Docket #0818 Date Filed: 01/07/2020

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SOUTHCROSS ENERGY PARTNERS, L.P., *et al.*,	)	Case No. 19-10702 (MFW)
Debtors.[1]	)	Jointly Administered

DISCLOSURE STATEMENT SUPPLEMENT FOR FIRST AMENDED CHAPTER 11 PLAN FOR SOUTHCROSS ENERGY PARTNERS L.P. AND ITS AFFILIATED DEBTORS

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 701-5800
Marshall S. Huebner
Darren S. Klein
Steven Z. Szanzer
(each admitted *pro hac vice*)

Counsel to the Debtors and Debtors in Possession

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 North Market Street, 16th Floor
P.O. Box 1347
Wilmington, Delaware 19899-1347
Telephone: (302) 658-9200
Facsimile: (302) 658-3989
Robert J. Dehney (No. 3578)
Andrew R. Remming (No. 5120)
Joseph C. Barsalona II (No. 6102)
Eric W. Moats (No. 6441)

Local Counsel to the Debtors and Debtors in Possession

Dated: January 7, 2020
Wilmington, Delaware

[1] The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective Employer Identification Numbers, are as follows: Southcross Energy Partners, L.P. (5230); Southcross Energy Partners GP, LLC (5141); Southcross Energy Finance Corp. (2225); Southcross Energy Operating, LLC (9605); Southcross Energy GP LLC (4246); Southcross Energy LP LLC (4304); Southcross Gathering Ltd. (7233); Southcross CCNG Gathering Ltd. (9553); Southcross CCNG Transmission Ltd. (4531); Southcross Marketing Company Ltd. (3313); Southcross NGL Pipeline Ltd. (3214); Southcross Midstream Services, L.P. (5932); Southcross Mississippi Industrial Gas Sales, L.P. (7519); Southcross Mississippi Pipeline, L.P. (7499); Southcross Gulf Coast Transmission Ltd. (0546); Southcross Mississippi Gathering, L.P. (2994); Southcross Delta Pipeline LLC (6804); Southcross Alabama Pipeline LLC (7180); Southcross Nueces Pipelines LLC (7034); Southcross Processing LLC (0672); FL Rich Gas Services GP, LLC (5172); FL Rich Gas Services, LP (0219); FL Rich Gas Utility GP, LLC (3280); FL Rich Gas Utility, LP (3644); Southcross Transmission, LP (6432); T2 EF Cogeneration Holdings LLC (0613); and T2 EF Cogeneration LLC (4976). The debtors' mailing address is 1717 Main Street, Suite 5300, Dallas, TX 75201.

1910702200107000000000010

PRELIMINARY STATEMENT[1]

The *First Amended Chapter 11 Plan for Southcross Energy Partners, L.P. and its Affiliated Debtors* (as amended, supplemented, and/or modified from time to time, the "**Amended Plan**") attached hereto as Exhibit A-1 is substantially similar to the C*hapter 11 Plan for Southcross Energy Partners, L.P. and its Affiliated Debtors* [D.I. 675] (the "**Original Plan**") and reflects certain operational issues relating to the Debtors' businesses as well as other facts and circumstances in the Chapter 11 Cases. The Amended Plan is the outcome of extensive negotiations among the Debtors and certain of their key stakeholders—including an ad hoc group representing more than 70% in aggregate amount of the debt held by the Debtors' prepetition and post-petition lenders (the "**Ad Hoc Group**")—that began almost a year ago. The Amended Plan contemplates a restructuring that will deleverage the Debtors' balance sheet, distribute the proceeds of the Debtors' MS/AL Assets and CCPN Assets to the Debtors' creditors,[2] enable the Debtors to reorganize around their South Texas assets, and leave the Debtors positioned to succeed in the highly competitive natural gas midstream industry.

THE DEBTORS ARE SENDING YOU THIS DOCUMENT (AS MAY BE AMENDED, ALTERED, MODIFIED, REVISED, OR SUPPLEMENTED FROM TIME TO TIME, THE "**DISCLOSURE STATEMENT SUPPLEMENT**") AS A SUPPLEMENT TO THE *DISCLOSURE STATEMENT FOR CHAPTER 11 PLAN FOR SOUTHCROSS ENERGY PARTNERS L.P. AND ITS AFFILIATED DEBTORS* [D.I. 677] (THE "**DISCLOSURE STATEMENT**") BECAUSE YOU ARE A CREDITOR THAT IS ENTITLED TO VOTE ON THE AMENDED PLAN.

THIS DISCLOSURE STATEMENT SUPPLEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED PLAN AND CERTAIN OTHER DOCUMENTS AND INFORMATION. THE FINANCIAL INFORMATION INCLUDED HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE AMENDED PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW AND WHETHER TO VOTE ON THE AMENDED PLAN. THE DEBTORS BELIEVE THAT THE SUMMARIES HEREIN ARE FAIR AND ACCURATE. HOWEVER, THE SUMMARIES HEREIN, INCLUDING THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED HERETO, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT SUPPLEMENT AND THE TERMS AND PROVISIONS OF THE AMENDED PLAN OR SUCH OTHER PLAN-RELATED DOCUMENTS AND INFORMATION, THE AMENDED PLAN OR SUCH

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Amended Plan or the Disclosure Statement; *provided*, that capitalized terms used herein that are not defined herein or in the Amended Plan or the Disclosure Statement, but are defined in title 11 of the United States Code (the "**Bankruptcy Code"**) or the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), shall have the meanings ascribed to such terms in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

[2] The CCPN Sale closed on November 6, 2019, as set forth in the CCPN Closing Notice (as defined below), and the MS/AL Sale closed on December 16, 2019, as set forth in the MS/AL Closing Notice (as defined below).

OTHER PLAN-RELATED DOCUMENTS AND INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SUPPLEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. EACH HOLDER OF A CLAIM ENTITLED TO VOTE ON THE AMENDED PLAN SHOULD CAREFULLY REVIEW THE AMENDED PLAN, THE DISCLOSURE STATEMENT, AND THIS DISCLOSURE STATEMENT SUPPLEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT (AS DEFINED HEREIN). NEITHER THE DISCLOSURE STATEMENT NOR THIS DISCLOSURE STATEMENT SUPPLEMENT CONSTITUTES LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT SUPPLEMENT, EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT SUPPLEMENT HAS NOT BEEN AUDITED.

THE FINANCIAL PROJECTIONS (AS DEFINED HEREIN) PROVIDED IN THIS DISCLOSURE STATEMENT SUPPLEMENT HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS AND THEIR FINANCIAL ADVISORS. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, ALTHOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR THE ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED AND/OR MAY HAVE BEEN UNANTICIPATED AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE AMENDED PLAN OTHER THAN THAT WHICH IS CONTAINED IN THE DISCLOSURE STATEMENT AND THIS DISCLOSURE STATEMENT SUPPLEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR

PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT AND THIS DISCLOSURE STATEMENT SUPPLEMENT. ANY INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE AMENDED PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN OR IN THE DISCLOSURE STATEMENT (AS APPLICABLE) AND IN THE AMENDED PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING, THREATENED, OR POTENTIAL LITIGATION OR ACTIONS, NEITHER THE DISCLOSURE STATEMENT NOR THIS DISCLOSURE STATEMENT SUPPLEMENT CONSTITUTES, AND MAY NOT BE CONSTRUED BY ANY PARTY AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER, BUT RATHER SHOULD BE CONSTRUED AS STATEMENTS MADE IN SETTLEMENT NEGOTIATIONS. NEITHER THE DISCLOSURE STATEMENT NOR THIS DISCLOSURE STATEMENT SUPPLEMENT WILL BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR WILL IT BE CONSTRUED TO CONSTITUTE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE AMENDED PLAN AS IT RELATES TO THE HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY SIMILAR FEDERAL, STATE, OR LOCAL LAW, IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE AND SECTION 4(a)(2) OF THE SECURITIES ACT AND RULE 506 OF REGULATION D PROMULGATED THEREUNDER. IN ACCORDANCE WITH SECTION 1125(E) OF THE BANKRUPTCY CODE, A DEBTOR OR ANY OF ITS AGENTS THAT PARTICIPATES, IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, IN THE OFFER, ISSUANCE, SALE, OR PURCHASE OF A SECURITY, OFFERED OR SOLD UNDER THE AMENDED PLAN, OF THE DEBTOR, OF AN AFFILIATE PARTICIPATING IN A JOINT PLAN WITH THE DEBTOR, OR OF A NEWLY ORGANIZED SUCCESSOR TO THE DEBTOR UNDER THE AMENDED PLAN, IS NOT LIABLE, ON ACCOUNT OF SUCH PARTICIPATION, FOR VIOLATION OF ANY APPLICABLE LAW, RULE, OR REGULATION GOVERNING THE OFFER, ISSUANCE, SALE, OR PURCHASE OF SECURITIES.

THE DISCLOSURE STATEMENT AND THIS DISCLOSURE STATEMENT SUPPLEMENT HAVE BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-APPLICABLE BANKRUPTCY LAWS. NEITHER THE DISCLOSURE STATEMENT NOR THIS DISCLOSURE STATEMENT SUPPLEMENT HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE IX OF THIS DISCLOSURE STATEMENT SUPPLEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING," (INCORPORATING BY REFERENCE ARTICLE IX OF THE DISCLOSURE STATEMENT (AS APPLICABLE)) FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE AMENDED PLAN.

[Remainder of This Page Intentionally Left Blank]

TABLE OF CONTENTS

Exhibits

ARTICLE I

INTRODUCTION

A. Purpose of the Disclosure Statement Supplement

On April 1, 2019 (the "**Petition Date**"), each of Southcross Energy Partners, L.P. ("**Southcross**" or the "**Partnership**"), Southcross Energy Partners GP, LLC, ("**Southcross GP**"), and Southcross's wholly owned direct and indirect subsidiaries (collectively, the "**Debtors**") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). The Debtors' chapter 11 cases are being jointly administered under the caption *In re Southcross Energy Partners, L.P.*, Case No. 19-10702 (the "**Chapter 11 Cases**"). The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

On November 7, 2019, the Court entered the Disclosure Statement Order,[1] after which, on November 7, 2019, the Debtors filed solicitation versions of the Original Plan and the Disclosure Statement. The Debtors then served solicitation packages and related documents in accordance with the Disclosure Statement Order.[2]

The Debtors have determined that the Original Plan and the Disclosure Statement require amendment and/or supplementation to ensure that all parties in interest, particularly the creditors in the classes entitled to vote (the "**Voting Classes**"), have "adequate information" within the meaning of section 1125 of the Bankruptcy Code in advance of the Voting Deadline and the Confirmation Hearing (each as defined below). Based on the non-renewal of a material customer contract, and certain other factors, the Debtors, in consultation with their advisors, have revised the Liquidation Analysis, Financial Projections, and Valuation Analysis (each as defined below), attached hereto as Exhibits B, C, and D, respectively, and, in addition have made certain other changes to the Original Plan, as explained herein.

Accordingly, the Amended Plan reflects certain operational issues relating to the Debtors' businesses as well as other facts and circumstances in the Chapter 11 Cases. The Amended Plan is the outcome of extensive negotiations among the Debtors and certain of their key stakeholders—including the Ad Hoc Group—that began almost a year ago. The Amended Plan contemplates a restructuring that will deleverage the Debtors' balance sheet, distribute the proceeds of the Debtors' MS/AL Assets and CCPN Assets to the Debtors' creditors,[3] enable the

[1] *See Order (I) Approving the Disclosure Statement, (II) Establishing Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Plan, (III) Approving the Form of Ballot and Solicitation Materials, (IV) Establishing the Voting Record Date, (V) Fixing the Date, Time, and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto, and (VI) Approving Related Notice Procedures* [D.I. 674] (the "**Disclosure Statement Order**").

[2] *See Affidavit of Service* [D.I. 697].

[3] *See* note 3, *supra*.

Debtors to reorganize around their South Texas assets (including pursuant to the Credit Bid Transaction, as applicable), and leave the Debtors positioned to succeed in the highly competitive natural gas midstream industry. The Amended Plan contemplates the resolution of all outstanding Claims against, and Interests in, the Debtors.

