

## General FAQ

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### **1. What did the Company announce?**

- On April 1, Southcross and its subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware to facilitate a financial restructuring.
- This action was taken to enable Southcross to operate in the normal course as it evaluates a range of options, including a sale of the business, the divestiture of certain assets or a standalone restructuring plan that would strengthen the Company's financial position, accelerate future growth and enable Southcross to better serve customers.
- The Company has received a commitment for \$255 million in debtor-in-possession financing from certain of its existing lenders. Upon court approval, the new financing and cash generated from the Company's ongoing operations will be used to support the business during the reorganization and sale process.

### **2. What is a Chapter 11?**

- Chapter 11 is a part of the United States Bankruptcy Code that allows companies to reorganize their finances through a court-supervised proceeding while continuing to operate their businesses.

### **3. Why did Southcross take this action, and why now?**

- Over the last several years, Southcross has continued to adapt to the changing market environment, but the Company's strong underlying business continues to labor under a heavier debt burden than most of its competitors.
- The Chapter 11 process will enable Southcross to operate in the normal course while it takes steps to strengthen its financial situation and position the business for long-term success.
- The Company intends to use the restructuring process to evaluate a range of options, including a sale of the business, the divestiture of certain assets or a standalone restructuring plan that would strengthen the Company's financial position, accelerate future growth and enable Southcross to better serve customers.

### **4. Will the Company continue to operate during the Chapter 11 process?**

- It is important to understand that this is a financial restructuring, and the Company's operations will continue as normal during this court-supervised process.
- The Company has received a commitment for \$255 million in debtor-in-possession financing from certain of its existing lenders. Upon court approval, the new financing and cash generated from the Company's ongoing operations will be used to support the business during the reorganization and sale process.
- Importantly, with a strong underlying business, the Company remains as focused as ever on providing customers the quality of service they have come to expect from Southcross.

### **5. Is this sale going to happen? When you previously tried to sell, it fell through. What makes this situation different?**

- This sale is different from the previous process for several reasons:
  - The Company's current lenders have provided \$255 million of DIP financing to support its operations through this process.

- There is a federal judge overseeing this process in court. The process includes various sales milestones to help achieve resolution this year. These milestones have been agreed to with the lenders in the loan documents.
- The structure of a sale approved by the Bankruptcy Court is more attractive to a buyer.
- The act of filing for Chapter 11 means that there must be a resolution at the end of the process. This could include a sale of the business, the divestiture of certain assets or a standalone restructuring plan that would strengthen the Company's financial position, accelerate future growth and enable Southcross to better serve customers.
- Southcross is confident that it is taking the right steps to deliver value for the benefit of the Company's stakeholders.

**6. Will the restructuring affect the Company's operations?**

- No. Southcross expects to continue to operate in the normal course during the restructuring process.
- The Company has received a commitment for \$255 million in debtor-in-possession financing from certain of its existing lenders. Upon court approval, the new financing and cash generated from the Company's ongoing operations will be used to support the business during the reorganization and sale process.
- The DIP financing will provide Southcross additional liquidity to continue serving customers, paying employees, vendors and suppliers, and operating the business safely and efficiently.

**7. What will happen to Southcross vendors, suppliers and business partners?**

- Southcross will continue to work with its vendors, suppliers and business partners.
- The Company intends to make payments in full under normal terms for goods and services provided on or after the filing date.
- In addition, Southcross is requesting Court authority to pay for all goods and services delivered in the normal course of business prior to the filing.
- Southcross values the important relationships it has developed with its vendors, suppliers and business partners, and intends to work closely with them throughout this process and in the future.

**8. Will Southcross Holdings file for Chapter 11?**

- There is no expectation that Southcross Holdings will file for Chapter 11 at this time.
- Southcross Holdings, LP, completed its debt restructuring in 2016 and its balance sheet is healthy.

**9. SXE units recently delisted from the NYSE and transferred to the OTC. What effect does the Chapter 11 filing have on our stock?**

- For now, the units will continue to trade over the counter.
- We are not in a position to speculate about what about what value the units will have during or following the completion of the restructuring process.

**10. When does Southcross expect to complete the Chapter 11 process?**

- There is no definitive time frame for how long a company remains in Chapter 11.
- Southcross intends to move through this restructuring process as quickly as possible.

**11. When will the Company release its 2018 earnings?**

- The Company filed its annual report (form 10-K) on April 1, 2019 simultaneous with its bankruptcy filing. The 10-K includes all required information regarding the bankruptcy.

**12. Should I sell my stock in Southcross? Who should I speak to about my investments?**

- Neither the Company, nor any of its employees, advisors or representatives provide financial advice with respect to an investment in Southcross.
- All investors are encouraged to consult their personal financial advisor(s).

**13. Will Southcross be a publicly-listed company after it emerges from the Chapter 11 process?**

- It is unclear how and in what form Southcross will emerge from the Chapter 11 process.

**14. Where can I get further information about the filing?**

- Additional information is available by calling (866) 967-0671 (US/Canada) or (310) 751-2671 (International).
- Court filings and other information related to the court-supervised proceedings are available at a website administered by the Company's claims agent, Kurtzman Carson Consultants, at [www.kccllc.net/southcrossenergy](http://www.kccllc.net/southcrossenergy).