shall be allocated as set forth in this Section 2(b). The shares of Registrable Securities that may be included shall be allocated first to the shares requested to be included by the Initiating Holders and then the shares requested to be included by other Holders, with such shares allocated among such other Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such other Holders at the time of filing the registration statement.

If any Holder of Registrable Securities disapproves of the terms of the underwriting, such Person may elect to withdraw therefrom by written notice to the Company, the managing underwriter and the Initiating Holders. If by the withdrawal of such Registrable Securities a greater number of shares of Registrable Securities held by other Holders may be included in such registration (up to the maximum of any limitation imposed by the underwriters), then the Company shall offer to all Holders who have included Registrable Securities in the registration the right to include additional Registrable Securities in the same proportion used in determining the underwriter limitation in this Section 2(b). If the underwriter has not limited the number of shares of Registrable Securities to be underwritten, the Company may include securities for its own account if the underwriter so agrees and if the number of shares of Registrable Securities which would otherwise have been included in such registration and underwriting will not thereby be limited.

Section 3. *Piggyback Registrations*

(a) *General.* If, at any time or from time to time after the 180 th day after the date of the closing of the Company's initial public offering, the Company proposes to register the sale of any of its Class A Common Stock for own account or for the account of any third person in connection with an Underwritten Offering of its Class A Common Stock to the general public for cash on a form which would permit the registration of Registrable Securities, the Company will:

(i) provide to each Holder written notice thereof at least five (5) Business Days before the proposed filing date; and

(ii) use its commercially reasonable efforts to include in such registration and in the underwriting involved therein, all the Registrable Securities specified in a written request or requests, made within two (2) Business Days after such Holder's receipt of such written notice from the Company, by any Holders (except that (A) if the underwriter determines that marketing factors require a shorter time period and so inform each Holder in the applicable written notice, such written request or requests must be made within five (5) days and (B) in the case of an "overnight" offering or a "bought deal," such written request or requests must be made within one (1) Business Day), except as set forth in Section 3(b); provided , however , that the Company may withdraw any Registration Statement described in this Section 3 at any time before it becomes effective, or postpone or terminate the offering of securities under such registration statement, without obligation or liability to any Holder.

(b) *Underwriting* . The right of any Holder to registration pursuant to this Section 3 shall be conditioned upon such Holder's participation in the underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall (together with the Company) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Section 3, if the underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, the Company shall so advise all Holders whose securities would otherwise be registered and underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the registration and underwriting shall be so limited and shall be allocated first, to the Company; second, if there remains additional availability for additional Class A Common Stock to be included in such offering, among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities entitled to inclusion in such registration held by such Holders at the time of filing the registration statement, and third, if there remains availability for additional securities to be included in such offering, pro rata among any other persons who have been granted registration rights, or who have requested participation in the offering.

If any Holder disapproves of the terms of any such underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriter. If by the withdrawal of such Registrable Securities a greater number of shares of Registrable Securities held by other Holders may be included in such registration (up to the maximum of any limitation imposed by the underwriters), then the Company shall offer to all Holders who have included Registrable Securities in the registration the right to include additional shares of Registrable Securities in the same proportion used in determining the underwriter limitation in this Section 3(b).

Section 4. *Selection of Counsel; Registration Expenses*

(a) The Holders of a majority of the shares of Registrable Securities included in any offering pursuant to Section 2 or 3 hereof shall have the right to designate legal counsel to represent all of the Holders in connection therewith.

(b) All Registration Expenses incurred in connection with any registration, filing, qualification or compliance pursuant to Sections 2 and 3 shall be borne by the Company. All Selling Expenses relating to the sale of securities registered by the Holders shall be borne by the Holders of such securities pro rata on the basis of the number of shares so sold.