The treatment for each class of creditors under the Amended Plan is substantially the same as the treatment set forth in the Original Plan. However, the Amended Plan provides that if 100% of the holders of Allowed Roll-Up DIP Claims fail to consent to the treatment of Allowed Roll-Up DIP Claims set forth in Section 3.1 of the Amended Plan, such holders will be given substantially the same treatment through the consummation of the Credit Bid Transaction. As set forth in Section 7.3 of the Amended Plan and described in Article IV herein, the Credit Bid Transaction, if implemented, would be consummated by transferring all or substantially all of the Debtors' assets (other than as necessary to satisfy the New Money DIP Claims, the Carve-Out, and the Wind Down Budget) to a newly formed acquisition company ("**NewCo**") in exchange for the Roll-Up DIP Claims, Prepetition Revolving Credit Facility Claims, and Prepetition Term Loan Claims, as credit bid by the DIP Agent and Prepetition Agents at the direction of the Credit Bid Required Lenders. Creditors in the Voting Classes would each receive their Pro Rata Share of the New Common Units and New Preferred Units issued by NewCo (instead of Reorganized Southcross) on the same terms set forth in the Original Plan.

The Debtors believe the Amended Plan is reflective of good faith negotiations and will treat holders of Claims and Interests in an economic and fair manner. In developing the Amended Plan, the Debtors considered various issues relating to how the distributable value should be allocated among the creditors of the various Debtors, including, without limitation, (i) the value of the Estates on a consolidated and entity-by-entity basis and the proper method of determining such value, (ii) the value of any unencumbered assets after giving effect to a fair allocation of all Administrative Expense Claims, Priority Tax-Claims, Priority Non-Tax Claims, and Secured Claims, (iii) the projected recoveries of holders of Claims on a consolidated and entity-by-entity basis, and (iv) the nature and treatment of Intercompany Claims. The Debtors believe that the Amended Plan strikes a fair and equitable balance between these competing factors and appropriately distributes value among their stakeholders in accordance with the Bankruptcy Code's priority scheme.

The Debtors submit this Disclosure Statement Supplement pursuant to section 1125 of the Bankruptcy Code to holders of Claims against the Debtors in connection with (i) the continuing solicitation of acceptances of the Amended Plan and (ii) a hearing to consider confirmation of the Amended Plan.

The purpose of this Disclosure Statement Supplement is to describe the Amended Plan and how its provisions differ from the Original Plan and to provide adequate information, as required under section 1125 of the Bankruptcy Code, to holders of Claims in the Voting Classes so they can make informed decisions in doing so. Holders entitled to vote to accept or reject the Amended Plan will receive a Supplemental Solicitation Package (as defined in the Continued Solicitation Motion[4]) to enable them to vote, or modify their prior vote, on the Amended Plan;

[4] See *Debtors' Motion For Entry of an Order (I) Approving the Debtors' Continued Solicitation of the Amended Chapter 11 Plan, (II) Approving the Adequacy of the Disclosure Statement Supplement in Connection*

provided, as discussed in in subsection E below, parties entitled to vote are authorized to rely upon Ballots submitted in connection with the Original Plan.

This Disclosure Statement Supplement (including by reference to certain provisions of the Disclosure Statement) includes, among other things, (i) information pertaining to the Debtors' prepetition business operations and financial history and (ii) the events leading up to the Chapter 11 Cases. In addition, this Disclosure Statement Supplement (including by reference to certain provisions of the Disclosure Statement) includes an overview of the Amended Plan (which overview sets forth certain terms and provisions of the Amended Plan), the effects of confirmation of the Amended Plan, certain risk factors associated with the Amended Plan, the manner in which distributions will be made under the Amended Plan, and how the Amended Plan differs from the Original Plan. This Disclosure Statement Supplement also discusses the confirmation process and the procedures for voting, which procedures must be followed by the holders of Claims entitled to vote under the Amended Plan in order for their votes to be counted; provided, as discussed in in subsection E below, parties entitled to vote are authorized to rely upon Ballots submitted in connection with the Original Plan; only the latest dated Ballot timely received will be deemed to reflect the voter's intent respecting the Amended Plan and, thus, will supersede any prior Ballots. Parties entitled to vote shall be authorized in their sole discretion to complete an electronic Ballot and electronically sign and submit the Ballot to the Claims Agent.

B. Disclosure Statement Supplement Enclosures

Accompanying this Disclosure Statement Supplement (along with the rest of the Supplemental Solicitation Package) is a ballot (the "**Ballot**") for voting to accept or reject the Amended Plan if you are the record holder of a Claim in the Voting Classes.

C. Confirmation of the Amended Plan

1. Requirements

The requirements for confirmation of the Amended Plan are set forth in section 1129 of the Bankruptcy Code. The requirements for approval of the Disclosure Statement (as supplemented herein by this Disclosure Statement Supplement) are set forth in section 1125 of the Bankruptcy Code.

2. Approval of the Amended Plan and Confirmation Hearing

To confirm the Amended Plan, the Bankruptcy Court must hold a hearing to determine whether the Amended Plan meets the requirements of section 1129 of the Bankruptcy Code.

3. Only Impaired Classes Vote

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under a plan may vote to

---

With the Amended Chapter 11 Plan, (III) Establishing Certain Deadlines and Procedures in Connection With Confirmation of the Amended Chapter 11 Plan, and (IV) Granting Related Relief [D.I. 768] (the "**Continued Solicitation Motion**").

accept or reject such plan. Generally, a claim or interest is impaired under a plan if the applicable holder's legal, equitable, or contractual rights are modified under such plan. In addition, if the holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected such plan under section 1126(g) of the Bankruptcy Code and, therefore, such holders are not entitled to vote on such plan.

Under the Amended Plan, holders of Claims in Classes 3 and 4 are impaired and are entitled to vote on the Amended Plan.

Under the Amended Plan, holders of Claims and Interests in Classes 5, 6, 7, and 8 are impaired and will not receive or retain any property under the Amended Plan on account of their Claims or Interests in such classes and, therefore, are (i) not entitled to vote on the Amended Plan and (ii) deemed to reject the Amended Plan.

Under the Amended Plan, holders of Claims and Interests in Classes 1 and 2 are unimpaired and therefore, deemed to accept the Amended Plan.

ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE AMENDED PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES 3 AND 4.

D. Treatment and Classification of Claims and Interests; Impairment

Pursuant to sections 1122 and 1123 of the Bankruptcy Code, Claims and Interests are classified for all purposes, including, without express or implied limitation, voting, confirmation, and distribution pursuant to the Amended Plan, as set forth herein. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date. Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

Except as otherwise specifically provided for in the Amended Plan, the Confirmation Order, or other order of the Bankruptcy Court, or as required by applicable non-bankruptcy law, in no event shall any holder of an Allowed Claim be entitled to receive payments that in the aggregate exceed the Allowed amount of such holder's Claim. For the purpose of classification and treatment under the Amended Plan, any Claim in respect of which multiple Debtors are jointly liable shall be treated as a separate Claim against each of the jointly liable Debtors.

Summary of Classification and Treatment of
Claims and Interests in the Debtors

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE SUBJECT TO CHANGE.

The Amended Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Amended Plan groups the Debtors together solely for purposes of describing treatment under the Amended Plan, confirmation of the Amended Plan and making distributions ("**Plan Distributions**") in respect of Claims against and/or Interests in the Debtors under the Amended Plan. Such groupings shall not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, nor cause the transfer of any assets or the assumption of any liabilities; and, except as otherwise provided by or permitted in the Amended Plan, all Debtors shall continue to exist as separate legal entities.

The information in the table below is provided in summary form for illustrative purposes only and is subject to material change based on certain contingencies, including those related to the claims reconciliation process. Actual recoveries may widely vary within these ranges, and any changes to any of the assumptions underlying these amounts could result in material adjustments to recovery estimates provided herein and/or the actual distribution received by holders of Allowed Claims. The projected recoveries are based on information available to the Debtors as of the date hereof and reflect the Debtors' estimates as of the date hereof only. In addition to the cautionary notes contained elsewhere herein and in the Disclosure Statement, it is underscored that the Debtors make no representation as to the accuracy of these recovery estimates. The Debtors expressly disclaim any obligation to update any estimates or assumptions after the date hereof on any basis (including new or different information received and/or errors discovered).

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, confirmation, and distribution pursuant to the Amended Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.[5]

[5] Note that the projected recoveries set forth in the table herein are based on a $2.0 million Upfront Payment and a $28.5 million Oversubscription Payment (each in the form of New Series B Preferred Units).

Class	Designation	Amended Plan Treatment of Allowed Claims and Interests	Entitled to Vote	Projected Recovery Under the Amended Plan	Estimated Allowed Claims
1	Priority Non-Tax Claims	Unimpaired	No	100%	$0.00
2	Other Secured Claims	Unimpaired	No	100%	$0.00
3	Prepetition Revolving Credit Facility Claims	Impaired	Yes	33.7%	$81,293,201.51
4	Prepetition Term Loan Claims	Impaired	Yes	6.1%	$309,418,355.97
5	General Unsecured Claims	Impaired	No	0%	$215,150.00
6	Sponsor Note Claims	Impaired	No	0%	$17,382,775.47
7	Subordinated Claims	Impaired	No	0%	$0.00
8	Existing Interests	Impaired	No	0%	N/A

If a controversy arises regarding whether any Claim is properly classified under the Amended Plan, the Bankruptcy Court shall, upon proper motion and notice, determine such controversy at the Confirmation Hearing. If the Bankruptcy Court finds that the classification of any Claim is improper, then such Claim shall be reclassified and the Ballot previously cast by the holder of such Claim shall be counted in, and the Claim shall receive the treatment prescribed in, the Class in which the Bankruptcy Court determines such Claim should have been classified, without the necessity of resoliciting any votes on the Amended Plan.

E. Voting Procedures and Voting Deadline

If you were entitled to vote to accept or reject the Original Plan, a Ballot was enclosed with the Disclosure Statement you received, for the purpose of voting on the Original Plan. **To the extent you have already submitted a Ballot with respect to the Original Plan, such vote will remain binding and effective with respect to the Amended Plan if you take no further action**. To the extent that you are a holder of a Claim in the Voting Classes who has not previously submitted a Ballot, or you have previously submitted a Ballot but after reviewing this Disclosure Statement Supplement you choose to change your vote, to ensure your vote is counted, you must complete, date, sign, and promptly mail the Ballot enclosed with the Supplemental Solicitation Package you have received or complete your Ballot using the online portal maintained by the Claims Agent, so your vote is actually received by the Claims Agent prior to the Voting Deadline, in each case indicating your decision to accept or reject the Amended Plan in the boxes provided. Note that, pursuant to paragraph 5(k) the Disclosure Statement Order, "[w]henever a Claimholder casts more than one Ballot voting the same Claim

prior to the Voting Deadline, only the latest-dated Ballot timely received will be deemed to reflect the voter's intent and, thus, will supersede any prior Ballots." Accordingly, any Ballot submitted in connection with the Amended Plan will supersede any Ballot previously cast by such party.

The Ballot also contains an election to opt out of the release provisions contained in Article XII of the Amended Plan. Holders of Claims who are deemed to accept or deemed to reject the Amended Plan will not receive Ballots and will not be deemed to have granted the releases in Article XII of the Amended Plan. If you vote to accept the Amended Plan (or have previously voted to accept the Original Plan and do not change your vote) but do not (or did not previously) opt out of the release provisions of the Amended Plan, you will be deemed to have granted the releases in Article XII of the Amended Plan. See Article V.D.3 herein for additional details.

TO BE COUNTED, YOUR BALLOT INDICATING YOUR ACCEPTANCE OR REJECTION OF THE AMENDED PLAN (TO THE EXTENT YOU HAVE EITHER NOT PREVIOUSLY SUBMITTED A BALLOT OR CHOOSE TO SUBMIT A NEW BALLOT CHANGING YOUR VOTE) MUST BE RECEIVED BY THE CLAIMS AGENT NO LATER THAN 6:00 P.M. (PREVAILING EASTERN TIME) ON JANUARY 21, 2020 (THE "**VOTING DEADLINE**").

In order for the Amended Plan to be accepted by an impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting in such Class must vote to accept the Amended Plan. At least one Voting Class, excluding the votes of insiders, must actually vote to accept the Amended Plan.

YOU ARE URGED TO COMPLETE, DATE, SIGN, AND PROMPTLY MAIL THE BALLOT ENCLOSED WITH THE NOTICE OR COMPLETE YOUR BALLOT USING THE ONLINE PORTAL MAINTAINED BY THE CLAIMS AGENT. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY AND TO IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE HOLDER. IF YOU ARE A HOLDER OF A CLAIM ENTITLED TO VOTE ON THE AMENDED PLAN AND YOU DID NOT RECEIVE A BALLOT, YOU RECEIVED A DAMAGED BALLOT, YOU LOST YOUR BALLOT, OR YOU PREVIOUSLY SUBMITTED A BALLOT BUT CHOOSE TO CHANGE YOUR VOTE, OR IF YOU HAVE ANY QUESTIONS CONCERNING THE DISCLOSURE STATEMENT, THIS DISCLOSURE STATEMENT SUPPLEMENT, THE AMENDED PLAN, OR PROCEDURES FOR VOTING ON THE AMENDED PLAN, PLEASE CONTACT THE CLAIMS AGENT AT (866) 967-0671 (TOLL-FREE) OR (310) 751-2671 (IF CALLING FROM OUTSIDE THE U.S. OR CANADA) OR AT SouthcrossInfo@kccllc.com. THE CLAIMS AGENT IS NOT AUTHORIZED TO PROVIDE LEGAL ADVICE AND WILL NOT PROVIDE ANY SUCH ADVICE.

F. Continued Solicitation Hearing and Confirmation Hearing

The hearing to consider approval of the Continued Solicitation Motion was held on January 7, 2020 at 10:30 a.m. (prevailing Eastern Time). Pursuant to the Continued Solicitation Order (as defined below), the Bankruptcy Court has scheduled a hearing to consider

confirmation of the Amended Plan (the "**Confirmation Hearing**"). The Confirmation Hearing will take place on January 27, 2020 at 10:30 a.m. (prevailing Eastern Time). Parties in interest will have the opportunity to object to the confirmation of the Amended Plan at the Confirmation Hearing. The deadline for filing an objection to confirmation of the Amended Plan is January 21, 2020 at 6:00 p.m.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE AMENDED PLAN TO VOTE TO ACCEPT THE AMENDED PLAN.

Set forth below is a summary table of certain key dates and deadlines for the confirmation process with respect to the Amended Plan.

Deadline	**Proposed Date**
Deadline To File Rule 3018 Motions[6]	**4:00 p.m. (prevailing Eastern Time) on the fifth day after the later of (i) service of the Confirmation Notice**[7] **and (ii) service of notice of an objection, if any, to such Claim**
Debtors' Deadline To File Plan Supplement	**January 9, 2020**
Debtors' Deadline To File Amended Schedule of Rejected Contracts and Leases	**January 13, 2020**
Deadline To Object to Rule 3018 Motions	**January 21, 2020**
Voting Deadline	**January 21, 2020 at 6:00 p.m. (prevailing Eastern Time)**
Deadline To Object to Amended Plan Confirmation	**January 21, 2020 at 6:00 p.m. (prevailing Eastern Time)**
Deadline for Replies to Amended Plan Objections	**January 23, 2020**
Confirmation Hearing	**January 27, 2020 at 10:30 a.m. (prevailing Eastern Time)**

[6] As defined in the Disclosure Statement Order.

[7] As defined in the *Motion of Debtors for Entry of an Order (I) Approving the Disclosure Statement, (II) Establishing Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Plan, (III) Approving the Form of Ballot and Solicitation Materials, (IV) Establishing the Voting Record Date, (V) Fixing the Date, Time, and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto, and (VI) Approving Related Notice Procedures* [D.I. 521].

ARTICLE II

GENERAL INFORMATION REGARDING THE DEBTORS

The information set forth in Article II of the Disclosure Statement, including (without limitation, as applicable) with respect to (a) the Debtors' businesses, structure, management, and employees, (b) the Debtors' corporate structure, and (c) the summary of events leading to the filings of the Chapter 11 Cases is generally incorporated herein by reference.[8]

ARTICLE III

THE CHAPTER 11 CASES

The Debtors incorporate by reference herein the summary of events and filings set forth in Article III of the Disclosure Statement (other than with respect to matters or deadlines expressly updated in this Disclosure Statement Supplement). In addition, by way of supplement, below is a summary of the material events in the Chapter 11 Cases related to occurrences subsequent to the Bankruptcy Court's entry of the Disclosure Statement Order. Note that the following supplemental disclosure does not attempt to summarize all document filings or events that have occurred during such period. Furthermore, although the Debtors believe that these summaries are fair and accurate, these summaries are qualified in their entirety to the extent that they do not set forth every detail of such events.

A. Sale of Assets

1. CCPN Assets:

a. On October 22, 2019, the Bankruptcy Court entered the CCPN Sale Order [D.I. 596]

b. On November 19, 2019, the Debtors filed the *Notice of Closing of Sale of CCPN Assets to Kinder Morgan Tejas Pipeline LLC* [D.I. 707], which was subsequently amended on November 21, 2019, by the *Amended Notice of Closing of Sale of CCPN Assets to Kinder Morgan Tejas Pipeline LLC* [D.I. 711] (the "**CCPN Closing Notice**"). The CCPN Closing Notice provided notice that, on November 6, 2019, in accordance with the CCPN Sale Order, the CCPN Sale closed and attached thereto as Exhibit A the Amended Final Assumed Contracts Schedule (as defined therein).

[8] Note that as of November 18, 2019, Michael B. Howe, previously the Debtors' Senior Vice President, Chief Financial Officer, and Principal Accounting Officer, has left the management of the Debtors in order to pursue other interests.

2. MS/AL Assets

a. On October 22, 2019, the Bankruptcy Court entered the MS/AL Sale Order [D.I. 595].

b. On December 20, 2019 the Debtors filed the *Notice of Closing of Sale of MS/AL Assets to Magnolia Infrastructure Holdings, LLC* [D.I. 781] (the "**MS/AL Closing Notice"**). The MS/AL Closing Notice provided notice that, on December 16, 2019, in accordance with the MS/AL Sale Order, the MS/AL Sale closed and attached thereto as Exhibit A the Final Assumed Contracts Schedule (as defined therein).

B. Executory Contracts and Unexpired Leases

1. Cure Notices

a. On June 13, 2019, the Debtors filed and served on each applicable counterparty the Potential Assumption and Assignment Notice [D.I. 327].

b. On August 15, 2019, the Debtors filed and served on each applicable counterparty the Supplemental Assumption and Assignment Notice [D.I. 429].

c. On September 23, 2019, the Debtors filed and served on each applicable counterparty the Second Supplemental Notice [D.I. 496].

d. On November 18, 2019, the Debtors filed and served on each applicable counterparty the Third Supplemental Notice [D.I. 705].

2. Notice of Rejected Contracts and Leases

On December 2, 2019, in accordance with the Original Plan the Debtors filed and served on the applicable counterparties the Notice of Rejected Contracts and Leases [D.I. 725] including the Schedule of Rejected Contracts and Leases attached thereto as Exhibit A, setting forth the contracts and leases the Debtors intend to reject, subject to the Debtors' right under the Disclosure Statement Order and Section 10.1 of the Original Plan (and Section 10.1 of the Amended Plan) to remove any contract or lease from the Schedule of Rejected Contracts and Leases up until the commencement of the Confirmation Hearing. On or before January 13, 2020, the Debtors intend to file a supplement to the Notice of Rejected Contracts and Leases. To the extent that any of the executory contracts and unexpired leases of the Debtors are not listed on the Schedule of Rejected Contracts and Leases (as supplemented) prior to the commencement of the Confirmation Hearing, those executory contracts and unexpired leases of the Debtors shall be assumed under the Amended Plan (or assumed and assigned to NewCo, as applicable).

C. Financing

1. The DIP Credit Agreement, dated as of April 3, 2019, has been amended as follows:

a. First Amendment to Senior Secured Superpriority Priming Debtor-In-Possession Credit Agreement, dated as of May 20, 2019.

b. Second Amendment to Senior Secured Superpriority Priming Debtor-In-Possession Credit Agreement, dated as of June 12, 2019.

c. Third Amendment to Senior Secured Superpriority Priming Debtor-In-Possession Credit Agreement, dated as of August 23, 2019.

d. Fourth Amendment to Senior Secured Superpriority Priming Debtor-In-Possession Credit Agreement, dated as of October 1, 2019.

e. Fifth Amendment to Senior Secured Superpriority Priming Debtor-In-Possession Credit Agreement, dated as of October 31, 2019.

f. Sixth Amendment to Senior Secured Superpriority Priming Debtor-In-Possession Credit Agreement, dated as of November 25, 2019.

g. Seventh Amendment to Senior Secured Superpriority Priming Debtor-In-Possession Credit Agreement, dated as of December 30, 2019.

2. Adequate Protection Stipulation

On December 6, 2019, the Bankruptcy Court entered the Order Approving Stipulation Regarding Modification to Adequate Protection Payments [D.I. 734] approving the stipulation attached thereto as Exhibit 1, which provides, among other things, that, notwithstanding paragraph 14(c) of the Final DIP Order, the Debtors shall not be required to provide adequate protection to the Prepetition Agents for the benefit of the Prepetition Secured Parties in the form of Adequate Protections Payments (each as defined in the Final DIP Order) that have or may accrue after November 29, 2019.

D. Cooperation Agreement

The holders of 100% of DIP Roll-UP Loans have entered into a cooperation agreement, dated December 12, 2019 (the "**Cooperation Agreement**"), which provides, among other things, that each holder of DIP Roll-UP Loans signatory thereto (the "**Consenting Roll-Up DIP Lenders**"):

1. consents to the treatment of Allowed Roll-Up DIP Claims set forth in the Original Plan, which may be amended in a manner that is reasonably acceptable to the Debtors and the Majority Ad Hoc Group in accordance with Section 14.3 of the Original Plan; provided, that each holder of an Allowed Roll-Up DIP Claim continues to receive its Pro Rata Share of any such amended treatment;

2. shall, if such Consenting Roll-Up DIP Lender holds any other Claims, including, without limitation, Prepetition Revolving Credit Facility Claims and/or Prepetition Term Loan Claims, timely vote each such claim in favor of the Original Plan and shall not withdraw, amend, or revoke such vote; and

3. shall not, directly or indirectly, object to, delay, impede, or take any other action to interfere with the acceptance, implementation, confirmation, or consummation of the Original Plan, including by filing any motion or pleading with the Bankruptcy Court that is not materially consistent with the Cooperation Agreement, whether in its capacity as a holder of Allowed Roll-Up DIP Claims or other Claims.

Accordingly, the Cooperation Agreement provides that each of the Consenting Roll-Up DIP Lenders is bound to support the Amended Plan if it is supported by the Debtors and the Majority Ad Hoc Group, notwithstanding the revised financial projections (and revised Class 3 and 4 recoveries) set forth in this Disclosure Statement Supplement and the Debtors' procurement of the Exit Financing (as defined below). However, out of an abundance of caution, the Debtors' have revised the Original Plan (as described in Article IV below) to assure that even were a Consenting Roll-Up DIP Lender to violate the Cooperation Agreement by failing to support the Amended Plan, the Amended Plan will still be capable of confirmation by the Bankruptcy Court.

E. Exit Financing

As discussed in Article IV.E of the Disclosure Statement, the Original Plan contemplated exit financing consisting of an Exit Revolving Credit Facility (the "**Original Exit Financing**"). Since October 2019, the Debtors, with the assistance of their advisors, had engaged in an extensive process to obtain exit financing proposals from various financial institutions in preparation for their emergence from bankruptcy. This process involved broad-based marketing procedures led by experienced investment banking professionals at Evercore. However, notwithstanding these extensive efforts to obtain such Original Exit Financing from a third party, to date the Debtors have been unsuccessful. Ultimately, the Debtors reached an agreement with the Initial Exit Lenders (as defined in the Exit Financing Term Sheet) establishing the terms for obtaining commitments for approximately $65 million in Exit Financing necessary to consummate the Amended Plan.