Section 5. *Further Obligations*

(a) In connection with any registration of the sale of shares of Registrable Securities under the Securities Act pursuant to this Agreement, the Company will consult with each Holder whose Registrable Securities is to be included in any such registration concerning the form of underwriting agreement (and shall provide to each such Holder the form of underwriting agreement prior to the Company's execution thereof) and shall provide to each such Holder and its representatives such other documents (including correspondence with the Commission with respect to the registration statement and the related securities offering) as such Holder shall reasonably request in connection with its participation in such registration. The Company will furnish each Registering Stockholder whose Registrable Securities is registered thereunder and each underwriter, if any, with a copy of the registration statement and all amendments thereto and will supply each such Registering Stockholder and each underwriter, if any, with copies of any prospectus forming a part of such registration statement (including a preliminary prospectus and all amendments and supplements thereto, the " ***Prospectus*** "), in such quantities as may be reasonably requested for the purposes of the proposed sale or distribution covered by such registration. In the event that the Company prepares and files with the Commission a registration statement on any appropriate form under the Securities Act (a " ***Registration Statement*** ") providing for the sale of Registrable Securities held by any Registering Stockholder pursuant to its obligations under this Agreement, the Company will:

(i) prepare and file with the Commission such Registration Statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement to become effective and, upon the request of the Holders of a majority of the shares of Registrable Securities registered thereunder, keep such Registration Statement effective until the participating Holder or Holders have completed the distribution described in such Registration Statement, which may include sales from time to time for an indefinite period of time pursuant to Rule 415 under the Securities Act (or any similar rule that may be adapted by the Commission);

(ii) prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep such Registration Statement effective; cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended methods of disposition by the participating Holder or Holders thereof set forth in such Registration Statement or supplement to such Prospectus;

(iii) promptly notify the Registering Stockholders and the managing underwriters, if any, (A) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (B) of any request by the Commission or any state securities commission for amendments or supplements to a Registration Statement or related Prospectus or for additional information, (C) of the issuance by the Commission or any state securities commission of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, and (E) of the existence of any fact which results in a Registration Statement, a Prospectus or any document incorporated therein by reference containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(iv) use commercially reasonable efforts to promptly obtain the withdrawal of any order suspending the effectiveness of a Registration Statement;

(v) if requested by the managing underwriters or a Registering Stockholder, promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters or the Registering Stockholders holding a majority of the Registrable Securities being sold by Registering Stockholders agree should be included therein relating to the sale of such Registrable Securities, including without limitation information with respect to the amount of Registrable Securities being sold to such underwriters, the purchase price being paid therefor by such underwriters and with respect to any other terms of the underwritten (or best efforts underwritten) offering of the Registrable Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(vi) furnish to such Registering Stockholder and each managing underwriter at least one signed copy of the Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference) (provided , however , that any such document made available by the Company through EDGAR shall be deemed so furnished);

(vii) deliver to such Registering Stockholders and the underwriters, if any, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such persons or entities may reasonably request;

(viii) prior to any public offering of Registrable Securities, register or qualify or cooperate with the Registering Stockholders, the underwriters, if any, and their respective counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions within the United States as any Registering Stockholder or underwriter reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the applicable Registration Statement; provided , however , that

the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so required to be qualified or to take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(ix) cooperate with the Registering Stockholders and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to such Registration Statement and not bearing any restrictive legends, and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request at least one (1) Business Day prior to any sale of Registrable Securities to the underwriters;

(x) if any fact described in subparagraph (iii)(E) above exists, promptly prepare and file with the Commission a supplement or post-effective amendment to the applicable Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading;

(xi) cause all Registrable Securities covered by the Registration Statement to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed;

(xii) provide a CUSIP number for all Registrable Securities included in such Registration Statement, not later than the effective date of the applicable Registration Statement;

(xiii) enter into such agreements (including an underwriting agreement in form reasonably satisfactory to the Company) and take all such other reasonable actions in connection therewith in order to expedite or facilitate the disposition of such Registrable Securities, including customary participation of management; and

(xiv) make available for inspection by a representative of the Registering Stockholders whose Registrable Securities are being sold pursuant to such Registration Statement, any underwriter participating in any disposition pursuant to a Registration Statement, and any attorney or accountant retained by such Registering Stockholders or underwriter, all financial and other records and any pertinent corporate documents and properties of the Company reasonably requested by such representative, underwriter, attorney or accountant in connection with such Registration Statement; provided , however , that any records, information or documents that are designated by the Company in writing as confidential shall be kept confidential by such persons or entities unless disclosure of such records, information or documents is required by court or administrative order.