Specifically, the Exit Facility contemplates the incurrence of First-lien senior secured credit facilities (the "**Exit Credit Facility**") in an aggregate principal amount of up to $65,000,000, consisting of (i) a revolving credit facility in an aggregate principal amount at any time outstanding up to $30,000,000 ("**Revolving Commitments**" and, the loans extended thereunder, "**Revolving Loans**") and (ii) a single-draw term loan facility in an aggregate principal amount of up to $35,000,000 (the "**Term Commitments**" and, the term loans extended thereunder, "**Term Loans**"), the proceeds of which will be used to cash collateralize a letter of credit subfacility (the "**Letter of Credit Subfacility**" and, collectively with the Exit Credit Facility, the "**Exit Financing**"). The Exit Financing will be incurred upon the Closing Date (as defined in the Exit Financing Motion) and will be used for, among other things, working capital requirements, general corporate purposes, and the cash collateralization of letters of credit or, following the Closing Date, for use as Alternate Cash Collateral (as defined in the Exit Financing Motion). The terms of the Exit Financing are described with more particularity in the Exit

Financing Motion[9] and the amended term sheet attached to the *Notice of Amended Exit Financing Term Sheet* [D.I. 793] (the "**Exit Financing Term Sheet**").[10]

The Exit Financing will be provided by the Initial Exit Lenders and each other bank, financial institution, and other institutional lender that makes a commitment to the Exit Credit Facility, including pursuant to the syndication process described in the Exit Financing Term Sheet or that otherwise becomes a lender from time to time. As set forth in greater detail in the syndication procedures described in the Exit Financing Term Sheet, the Initial Exit Lenders, in consultation with the Debtors, will seek to syndicate the Exit Credit Facility to all holders of Allowed Roll-Up DIP Claims, Allowed Prepetition Revolving Credit Facility Claims, and holders of Allowed Prepetition Term Loan Claims.

The Debtors believe that the approval of the Exit Financing is in the best interests of the Debtors, their estates, and all parties in interest in the Chapter 11 Cases. Furthermore, pursuant to the Cooperation Agreement, the Consenting Roll-Up DIP Lenders are bound to support the Amended Plan, including the Exit Financing. However, given the possibility that a Consenting Roll-Up DIP Lender might violate the Cooperation Agreement and vote against or object to the Amended Plan, the Amended Plan provides for the possibility of the Credit Bid Transaction to assure the Debtors are able to emerge from chapter 11 on the timeline approved by the Bankruptcy Court in the Continued Solicitation Order.[11]

ARTICLE IV

SUMMARY OF THE AMENDED PLAN

The Debtors incorporate by reference the summary of the Original Plan set forth in Article IV of the Disclosure Statement (as applicable). Furthermore, the specific revisions to the Original Plan reflected in the Amended Plan can be seen in the blackline attached hereto as Exhibit A-2.

This section provides a summary of the material modifications to the structure and means for implementation of the Amended Plan, and is qualified in its entirety by reference to the Amended Plan (as well as the exhibits thereto and definitions therein).

---

[9] *See Debtors' Motion For Entry of an Order (I) Authorizing Entry Into the Exit Financing Commitment Letter, (II) Approving Alternate Transaction Fee, and (III) Granting Related Relief* [D.I. 769] (the "**Exit Financing Motion**").

[10] The Exit Financing Motion was approved by the Court's *Order (I) Authorizing Entry Into the Exit Financing Commitment Letter, (II) Approving Alternate Transaction Fee, and (III) Granting Related Relief* [D.I. 815].

[11] *See Order (I) Approving the Debtors' Continued Solicitation of the Amended Chapter 11 Plan, (II) Approving the Adequacy of the Disclosure Statement Supplement in Connection With the Amended Chapter 11 Plan, (III) Establishing Certain Deadlines and Procedures in Connection With Confirmation of the Amended Chapter 11 Plan, and (IV) Granting Related Relief* [D.I. 814] (the "**Continued Solicitation Order**").

The statements contained in this Disclosure Statement Supplement include summaries of the provisions contained in the Amended Plan and in the documents referred to therein. The statements contained in this Disclosure Statement Supplement do not purport to be precise or complete statements of all the terms and provisions of the Amended Plan or documents referred to therein, and reference is made to the Amended Plan and to such documents for the full and complete statement of such terms and provisions of the Amended Plan or documents referred to therein.

The Amended Plan controls the actual treatment of Claims against, and Interests in, the Debtors under the Amended Plan and will, upon the occurrence of the Effective Date, be binding upon all holders of Claims against and Interests in the Debtors, the Debtors' Estates, the Reorganized Debtors, all parties receiving property under the Amended Plan, NewCo (as applicable), and other parties in interest. In the event of any conflict between this Disclosure Statement Supplement, the Disclosure Statement, and the Amended Plan or any other operative document, the terms of the Amended Plan and/or such other operative document shall control.

The Debtors have received commitments from certain of their existing lenders to provide the Exit Financing (as noted above). The Exit Financing should provide sufficient liquidity to carry out the terms of the Amended Plan without amendment.

The Debtors have determined to provide for the possibility of the Credit Bid Transaction in the Amended Plan to assure that the Amended Plan is capable of confirmation by the Bankruptcy Court in the event that a Consenting Roll-Up DIP Lender does not consent to their treatment under the Amended Plan (notwithstanding their obligation to do so under the Cooperation Agreement). Accordingly, the Amended Plan provides that in the event 100% of the Roll-Up DIP Lenders do not consent to the treatment set forth in Section 3.1 of the Amended Plan, the Credit Bid Transaction shall be implemented. **Implementation of the Credit Bid Transaction is a purely mechanical device that will result in substantially the same economic treatment for all of the Debtors' creditors as they would receive if the Credit Bid Transaction is not implemented.** If the Credit Bid Transaction is implemented, NewCo will stand in for the Reorganized Debtors as the surviving entity for most purposes. For example, if the Credit Bid Transaction is consummated, the holders of Prepetition Revolving Credit Facility Claims (Class 3) and Prepetition Term Loan Claims (Class 4) will receive New Common Units and New Preferred Units in NewCo rather than Reorganized Southcross, and executory contracts and unexpired leases that would otherwise have been assumed by the Reorganized Debtors will be assumed and assigned to NewCo.

As set forth in Section 7.3 of the Amended Plan, in the event that all Roll-Up DIP Lenders do not consent to the treatment set forth in Section 3.1 of the Amended Plan, with the agreement of the Debtors and the Majority Ad Hoc Group, the Credit Bid Transaction will be carried out in the following manner:

a. the Debtors shall transfer all or substantially all of their assets, other than as necessary to satisfy the New Money DIP Claims, the Carve-Out, and the Wind Down Budget, to NewCo free and clear of all liens, Claims, encumbrances, and other interests pursuant to sections 363, 365, and/or 1123 of the Bankruptcy Code, the Amended Plan, and the Confirmation Order;

b. upon entry of the Confirmation Order by the Bankruptcy Court, all matters provided for under the Credit Bid Transaction Agreement (which shall be filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing) and the Amended Plan with respect to the Credit Bid Transaction, and any documents in connection therewith, shall be deemed authorized and approved without any requirement of further act or action by the Debtors, the Debtors' interest holders, general partners, limited partners, boards of directors, or any other Person;

c. the Credit Bid Required Lenders and the Debtors will agree to an appropriate Wind Down Budget sufficient to pay, in Cash, all Allowed Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, and professional fees and expenses necessary to wind down the Debtors' estates on a reasonable and appropriate timeline; and

d. the Debtors shall be authorized to execute and deliver, and to consummate the transactions contemplated by, the Credit Bid Transaction Agreement and the Amended Plan, as well as to execute, deliver, file, record, and issue any note, documents, or agreements in connection therewith, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person.

Furthermore, pursuant to the Credit Bid Transaction Agreement, NewCo shall be treated as a partnership for U.S. federal and applicable state and local income tax purposes unless otherwise directed in writing by the Credit Bid Required Lenders, in which case NewCo shall be treated as a corporation for U.S. federal and applicable state and local income tax purposes. If consummated, the Credit Bid Transaction will represent the settlement, compromise, and satisfaction of the DIP Claims (other than New Money DIP Claims, which will be satisfied in Cash by the Reorganized Debtors), Prepetition Revolving Credit Facility Claims, and Prepetition Term Loan Claims. If there is any dispute among the Debtors and the Credit Bid Required Lenders regarding the Wind Down Budget, such dispute shall be resolved by the Bankruptcy Court. Any Carve-Out funds that are unused after satisfaction of all Allowed Claims with recourse to the Carve-Out shall be transferred by Reorganized Southcross to NewCo as soon as reasonably practicable following satisfaction of all such Claims.

In the event all Roll-UP DIP Lenders do not consent to the treatment set forth in Section 3.1 of the Amended Plan, and the Bankruptcy Court does not enter the Confirmation Order, the Amended Plan shall be deemed a motion to approve the Credit Bid Transaction, in accordance with Section 7.3 of the Amended Plan, under sections 105(a), 363, and 365 of the Bankruptcy Code and the applicable Bankruptcy Rules.

ARTICLE V

VOTING REQUIREMENTS; ACCEPTANCE AND CONFIRMATION OF THE AMENDED PLAN

A. General

The following is a brief summary of the Amended Plan confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Amended Plan.

Section 1129 of the Bankruptcy Code requires that, in order to confirm the Amended Plan, the Bankruptcy Court must make a series of findings concerning the Amended Plan and the Debtors, including that (i) the Amended Plan has classified Claims in a permissible manner, (ii) the Amended Plan complies with applicable provisions of the Bankruptcy Code, (iii) the Amended Plan has been proposed in good faith and not by any means forbidden by law, (iv) the disclosure required by section 1125 of the Bankruptcy Code has been made, (v) the Amended Plan has been accepted by the requisite votes of holders of Claims (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code), (vi) the Amended Plan is feasible and confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors unless such liquidation or reorganization is proposed in the Amended Plan; (vii) the Amended Plan is in the "best interests" of all holders of Claims in an impaired Class by providing to such holders on account of their Claims property of a value, as of the Effective Date, that is not less than the amount that such holders would receive or retain in a chapter 7 liquidation, unless each holder of a Claim in such Class has accepted the Amended Plan, and (viii) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Amended Plan provides for the payment of such fees on the Effective Date. The Debtors believe that the Amended Plan satisfies section 1129 of the Bankruptcy Code.

B. Parties in Interest Entitled To Vote

Pursuant to the Bankruptcy Code, only Classes of Claims that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under the Amended Plan are entitled to vote to accept or reject the Amended Plan. A Class is impaired if the legal, equitable, or contractual rights to which the Claims of that Class entitled the holders of such Claims are modified, other than by curing defaults and reinstating the Claims. Classes that are not impaired are not entitled to vote on the Amended Plan and are conclusively presumed to have accepted the Amended Plan. In addition, Classes that receive no distributions under the Amended Plan are not entitled to vote on the Amended Plan and are deemed to have rejected the Amended Plan.

C. Classes Impaired and Entitled To Vote Under the Amended Plan

The following Classes are impaired under the Amended Plan and entitled to vote on the Amended Plan:

Class	Designation	Status	Voting Rights
3	Prepetition Revolving Credit Facility Claims	Impaired	Entitled to Vote
4	Prepetition Term Loan Claims	Impaired	Entitled to Vote

In general, if a Claim or Interest is unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan, and thus, the holders of Claims in such unimpaired Classes are not entitled to vote on the plan. Because Classes 1 and 2 are unimpaired under the Amended Plan, the holders of Claims and Interests in these Classes are not entitled to vote.

In general, if the holder of an impaired Claim or impaired Interest will not receive any distribution under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus, the holders of Claims in such Classes are not entitled to vote on the Amended Plan. The holders of Claims and Interests in Classes 5, 6, 7 and 8 are conclusively presumed to have rejected the Amended Plan and are therefore not entitled to vote.

D. Voting Procedures and Requirements

The Bankruptcy Court can confirm the Amended Plan only if it determines that the Amended Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Amended Plan has been accepted by the requisite votes of all Classes of impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the nonacceptance by one or more such Classes.

If you have any questions about (i) the procedures for voting your Claim or with respect to the Supplemental Solicitation Package that you have received or (ii) the amount of your Claim, please contact the Debtors' Claims Agent at (866) 967-0671 (toll-free) or (310) 751-2671 (if calling from outside the U.S. or Canada). If you wish to obtain (at no charge) an additional copy of the Amended Plan, the Disclosure Statement, this Disclosure Statement Supplement, or other solicitation documents, you can obtain them from the Debtors' Case Information Website (located at *http://www.kccllc.net/southcrossenergy*) or by requesting a copy from the Debtors' Claims Agent, which can be reached at 877-709-4750.

1. Ballots

Pursuant to Bankruptcy Rule 3017(c), November 6, 2019, the date of the Disclosure Statement Hearing, shall be the record date for purposes of determining which holders of Claims

are entitled to receive solicitation packages and, where applicable, vote on the Amended Plan (the "**Record Date**"). Accordingly, only holders of record as of the Record Date that are otherwise entitled to vote under the Amended Plan will receive a Supplemental Solicitation Package, including a Ballot, and may vote on the Amended Plan.

In voting for or against the Amended Plan, please use (i) only the Ballot sent to you with the Disclosure Statement or this Disclosure Statement Supplement or (ii) the online electronic ballot portal. If you are a holder of a Claim in Class 3 or 4 and did not receive a Ballot, if your Ballot is damaged or lost or if you have any questions concerning voting procedures, please contact the Claims Agent at (866) 967-0671 (toll-free) or (310) 751-2671 (if calling from outside the U.S. or Canada) or by email at SouthcrossInfo@kccllc.com.

2. Submitting Ballots

If you are entitled to vote to accept or reject the Amended Plan, you should read carefully, complete, and submit your Ballot in accordance with the instructions below (if applicable).

If you were entitled to vote to accept or reject the Original Plan, a Ballot was enclosed with the Disclosure Statement you received, for the purpose of voting on the Original Plan. **To the extent you have already submitted a Ballot with respect to the Original Plan, such vote will remain binding and effective with respect to the Amended Plan if you take no further action**. To the extent that you are a holder of a Claim in those Classes entitled to vote who has not previously submitted a Ballot, or have previously submitted a Ballot but after reviewing this Disclosure Statement Supplement you choose to change your vote, to ensure your vote is counted, you must complete, date, sign, and promptly mail the Ballot enclosed with the notice (following the directions set forth in the following paragraph) or complete your Ballot using the online portal maintained by the Claims Agent, so your vote is actually received by the Claims Agent prior to the Voting Deadline, in each case indicating your decision to accept or reject the Amended Plan in the boxes provided. Note that, pursuant to paragraph 5(k) the Disclosure Statement Order, "[w]henever a Claimholder casts more than one Ballot voting the same Claim prior to the Voting Deadline, only the latest-dated Ballot timely received will be deemed to reflect the voter's intent and, thus, will supersede any prior Ballots." Accordingly, any Ballot submitted in connection with the Amended Plan will supersede any Ballot previously cast by such party.

For your vote to be counted, your Ballot must be properly completed, signed, and returned so that it is actually received by the Claims Agent, Kurtzman Carson Consultants LLC, by no later than the Voting Deadline, unless such time is extended in writing by the Debtors. If your Ballot is not received by the Claims Agent on or before the Voting Deadline, and such Voting Deadline is not extended by the Debtors as noted above, your vote will not be counted. If you are submitting a Ballot via first-class mail, overnight courier, or personal delivery, it should be sent to: Southcross Ballot Processing, c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245. Delivery of a Ballot to the Claims Agent by facsimile or any other electronic means (other than as expressly provide herein) shall not be valid.

Except as otherwise ordered by the Bankruptcy Court, any Ballots received after the Voting Deadline will not be counted absent the consent of the Debtors (in their sole discretion). The method of delivery of Ballots to the Claims Agent is at the risk of each holder of a Claim, and such delivery will be deemed made only when the original Ballot is actually received by the Claims Agent. In all cases, sufficient time should be allowed to assure timely delivery. An original executed Ballot is required to be submitted by the entity submitting any written Ballot. Delivery of a Ballot by facsimile, telecopy, or any other electronic means shall not be valid; *provided, however,* that Ballots submitted through the online voting portal will be counted. No Ballot should be sent to the Debtors, their agents (other than the Claims Agent), any administrative agent (unless specifically instructed to do so), or the Debtors' financial or legal advisors, and if so sent will not be counted. If no holders of Claims in a particular Class that is entitled to vote on the Amended Plan vote to accept or reject the Amended Plan, then such Class shall be deemed to accept the Amended Plan.

3. Releases and Exculpation and Injunction Provisions Under the Amended Plan

Each Ballot advises the recipient in bold and capitalized print that holders of Claims may opt out of the release provisions in the Amended Plan if such holder votes to accept the Amended Plan. Each Ballot further advises the recipient in bold and capitalized print that if such holder votes to accept the Amended Plan but does not opt out of the release provisions of the Amended Plan, such holder will be deemed to have granted the releases in Article XII of the Amended Plan. Holders who do not grant the releases and consent to the exculpation and injunction provisions contained in Article 12 of the Amended Plan will not receive the benefit of the releases set forth in Article 12 of the Amended Plan.

The Debtors, in connection with solicitation of the Original Plan and Disclosure Statement, have mailed or caused to be mailed by first-class mail to holders of Claims in Classes 1, 2, 5, 6, 7, and 8 a copy of a notice of non-voting status and such notice remains valid with respect to the Amended Plan. In addition, all parties in interest may obtain copies of the Disclosure Statement, this Disclosure Statement Supplement, and the Amended Plan free of charge upon request to the Claims Agent via email at SouthcrossInfo@kccllc.com or via telephone at (866) 967-0671 (toll-free) or at (310) 751-2671, for international callers.

E. Acceptance of Amended Plan

As a condition to confirmation of a chapter 11 plan, the Bankruptcy Code requires that each class of impaired claims vote to accept a plan, except under certain circumstances. See "Confirmation Without Necessary Acceptances; Cramdown" below. A class of claims or interests that is unimpaired under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is impaired unless the plan (i) leaves unaltered the legal, equitable, and contractual rights to which the claim or interest entitles the holder of such claim or interest or (ii) cures any default, reinstates the original terms of the obligation, and does not otherwise alter the legal, equitable, or contractual rights to which the claim or interest entitles the holder of such claim or interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by an impaired class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in

number of claims in that class; only those holders that are eligible to vote and that actually vote to accept or reject the plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a class of claims will have voted to accept a plan only if two-thirds in amount and a majority in number that actually cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a class of interests has accepted a plan if holders of such interests holding at least two-thirds in amount that actually vote have voted to accept the plan. Holders of claims or interests who fail to vote are not counted as either accepting or rejecting a plan.

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or interest in an impaired class or that the plan otherwise be found by a court to be in the best interests of each holder of a claim or interest in such class. See "Best Interests Test" below. Moreover, each impaired class must accept the plan for the plan to be confirmed without application of the "fair and equitable" and "unfair discrimination" tests set forth in section 1129(b) of the Bankruptcy Code discussed below. See "Confirmation Without Necessary Acceptances; Cramdown" below.

F. Confirmation Without Necessary Acceptances; Cramdown

In the event that any impaired class of claims or interests does not accept a plan, a debtor nevertheless may move for confirmation of the plan. A plan may be confirmed, even if it is not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims and the plan meets the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that a court find that a plan (i) "does not discriminate unfairly" and (ii) is "fair and equitable," with respect to each non-accepting impaired class of claims or interests. Here, because holders of Claims in Classes 5, 6, 7, and 8 are deemed to reject the Amended Plan, the Debtors will seek confirmation of the Amended Plan from the Bankruptcy Court by satisfying the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. The Debtors believe that such requirements are satisfied, as no holder of a Claim or Interest junior to those in Classes 5, 6, 7 or 8 will receive any property under the Amended Plan.

A plan "does not discriminate unfairly" if (i) the legal rights of a nonaccepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to those of the nonaccepting class and (ii) no class receives payments in excess of that which it is legally entitled to receive for its claims or interests. The Debtors believe that, under the Amended Plan, all impaired Classes of Claims and Interests are treated in a manner that is consistent with the treatment of other Classes of Claims and Interests that are similarly situated, if any, and no class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims or Allowed Interests in such Class. Accordingly, the Debtors believe that the Amended Plan does not discriminate unfairly as to any impaired Class of Claims or Interests.

The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." In order to determine whether a plan is "fair and equitable," the Bankruptcy Code establishes "cram down" tests for secured creditors, unsecured creditors, and equity holders, as follows:

1. Secured Creditors. Either (A) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (B) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim, or (C) subject to section 363(k) of the Bankruptcy Code, the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (A) or (B) above.

2. Unsecured Creditors. Either (A) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (B) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

3. Equity Interests. Either (A) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (B) the holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan.

As discussed above, the Debtors believe that the distributions provided under the Amended Plan satisfy the "fair and equitable" standard, where required.

G. Classification

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims (excluding administrative claims) against, and equity interests in, a debtor into separate classes based upon their legal nature. Pursuant to section 1122 of the Bankruptcy Code, a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that the Amended Plan classifies all Claims and Interests in compliance with the provisions of the Bankruptcy Code because valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Amended Plan. Accordingly, the classification of Claims and Interests in the Amended Plan complies with section 1122 of the Bankruptcy Code.

ARTICLE VI

FEASIBILITY AND BEST INTERESTS OF CREDITORS

A. Best Interests Test

As noted above, even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires a court to determine that such plan is in the best interests of all holders of claims or interests that are impaired by that plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code,

requires a court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code (the "**Best Interests Test**").

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor were liquidated under chapter 7, a court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its chapter 11 cases were converted to chapter 7 cases under the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of a liquidation of the debtor's unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses, and administrative claims associated with a chapter 7 liquidation, must be compared with the value offered to such impaired classes under the plan. If the hypothetical liquidation distribution to holders of claims or interests in any impaired class is greater than the distributions to be received by such parties under the plan, then such plan is not in the best interests of the holders of claims or interests in such impaired class.

B. Liquidation Analysis

Amounts that a holder of Claims and Interests in Impaired Classes would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of its advisors (the "**Liquidation Analysis**"), which is attached hereto as Exhibit B.

As described in Exhibit B, the Debtors developed the Liquidation Analysis based on forecasted values as of January 31, 2020, unless otherwise noted in the Liquidation Analysis. The recoveries may change based on further refinements of Allowed Claims and as the Debtors' claims objection and reconciliation process begins following the Petition Date.

As described in the Liquidation Analysis, underlying the analysis is a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analysis might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Amended Plan to make an informed judgment about the Amended Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

Events and circumstances occurring subsequent to the date on which the Liquidation Analysis was prepared may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. The Debtors and Reorganized Debtors do not intend to and do not undertake any obligation to update or otherwise revise the Liquidation Analysis to reflect events or circumstances existing or arising after the date the Liquidation Analysis is initially filed or to reflect the occurrence of unanticipated events. Therefore, the Liquidation Analysis may not be relied upon as a guarantee or other assurance of the actual results that will occur.

In deciding whether to vote to accept or reject the Amended Plan, holders of Claims must make their own determinations as to the reasonableness of any assumptions underlying the Liquidation Analysis and the reliability of the Liquidation Analysis.

C. Application of the Best Interests Test

The Debtors believe that the continued operation of the Debtors as a going concern satisfies the Best Interests Test for the Impaired Classes. Notwithstanding the difficulties in quantifying recoveries to holders of Claims and Interests with precision, the Debtors believe that, based on the Liquidation Analysis, the Amended Plan meets the Best Interests Test. As the Amended Plan and Exhibit B indicate, Confirmation of the Amended Plan will provide each holder of an Allowed Claim in an Impaired Class with an equal or greater recovery than the value of any distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

D. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to Confirmation, that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Amended Plan. For purposes of demonstrating that the Amended Plan meets this "feasibility" standard, the Debtors, with the assistance of Alvarez and Marsal North America, LLC have analyzed the ability of the Reorganized Debtors and NewCo (as applicable) to meet their obligations under the Amended Plan and to retain sufficient liquidity and capital resources to conduct their businesses. As part of this analysis, the Debtors have prepared the financial projections, as set forth in Exhibit C (the "**Financial Projections**").