(b) Notwithstanding anything to the contrary in this Agreement, to the extent the Company is a WKSI, at the time any Registrable Securities are registered pursuant to Section 2 hereof, and the Initiating Holders so request, the Company shall file an Automatic Shelf Registration Statement which covers those shares of Registrable Securities which are requested to be registered within five (5) Business Days after receipt of such request. If the Company does

not pay the filing fee covering the shares of Registrable Securities at the time the Automatic Shelf Registration Statement is filed, the Company agrees to pay such fee at such time or times as the shares of Registrable Securities are to be sold. If the Automatic Shelf Registration Statement has been outstanding for at least three (3) years, at the end of the third year the Company shall file a new Automatic Shelf Registration Statement covering the shares of Registrable Securities. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its commercially reasonable efforts to file a new Shelf Registration Statement on Form S-3 (or amend the Automatic Shelf Registration Statement to a form that the Company is eligible to use) and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

(c) Each Holder agrees that, upon receipt of any notice from the Company of the happening of an event of the kind described in Section 5(a)(iii)(B) through Section 5(a)(iii)(E), such Holder will immediately discontinue disposition of shares of Registrable Securities pursuant to a Shelf Registration Statement or an Automatic Shelf Registration Statement until such stop order is vacated or such Holder receives a copy of the supplemented or amended Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the reasonable expense of the Company) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such shares of Registrable Securities at the time of receipt of such notice.

Section 6. *Further Information Furnished by Holders*

It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2 through 5 that the Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them, and the intended method of disposition of such securities as shall be required to effect the registration of the sale of their Registrable Securities.

Section 7. *Indemnification*

In the event any shares of Registrable Securities are included in a Registration Statement under Section 2 or 3:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, each of the officers, directors, partners and agents of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a " ***Violation*** "): any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or any violation or

alleged violation by the Company or any officer, director, employee, advisor or affiliate thereof of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law, and the Company will reimburse each such Holder, officer, director, partner or agent, underwriter or controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided , however , that the indemnity agreement contained in this Section 7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld, conditioned, delayed or denied), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder or underwriter.

(b) To the extent permitted by law, each Holder will, if shares of Registrable Securities held by such Person are included in the securities as to which such registration, qualification or compliance is being effected, indemnify and hold harmless the Company, each of its directors and officers, each legal counsel and independent accountant of the Company, each Person, if any, who controls the Company within the meaning of the Securities Act, each underwriter (within the meaning of the Securities Act) of the Company's securities covered by such a registration statement, any Person who controls such underwriter, and any other Holder selling securities in such registration statement and each of its directors, officers, partners or agents or any Person who controls such Holder, against any losses, claims, damages, or liabilities (joint or several) to which the Company or any such underwriter, other Holder, director, officer, partner or agent or controlling Person may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration, and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such underwriter, other Holder, officer, director, partner or agent or controlling Person in connection with investigating or defending any such loss, claim, damage, liability, or action; provided , however , that the indemnity agreement contained in this Section 7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld, conditioned, delayed or denied); and provided , that in no event shall any indemnity under this Section 7(b) exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 7, notify the indemnifying party in writing of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided , however , that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the

indemnifying party, if the indemnified party shall have been advised by counsel that representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure of any indemnified party to notify an indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of liability to the indemnified party under this Section 7 only to the extent that such failure to give notice shall materially prejudice the indemnifying party in the defense of any such claim or any such litigation, but the omission so to notify the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 7.

(d) If the indemnification provided for in this Section 7 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided , that in no event shall any contribution by a Holder hereunder exceed the net proceeds from the offering received by such Holder.

(e) The obligations of the Company and the Holders under this Section 7 shall survive completion of any offering of Registrable Securities pursuant to a registration statement.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with any registration provided for under Sections 2 or 3 are in conflict with the foregoing provisions of this Section 7, the provisions in such underwriting agreement shall control.

Section 8. *Rule 144 Reporting*

With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act (" ***Rule 144*** ") and any other rule or regulation of the Commission that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company agrees to use commercially reasonable efforts to:

(a) make and keep public information available (as those terms are understood and defined in Rule 144) at all times after the date hereof;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act; and

(c) furnish to any Holder, forthwith upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company (provided , however , that any such report or document described in this subsection (iii) made available by the Company through EDGAR shall be deemed so furnished), and (iv) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission which permits the selling of any such securities without registration or pursuant to such form.

Section 9. *Assignment of Rights*

The provisions hereof will inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, except as otherwise provided herein; *provided* , *however* , that the registration rights granted hereby may be transferred only (i) by operation of Law or (ii) to any Person to whom a Holder transfers Registrable Securities, *provided* that any such transferee shall not be entitled to rights pursuant to Section 2 or 3 hereof unless such transferee of registration rights hereunder agrees to be bound by the terms and conditions hereof and executes and delivers to the Company an acknowledgment and agreement to such effect.