As noted in Exhibit C, the Financial Projections present information with respect to all the Reorganized Debtors. These Financial Projections do not reflect the full impact of "fresh start reporting" in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization under the Bankruptcy Code." Fresh start reporting may have a material impact on the analysis.

The Debtors have prepared the Financial Projections solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims entitled to vote under the Amended Plan to make an informed judgment about the

Amended Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors.

In addition to the cautionary notes contained the Disclosure Statement, elsewhere in this Disclosure Statement Supplement, and in the Financial Projections, it is underscored that the Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the financial results. Therefore, the actual results achieved throughout the Projection Period (as defined in the Financial Projections) may vary from the Financial Projections, and the variations may be material. Also as noted above, the Financial Projections currently do not reflect the full impact of any "fresh start reporting," and its impact on the Reorganized Debtors' "Consolidated Balance Sheets" and prospective "Results of Operations" may be material. All holders of Claims in the impaired Classes are urged to examine carefully all of the assumptions on which the Financial Projections are based in connection with their evaluation of, and voting on, the Amended Plan.

Based upon the Financial Projections, the Debtors believe that they will be able to make all distributions and payments under the Amended Plan and that confirmation of the Amended Plan is not likely to be followed by liquidation of the Debtors or the need for further restructuring.

E. Valuation of the Debtors

In conjunction with formulating the Amended Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Debtors determined that it was necessary to estimate the post-confirmation going concern value of the Debtors. Accordingly, the Debtors, with the assistance of Evercore, produced the valuation analysis (the "**Valuation Analysis**") that is set forth in Exhibit D attached hereto and incorporated herein by reference.

ARTICLE VII

EFFECT OF CONFIRMATION

A. Binding Effect of Confirmation

Confirmation will bind the Debtors and all holders of Claims and Interests to the provisions of the Amended Plan, whether or not the Claim or Interest of any such Holder is impaired under the Amended Plan and whether or not any such holder of a Claim or Interest has accepted the Amended Plan. Confirmation will have the effect of converting all Claims into rights to receive the treatment specified in Article IV of the Amended Plan and cancelling all Interests in the Debtors.

B. Good Faith

Confirmation of the Amended Plan will constitute a finding that (i) the Amended Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy

Code and (ii) all solicitations of acceptances or rejections of the Amended Plan have been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

ARTICLE VIII

SECURITIES LAW MATTERS

Article VIII of the Disclosure Statement is incorporated herein by reference (as applicable). The Debtors believe that, pursuant to section 1145 of the Bankruptcy Code, the issuance of the New Common Units and New Series A Preferred Units is exempt from the registration requirements of the Securities Act and any State or local law requiring registration for offer or sale of a security. In addition, the Debtors believe that, pursuant to section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, the issuance of the New Series B Preferred Units is exempt from the registration requirements of the Securities Act and any State or local law requiring registration for offer or sale of a security.

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving a public offering are exempt from registration under the Securities Act. Regulation D is a non-exclusive safe harbor from registration promulgated by the SEC under Section 4(a)(2) of the Securities Act. The Debtors believe that the New Series B Preferred Units will be issuable without registration under the Securities Act in reliance upon the exemption from registration provided under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D because only "accredited investors" (as defined in Rule 501(a) of Regulation D under the Securities Act) or "qualified institutional buyers" within the meaning of Rule 144A will be eligible to purchase the New Series B Preferred Units.

Any securities issued in reliance on Section 4(a)(2) or Regulation D will be "restricted securities" that may not be sold, exchanged, assigned, or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Under Rule 144, the public resale of restricted securities is permitted if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after the applicable holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume, manner of sale, and notice requirements of Rule 144.

ARTICLE IX

CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING

THE AMENDED PLAN AND ITS IMPLEMENTATION ARE SUBJECT TO CERTAIN RISKS, INCLUDING, BUT NOT LIMITED TO, THE RISK FACTORS SET FORTH IN ARTICLE IX OF THE DISCLOSURE STATEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE (AS APPLICABLE). HOLDERS OF CLAIMS

WHO ARE ENTITLED TO VOTE ON THE AMENDED PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH IN THE DISCLOSURE STATEMENT, AS WELL AS THE OTHER INFORMATION SET FORTH THEREIN AND IN THIS DISCLOSURE STATEMENT SUPPLEMENT AND ANY DOCUMENTS DELIVERED TOGETHER HEREWITH OR THEREWITH AND REFERRED TO OR INCORPORATED BY REFERENCE HEREIN OR THEREIN, BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE AMENDED PLAN. SUCH FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE AMENDED PLAN AND ITS IMPLEMENTATION.

In addition to the risk factors set forth in the Disclosure Statement and incorporated herein by reference, the following additional risk factors should be considered.

a. The Exit Financing may result in large Oversubscription Fees.

As set forth with specificity in the Exit Financing Term Sheet, if the Exit Financing is approved by the Bankruptcy Court, on the Effective Date, the Debtors shall make a payment (the "**Oversubscription Payment**") to each Eligible Exit Lender (as defined in the Exit Financing Term Sheet) (an "**Oversubscribing Lender**") whose (I)(a) Revolving Commitment exceeds (b) the product of $30,000,000 multiplied by such Oversubscribing Lender's Ratable Subscription Share (as defined in the Exit Financing Term Sheet) or whose (II)(a) Term Commitment exceeds (b) the product of $35,000,000 multiplied by such Oversubscribing Lender's Ratable Subscription Share (the sum of (x) the difference between (I)(a) minus (I)(b) plus (y) the difference between (II)(a) minus (II)(b), the "**Oversubscription Amount**"). The Oversubscription Payment due to each eligible Oversubscribing Lender shall be in the form of New Series B Preferred Units with an initial liquidation preference equal to 200% of such eligible Oversubscribing Lender's Oversubscription Amount.

Accordingly, the Oversubscription Payment due with respect to the Exit Financing varies substantially on the basis of the Oversubscription Amount for each applicable lender. Although the Debtors anticipate that a significant number of holders of Allowed Roll-Up DIP Claims, Allowed Prepetition Revolving Credit Facility Claims, and/or Allowed Prepetition Term Loan Claims will participate in the Exit Financing (thus lowering the Oversubscription Amount for each participating lender), the Debtors cannot provide assurances that the Oversubscription Amount will not ultimately be equal to the maximum amount of New Series B Preferred Units possible.

b. The Debtors expect to have a substantial customer concentration, with a limited number of customers accounting for a substantial portion of their revenues.

This Disclosure Statement Supplement incorporates by reference the risk factor set forth in Disclosure Statement Article IX.B.3, with respect to the Debtors' expectation that they will derive a significant portion of their revenues from EPIC Y-Grade. As noted therein, there are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of customers. Presently, the risk to the Debtors from substantial customer concentration has become more acute on account of the non-renewal of a material customer contract, which has

resulted in the revised Liquidation Analysis, Financial Projections, and Valuation Analysis attached hereto as Exhibits B, C and D, respectively.

ARTICLE X

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE AMENDED PLAN

The following discussion summarizes certain U.S. federal income tax consequences expected to result from the consummation of the Amended Plan to the Debtors and U.S. Holders (defined below) of Roll-Up DIP claims, Prepetition Revolving Credit Facility Claims and Prepetition Term Loan Claims (each, a "**Loan**"), but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person. This discussion applies only to U.S. Holders that hold Loans as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code (as defined herein) (generally, property held for investment) and will hold equity interests in NewCo ("**New Units**") as capital assets. This discussion assumes that any New Preferred Units issued as a result of the consummation of the Amended Plan are treated as equity interests in NewCo for U.S. federal income tax purposes and are therefore considered New Units for purposes of this discussion. However, it is possible that any New Preferred Units that are issued are treated as debt for U.S. federal income tax purposes. This discussion does not address all U.S. federal income tax considerations that may be relevant to a Debtor or a particular holder of any Loan in light of its particular circumstances, and it does not deal with tax issues with respect to taxpayers subject to special treatment under the U.S. federal income tax laws (including, for example, broker dealers, insurance companies, financial institutions, real estate investment trusts, tax-exempt organizations, small business investment companies, regulated investment companies, U.S. persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax, or the Medicare contribution tax and persons holding Loans as part of a "straddle," "hedge," "constructive sale" or "conversion transaction" with other investments). No aspect of non-U.S., state, local, or estate and gift taxation is addressed herein. This discussion also does not address the U.S. federal income tax consequences to U.S. Holders (a) whose Loans are unimpaired or otherwise entitled to payment in full under the Amended Plan or (b) that are deemed to accept or deemed to reject the Amended Plan (other than U.S. Holders of Existing Interests in Southcross Energy Partners, L.P. (the "**LP Unitholders**")). Additionally, this discussion does not address the treatment of the receipt of any consideration other than in a person's capacity as a U.S. Holder of a Loan.

This discussion is not a complete analysis of all potential U.S. federal income tax consequences and does not address any tax consequences arising under any state, local or non-U.S. tax laws or U.S. federal estate or gift tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), Treasury Regulations promulgated thereunder (the "**Treasury Regulations**"), judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "**IRS**"), all as in effect on the date of this Disclosure Statement Supplement. These authorities may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the U.S. federal income tax consequences resulting

from the consummation of the Amended Plan or that any contrary position would not be sustained by a court.

U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE AMENDED PLAN AND THE OWNERSHIP AND DISPOSITION OF NEW UNITS PURSUANT TO THE AMENDED PLAN, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, OR NON-U.S. TAX LAWS, OR ANY OTHER U.S. FEDERAL TAX LAWS. THE DEBTORS AND THE REORGANIZED DEBTORS SHALL NOT BE LIABLE TO ANY PERSON FOR ANY TAX LIABILITY WITH RESPECT TO SUCH U.S. HOLDERS' TAX LIABILITY IN ANY MANNER.

A. Partnership Status

We (as used in this Article, references to "we," "us," or "our" are references to Southcross) believe that we are, and have been since our initial public offering, properly classified as a partnership for U.S. federal income tax purposes, and each of the other Debtors (all of whom are subsidiaries of Southcross) are treated as disregarded entities for U.S. federal income tax purposes. As a partnership or a disregarded entity, Southcross and each other Debtor are not themselves subject to U.S. federal income tax. Instead, each LP Unitholder is required to report on its U.S. federal income tax return, and is subject to tax in respect of, its distributive share of each item of income, gain, loss, deduction, and credit of such Debtors. Accordingly, the U.S. federal income tax consequences of the transactions contemplated by the Amended Plan generally will not be borne by the Debtors, but instead will be borne by the LP Unitholders.

However, the IRS has made no determination as to our status or the status of our subsidiaries for U.S. federal income tax purposes. If we fail to qualify as a partnership for U.S. federal income tax purposes, we will be treated as if we had transferred all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to qualify as a partnership, in return for stock in that corporation, and then distributed that stock to the LP Unitholders in liquidation of their interests in us. This deemed contribution and liquidation should be tax-free to us and the LP Unitholders so long as we, at that time, do not have liabilities in excess of the tax basis of our assets. Thereafter, we would be treated as an association taxable as a corporation for U.S. federal income tax purposes.

THE DISCUSSION BELOW ASSUMES THAT WE ARE CURRENTLY AND, UNTIL OUR LIQUIDATION, WILL CONTINUE TO BE, CLASSIFIED AS A PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES. THE DISCUSSION BELOW FURTHER ASSUMES THAT AS OF THE EXCHANGE (AS DEFINED BELOW), NEWCO WILL BE CLASSIFIED AS A PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES, AND THAT NEWCO WILL CONTINUE TO BE CLASSIFIED AS A PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES FOLLOWING THE EXCHANGE.

B. Definition of "U.S. Holder"

A "**U.S. Holder**" is a beneficial owner of a Loan, Existing Interests in Southcross ("**LP Units**"), or New Units for U.S. federal income tax purposes, as the case may be, that is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income tax regardless of its source.

If a partnership or other entity or arrangement classified as a partnership for U.S. federal income tax purposes holds a Loan, LP Units, or New Units, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Beneficial owners of a Loan, LP Units, and/or New Units, who are partners in a partnership holding any of such instruments should consult their tax advisors.

C. Certain U.S. Federal Income Tax Consequences to the Debtors and LP Unitholders

1. Credit Bid Transaction

The Debtors will recognize gain or loss on the sale of the Debtors' assets pursuant to the Credit Bid Transaction. As described above, because each of the Debtors is a partnership or disregarded entity for U.S. federal income tax purposes, such gain or loss will be allocated to the LP Unitholders. The amount of gain or loss allocable to any particular LP Unitholder depends, in part, on the price the LP Unitholder paid for its LP Units and the extent to which it has previously been allocated income or amortization or depreciation deductions with respect to the transferred assets. Accordingly, each LP Unitholder is urged to consult its tax advisors regarding the allocation of gain and loss and the deductibility of any losses recognized as a result of the transfer of the Debtors' assets.

2. Cancellation of Debt

In connection with the implementation of the Amended Plan, we likely will recognize cancellation of debt ("**COD**") income for U.S. federal income tax purposes. COD income is generally the amount by which indebtedness that is discharged (reduced by any unamortized discount) exceeds any consideration given in exchange therefor.

As described above, because we are a partnership for U.S. federal income tax purposes, such COD income and any other income recognized by us upon implementation of the Amended Plan will be allocated to the LP Unitholders. Certain statutory or judicial exceptions potentially can apply to limit the amount of COD income required to be included in income by the LP Unitholders, depending on the LP Unitholders' circumstances. In particular, exceptions are available that would allow COD income to be excluded from gross income if the COD income is taken into account by a taxpayer that is insolvent (but only to the extent of insolvency) or in bankruptcy. These exceptions apply at the "partner" level and thus depend on

whether the partner (*i.e.*, the LP Unitholder to whom the COD income is allocated) is itself insolvent or in bankruptcy. The fact that we or any other Debtors are insolvent and in bankruptcy is not relevant for this purpose. For purposes of determining an LP Unitholder's insolvency (measured immediately prior to the Effective Date), the LP Unitholder would be treated as if it were individually liable for an amount of partnership debt equal to the allocated amount of the COD income. To the extent any amount of COD income is excludable by an LP Unitholder by reason of the insolvency or bankruptcy exception, the LP Unitholder generally would be required to reduce certain tax attributes (such as net operating losses, tax credits, possibly tax basis in assets and passive losses) after the determination of its tax liability for the taxable year.

An LP Unitholder's adjusted tax basis in LP Units will be increased to the extent of any income or gain allocated to such LP Unitholder and decreased (but not below zero) to the extent of any loss or deduction allocated to such LP Unitholder, whether or not such loss is disallowed and thus not deductible.

To the extent an LP Unitholder was allocated losses in taxable years ending prior to the Effective Date, such losses may have been suspended by reason of certain provisions of the Internal Revenue Code (in particular, those relating to so-called "passive activity losses" or the "at risk" rules). As a result of the transaction, all or part of such losses may become deductible.

For U.S. federal income tax purposes, the discharge of our indebtedness pursuant to the Amended Plan will result in a deemed cash distribution to each LP Unitholder based on the amount of the indebtedness allocable to such LP Unitholder's LP Units. To the extent that any such deemed cash distribution exceeds the LP Unitholder's adjusted tax basis in its LP Units (after adjustment for net gain or loss allocable to the LP Unitholder as described above), such LP Unitholder will recognize capital gain. Any such capital gain generally should be long-term if the LP Unitholder's holding period in its LP Units is more than one year and otherwise should be short-term. An LP Unitholder's adjusted tax basis in its LP Units will be decreased (but not below zero) to the extent of any such deemed cash distribution.

3. Liquidation of the Debtors and Cancellation of LP Units

We will not recognize any gain or loss on the liquidation of the Debtors. Each LP Unitholder will recognize a loss with respect to the cancellation of its equity interest in Southcross to the extent of its basis in Southcross. The character of any such loss is unclear. Accordingly, each LP Unitholder who recognizes a loss with respect to the cancellation of its equity interest in Southcross should consult its tax advisors regarding the treatment of such loss.

The U.S. federal income tax consequences of the Amended Plan are complex, and may be particularly adverse for LP Unitholders. Accordingly, all LP Unitholders are urged to consult their tax advisors regarding the U.S. federal income tax consequences to them (taking into account their personal circumstances), including the potential for substantial allocations of taxable income without the receipt of cash distributions.

D. Certain U.S. Federal Income Tax Consequences to Holders of Loans

1. Contribution of Loans to NewCo in Exchange for New Units

A U.S. Holder of a Loan should not recognize gain or loss on the contribution of the Loan in exchange for New Units (the "**Exchange**"), except to the extent that New Units are received in exchange for accrued but unpaid interest (which will be taxable as interest to the extent not previously included in income). The U.S. Holder's initial tax basis in the New Units received in exchange for a Loan should be equal to the U.S. Holder's adjusted tax basis in such Loan to the extent exchanged pursuant to the Exchange. The U.S. Holder's holding period in the New Units should include the U.S. Holder's holding period for the Loan exchanged for such New Units. NewCo's basis in a Loan should generally be equal to the exchanging U.S. Holder's basis in such Loan immediately prior to the Exchange (which generally should be equal to the amount the exchanging U.S. Holder paid for such Loan, reduced by any payments on such Loan after acquisition, other than payments of qualified stated interest). NewCo's holding period in a Loan should generally include the exchanging U.S. Holder's holding period in such Loan immediately prior to the Exchange.

2. Credit Bid Transaction

On the transfer of our assets to NewCo in complete satisfaction of the Loans pursuant to the Credit Bid Transaction, NewCo will generally realize gain or loss equal to the difference between the fair market value of the transferred assets and NewCo's adjusted tax basis in such Loans. As discussed below, such gain or loss will be allocated to the holders of New Units ("**New Unitholders**") pursuant to Section 704(c) of the Internal Revenue Code and other applicable tax principles. Any such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if, on the Effective Date, NewCo's holding period in the Loan is more than one year. Long-term capital gains of non-corporate taxpayers are currently taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to limitations. Gain attributable to Loans acquired at any time other than at original issuance at a market discount generally will be treated as ordinary income to the extent of accrued market discount, unless an election to include market discount income currently as it accrues was made. A Loan will be considered to have been acquired at a market discount if the exchanging U.S. Holder's tax basis in the Loan immediately after it initially acquired the Loan was less than the sum of all amounts payable thereon (other than payments of qualified stated interest) after the acquisition date, unless the difference is less than 0.25% of the issue price multiplied by the number of complete years from the acquisition date to maturity (in which case, the difference is *de minimis* market discount). Any consideration received by PurchaseCo that is attributable to accrued but unpaid interest on the Loans generally would not be included in gross income by the New Unitholders to the extent of amounts included in gross income by the New Unitholders in respect of accrued but unpaid interest on the Exchange.

3. Information Reporting and Backup Withholding

The Debtors and applicable withholding agents will withhold all amounts required by law to be withheld from payments in connection with distributions under the Amended Plan or

in connection with payments made on account of consideration received pursuant to the Amended Plan, and will comply with all applicable information reporting requirements. A U.S. Holder may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS. In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. U.S. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Amended Plan would be subject to these regulations and require disclosure on the U.S. Holders' tax returns.

E. Certain U.S. Federal Income Tax Consequences to Exit Lenders participating in the Exit Financing

Pursuant to the Amended Plan, the Exit Lenders (as defined in the Exit Financing Term Sheet) will provide the Revolving Commitments to extend the Revolving Loans and the Term Commitments to extend the Term Loans, and an Eligible Exit Lender will receive on the Closing Date an Upfront Payment and, if certain conditions are met, an Oversubscription Payment (each as defined in the Exit Financing Term Sheet), each paid in the form of New Series B Preferred Units.

1. Revolving Loans and Associated Payments

Although it is unclear, we believe that for U.S. federal income tax purposes the portion of an Upfront Payment and any Oversubscription Payment that is paid in connection with a Revolving Commitment is treated as a payment of a commitment fee in respect of the Revolving Commitment. The tax treatment of the receipt of such commitment fee is uncertain. Each Eligible Exit Lender is urged to consult its tax advisors regarding the characterization and tax treatment of the receipt of any portion of any Upfront Payment and Oversubscription Payment in connection with its Revolving Commitment.

2. Term Loans and Associated Payments

As described above, pursuant to the Amended Plan, the Exit Lenders will extend Term Loans in connection with the Exit Financing in addition to providing the Revolving Commitments. We believe that a portion of the Upfront Payment and any Oversubscription Payment (to the extent certain conditions are met) paid to an Eligible Exit Lender should be treated as attributable to the Term Loan extended by such Eligible Exit Lender.

Assuming this is correct, the issue price of a Term Loan received by an Eligible Exit Lender will be determined by applying the "investment unit" rules and treating the Term Loan as part of an investment unit that includes the new Series B Preferred Units paid to the Eligible

Exit Lender as the portion of the Upfront Payment and any Oversubscription Payment paid in connection with the Term Loan. Generally, the issue price of an investment unit is determined by applying the issue price rules applicable to debt instruments, and the debt instrument's issue price is its allocable portion of the issue price of the investment unit, based on the relative fair market value of the debt instrument and the other property right (*i.e.*, the New Series B Preferred Units). Thus, the issue price of the investment unit would be equal to the cash for which the investment unit was sold to the Eligible Exit Lender, and the issue price of the Term Loan will equal the allocable portion of such investment unit's issue price, determined by multiplying the investment unit's issue price by the fraction obtained by dividing the fair market value of the Term Loan by the sum of the fair market value of the Term Loan and the fair market value of the New Series B Preferred Units.

As a result, it is expected that the issue price of the Term Loan component of each investment unit will be lower and, depending on amount, if any, of the Oversubscription Payment received by an Eligible Exit Lender, could be significantly lower, than the Term Loan's "stated redemption price at maturity" (*i.e.*, the sum of all payments to be made on the Term Loans, other than "qualified stated interest," including payments as a result of any interest that is "payable in kind"). To the extent that a Term Loan's stated redemption at maturity exceeds its issue price by more than a statutorily defined *de minimis* amount, the debt instrument is treated as issued with original issue discount ("**OID**"). An Eligible Exit Lender that would be treated as a U.S. Holder (if it held a Loan, LP Units, or New Units) will generally be required to include any OID in income over the term of such Term Loan in accordance with a constant yield-to-maturity method, regardless of whether the Eligible Exit Lender is a cash or accrual method taxpayer, and regardless of whether and when such Eligible Exit Lender received cash payments of interest on such Term Loan (other than cash attributable to qualified stated interest, which is includible in income in accordance with the U.S. Holder's normal method of tax accounting).

The investment unit rules and OID rules are complex, and Eligible Exit Lenders are urged to consult with their tax advisors regarding the characterization and tax treatment of the receipt of the Term Loans and the Upfront Payments and any Oversubscription Payments received in connection with the Term Loans.

F. Certain U.S. Federal Income Tax Consequences of Ownership of New Units

1. Member Status

New Unitholders generally will be treated as partners of NewCo for U.S. federal income tax purposes.