Section 10. *Amendment of Registration Rights*

Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holders of at least sixty-six and two-thirds percent (66 2/3%) of the Registrable Securities or securities convertible into Registrable Securities. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Holder and the Company.

Section 11. *Expiration, Termination and Delay of Registration*

(a) The Company shall have no further obligations pursuant to this Agreement at such time as no shares of Registrable Securities are outstanding after their original issuance; provided , that the Parties' obligations under Sections 7 and 14 (and any related definitions) shall remain in full force and effect following such time.

(b) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Agreement.

(c) Notwithstanding anything to the contrary herein, if the Company shall furnish to such Holder or Holders a certificate signed by the President of the Company stating that in the good faith judgment of the board of directors of the Company that it has determined that the Company's compliance with its obligations of Sections 2 and 3 would be detrimental to the Company because such registration would (x) materially interfere with a significant acquisition,

reorganization or other similar transaction involving the Company, (y) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential or (z) render the Company unable to comply with requirements under applicable securities laws, then the Company shall have the right to postpone compliance with such obligations for a period of not more than six months; provided, however, that such right may not be exercised more than twice in any 24-month period.

Section 12. *Limitations on Subsequent Registration Rights*

From and after the date hereof, the Company may, without the prior written consent of the Holders, enter into any agreement with any holder or prospective holder of any securities of the Company which provides such holder or prospective holder of securities of the Company registration rights that conflict with those granted to the Holders hereby.

Section 13. *"Market Stand-off" Agreement*

In connection with any Underwritten Offering pursuant to this Registration Rights Agreement, each Holder hereby agrees that it will not, to the extent requested by the Company and an underwriter of securities of the Company, sell or otherwise transfer or dispose of any Registrable Securities, except securities included in such registration, during the period beginning fourteen (14) days prior to the expected date of "pricing" of such offering and continuing for a period not to exceed one hundred eighty (180) days with respect to the initial public offering or ninety (90) days with respect to any offering subsequent to the initial public offering beginning on the date of such final prospectus (or prospectus supplement if the offering is made pursuant to a Shelf Registration Statement), and it will enter into agreements with the managing underwriters, if any, in connection with any such sale to give effect to the foregoing; provided , however , that all other Persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other Person subject to the foregoing restriction) until the end of such one hundred eighty (180)-day or ninety (90)-day period.

Section 14. *Miscellaneous*

(a) *Notices* . All notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given and received when delivered by overnight courier or hand delivery, when sent by telecopy, or five (5) days after mailing if sent by registered or certified mail (return receipt requested) postage prepaid, to the Parties at the following addresses (or at such other address for any Party as shall be specified by like notices, provided that notices of a change of address shall be effective only upon receipt thereof).

If to the Company, at:

2105 CityWest Blvd., Suite 100
Houston, Texas 77042
Attention: General Counsel

If to any Holder of Registrable Securities, to such Person's address as set forth on the records of the Company.

(b) *Counterparts* . This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) *Headings* . The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) ***Governing Law* . THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.**

(e) *Severability* . If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the Parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the Parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(f) *Entire Agreement* . This Agreement is intended by the Parties as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to Registrable Securities. This Agreement supersedes all prior written or oral agreements and understandings between the Parties with respect to such subject matter.

(g) *Securities Held by the Company or its Subsidiaries* . Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its subsidiaries shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(h) *Termination* . This Agreement shall terminate when no shares of Registrable Securities remain outstanding; provided that Sections 7 and 14 shall survive any termination hereof.

(i) *Specific Performance* . The parties hereto recognize and agree that money damages may be insufficient to compensate the Holders of any Registrable Securities for breaches by the Company of the terms hereof and, consequently, that the equitable remedy of specific performance of the terms hereof will be available in the event of any such breach.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Registration Rights Agreement to be duly executed as of the date first above written.

SPARK ENERGY, INC.

By: _____
Name:
Title:

NUDEVCO RETAIL HOLDINGS, LLC

By: _____
Name:
Title:

NUDEVCO RETAIL, LLC

By: _____
Name:
Title:

Exhibit 23.1

CONSENT OF KPMG LLP

The Board of Directors of Spark Energy, Inc.:

We consent to the use of our reports included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Houston, Texas
June 27, 2014