2. Tax Consequences of New Unit Ownership

a. Flow-Through of Taxable Income

Subject to the discussion below under "*—Entity-Level Collections*," NewCo will not pay any U.S. federal income tax. Instead, each New Unitholder will be required to report on its income tax return its share of NewCo's income, gains, losses, and deductions without regard to whether NewCo makes cash distributions to it. Consequently, NewCo may allocate

income to a New Unitholder even if it has not received a cash distribution. Each New Unitholder will be required to include in income its allocable share of NewCo's income, gains, losses, and deductions for NewCo's taxable year ending with or within its taxable year.

b. **Allocations**

In general, NewCo's items of income, gain, loss, and deduction will be allocated among the New Unitholders as set forth in the New LLC Agreement. Under Section 704(c) of the Internal Revenue Code, specified items of income, gain, loss and deductions must be allocated in a manner that accounts for any difference between the adjusted tax basis and fair market value (such difference, a "book-tax difference") associated with property at the time of its contribution to a partnership. Accordingly, the federal income tax burden associated with any book-tax disparity in the Loans contributed to NewCo will be borne by the New Unitholders based on their relative book-tax disparities. Treasury Regulations under Section 704(c) require partnerships to use a reasonable method for allocation of items affected by Section 704(c). While the allocations set forth in the New LLC Agreement should be respected for U.S. federal income tax purposes, the IRS could challenge such allocations, possibly resulting in less favorable allocations to a particular New Unitholder for U.S. federal income tax purposes.

c. **Limitations on the Deductibility of Losses and Expenses**

Various limitations may apply to restrict the deductibility of losses realized, and expenses incurred, by NewCo. The principal limitations include the limitation on the deductibility of interest under Section 163(j), the limitations on the deductibility of "investment interest" under Section 163(d), the limitations under Section 469 on the deductibility of losses from "passive activities", the "excess business loss" limitation, the limitations under the "at risk" rules, limitations on the deductibility of capital losses, and capitalization requirements. However, it is possible that other limitations will apply. U.S. Holders should consult their tax advisors concerning the application of these and other limitations on the deductibility of losses and expenses.

d. **Passthrough Deduction**

For taxable years before January 1, 2026, a non-corporate New Unitholder may claim a deduction equal to a portion of the net business income it derives from "qualified trades or businesses" conducted in the United States. Prospective New Unitholders should consult their tax advisors regarding the application of this deduction.

e. **Treatment of Distributions**

In general, a New Unitholder will not recognize taxable income as a consequence of receiving a distribution (whether in cash or in kind) from NewCo, except to the extent that any cash distributed exceeds the New Unitholder's adjusted tax basis in its New Units. Any such excess will be treated as gain from the sale of the New Unitholder's New Units and generally will result in capital gain or loss, except to the extent attributable to assets described in Section 751 of the Internal Revenue Code." See "*—Disposition of New Units*" below. Because the basis of a New Unitholder's New Units will be increased by the New Unitholder's share of

NewCo's net income, a distribution corresponding to the New Unitholder's share of NewCo's net income will generally not be taxable. A New Unitholder generally will not recognize a loss for U.S. federal income tax purposes as a consequence of receiving a distribution from NewCo, except that if a New Unitholder receives a distribution solely of cash in complete liquidation of its interest, the New Unitholder will recognize a loss equal to the excess, if any, of its adjusted tax basis in its New Units over the amount of such cash.

3. Disposition of New Units

Upon a sale or other taxable disposition of all or any portion of a New Unitholder's New Units, a New Unitholder will generally recognize gain or loss in an amount equal to the difference between the amount realized and the adjusted tax basis of the New Units or the transferred portion thereof. The amount realized will be equal to the amount of cash and the fair market value of other property received by the New Unitholder, plus the portion of the New Unitholder's share (if any) of NewCo's liabilities that is attributable to the transferred New Units.

In general, gain or loss recognized by a New Unitholder on the disposition of all or any portion of its New Units will be capital gain or loss, but a New Unitholder may recognize ordinary income or loss on the disposition in respect of its share of assets that are described in Section 751 of the Internal Revenue Code. Under certain circumstances, a New Unitholder could recognize ordinary income in respect of Section 751 assets on the disposition of all or any portion of its New Units even though the New Unitholder recognizes an overall loss on the disposition.

If a New Unitholder transfers less than all of its New Units, the New Unitholder will take into account the percentage of its adjusted tax basis in its New Units that is equal to the percentage of the New Units that are transferred, determined by comparing the relative fair market values of the portion of the New Units that are transferred and the portion of the New Units that are retained.

4. Administrative Matters

a. Information Returns and Audit Procedures

We believe that NewCo intends to furnish to each New Unitholder, after the close of each calendar year, specific tax information, including a Schedule K-1, which describes New Unitholder's share of income, gain, loss and deduction for NewCo's preceding taxable year. In preparing this information, which will not be reviewed by counsel, NewCo will take various accounting and reporting positions to determine each New Unitholder's share of income, gain, loss, and deduction. NewCo cannot provide assurances that those positions will yield a result that conforms to the requirements of the Internal Revenue Code, Treasury Regulations, or administrative interpretations of the IRS. Furthermore, NewCo cannot provide assurances that the IRS will not successfully contend in court that those positions are impermissible. Any challenge by the IRS could negatively affect the value of the New Units.

b. Partnership Representative

A partnership that files a U.S. federal income tax return is required to designate a "partnership representative" with a substantial presence in the United States to act on its behalf in tax-related proceedings. If the partnership representative is an entity, the partnership must appoint an individual with a substantial presence in the United States to act on behalf of the partnership representative. The partnership representative (and such individual, if any) will have the authority to make all decisions with respect to any tax audit of, or other tax-related administrative or judicial proceeding with respect to, the partnership. Actions taken, and decisions made, by the partnership representative (and such individual) will be binding on the partnership and its partners. NewCo will designate a partnership representative and, if the partnership representative is an entity, will designate an individual who will act on behalf of the partnership representative.

c. Partnership Audits

Audits of the U.S. federal income tax treatment of NewCo's income, gains, losses, deductions and credits generally will be conducted at the entity level in a single proceeding, which the partnership representative of the relevant entity will control, rather than by individual audits of the partners' tax returns. The legal and accounting costs incurred in connection with any audit of such entity's tax returns will be borne by NewCo, but New Unitholders will bear the cost of audits of their own returns.

Under the rules applicable to U.S. federal tax audits of partnership tax returns for taxable years beginning after December 31, 2017, the partners in a partnership are not required to receive notice of, and are not entitled to participate in, any such audit, and any adjustment made in any such audit will be binding on all of the partners. Any tax arising from an audit of a partnership tax return, as well as any resulting interest and penalties, will generally be payable by the partnership in the year in which the determination becomes final unless the partnership elects to send statements ("**Adjustment Statements**") to its partners for the audited year informing them of their shares of the adjustments made on audit. If a partnership sends Adjustment Statements, the partners will generally be required to pay any tax, interest (at a rate that is two percentage points higher than the interest rate generally applicable for tax underpayments) and penalties arising from such adjustments as if the adjustments were made in the audited year and any other affected year, as applicable, but will not be required to amend their tax returns for any prior year. In general, if a partnership pays the tax resulting from an audit adjustment, the amount will be determined by applying the highest rate of tax in effect for the audited year to the net adjustment amount. The net adjustment amount may be reduced, with the approval of the IRS, (i) to account for certain types of income and for the status of certain partners, such as corporations or tax-exempt partners, and (ii) by the portion of such net adjustment amount that is taken into account by partners that file amended returns for the reviewed year (and any intervening year for which their tax attributes are adjusted) or that participate in a "pull-in" procedure pursuant to which a partner may pay tax in the same amount, and adjust its tax attributes, as if it had filed all applicable amended returns.

Although it is possible that NewCo will elect to send Adjustment Statements in the event of an adjustment arising out of an audit, there can be no assurance in this regard. If

NewCo pays any tax, interest and/or penalties arising from an audit of a tax return, each current and former New Unitholder may be required to indemnify NewCo for the portion, if any, of the payment that is attributable to such current or former New Unitholder. It is possible that the amount of any such entity-level payment that is borne by a current New Unitholder or former New Unitholder will exceed the amount of additional tax that would have been payable by such current or former New Unitholder if NewCo had elected to send Adjustment Statements.

If a current or former New Unitholder fails to indemnify NewCo for the payment of any tax, interest and/or penalties attributable to such current or former New Unitholder, a portion of the economic burden of such payment will be borne by each then-current New Unitholder. Thus, there can be no assurance that the economic burden of any such payment will not be borne by New Unitholders that would not have owed additional tax, or would have owed additional tax in a lesser amount than their shares of such payment, if NewCo had elected to send Adjustment Statements to the New Unitholders.

The partnership audit rules described above are new and partnerships do not yet have any significant experience with them. New Unitholders should consult with their tax advisors concerning the application of these rules.

THE FOREGOING DISCUSSION OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE AMENDED PLAN DESCRIBED HEREIN, AS WELL AS ANY OTHER TAX CONSEQUENCES, INCLUDING ANY TAX CONSEQUENCES ARISING UNDER STATE, LOCAL, OR NON-U.S. TAX LAWS. NEITHER THE PROPONENTS OF THE AMENDED PLAN NOR THEIR PROFESSIONALS WILL HAVE ANY LIABILITY TO ANY PERSON ARISING FROM OR RELATED TO THE U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR ANY OTHER TAX CONSEQUENCES OF THE AMENDED PLAN OR THE FOREGOING DISCUSSION.

ARTICLE XI

RECOMMENDATION

The Debtors believe that confirmation and consummation of the Amended Plan are in the best interests of the Debtors, their Estates, and their creditors. The Amended Plan provides for an equitable distribution to holders of Claims. The Debtors believe that any alternative to confirmation of the Amended Plan, such as liquidation under chapter 7 of the Bankruptcy Code, could result in significant delay, litigation and additional costs, as well as a reduction in the distributions to holders of Claims in certain Classes. **Consequently, the Debtors urge all eligible holders of impaired Claims to vote to ACCEPT the Amended Plan and to complete and submit their Ballots so that they will be RECEIVED by the Claims Agent on or before the Voting Deadline.**

January 7, 2020

Southcross Energy Partners GP, LLC (for itself and on behalf of all Debtors)

/s/ James W. Swent III
Name: James W. Swent III
Title: Chief Executive Officer

Exhibit A-1

Amended Plan

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: SOUTHCROSS ENERGY PARTNERS, L.P., *et al*., Debtors.[1]	Chapter 11 Case No. 19-10702 (MFW) (Jointly Administered)

FIRST AMENDED CHAPTER 11 PLAN FOR SOUTHCROSS ENERGY PARTNERS, L.P. AND ITS AFFILIATED DEBTORS

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 701-5800
Marshall S. Huebner
Darren S. Klein
Steven Z. Szanzer
(each admitted *pro hac vice*)

Counsel to the Debtors and Debtors in Possession

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 North Market Street, 16th Floor
P.O. Box 1347
Wilmington, Delaware 19899-1347
Telephone: (302) 658-9200
Facsimile: (302) 658-3989
Robert J. Dehney (No. 3578)
Andrew R. Remming (No. 5120)
Joseph C. Barsalona II (No. 6102)
Eric W. Moats (No. 6441)

Local Counsel to the Debtors and Debtors in Possession

Dated: January 7, 2020
Wilmington, Delaware

[1] The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective Employer Identification Numbers, are as follows: Southcross Energy Partners, L.P. (5230); Southcross Energy Partners GP, LLC (5141); Southcross Energy Finance Corp. (2225); Southcross Energy Operating, LLC (9605); Southcross Energy GP LLC (4246); Southcross Energy LP LLC (4304); Southcross Gathering Ltd. (7233); Southcross CCNG Gathering Ltd. (9553); Southcross CCNG Transmission Ltd. (4531); Southcross Marketing Company Ltd. (3313); Southcross NGL Pipeline Ltd. (3214); Southcross Midstream Services, L.P. (5932); Southcross Mississippi Industrial Gas Sales, L.P. (7519); Southcross Mississippi Pipeline, L.P. (7499); Southcross Gulf Coast Transmission Ltd. (0546); Southcross Mississippi Gathering, L.P. (2994); Southcross Delta Pipeline LLC (6804); Southcross Alabama Pipeline LLC (7180); Southcross Nueces Pipelines LLC (7034); Southcross Processing LLC (0672); FL Rich Gas Services GP, LLC (5172); FL Rich Gas Services, LP (0219); FL Rich Gas Utility GP, LLC (3280); FL Rich Gas Utility, LP (3644); Southcross Transmission, LP (6432); T2 EF Cogeneration Holdings LLC (0613); and T2 EF Cogeneration LLC (4976). The debtors' mailing address is 1717 Main Street, Suite 5300, Dallas, TX 75201.

TABLE OF CONTENTS

Page

INTRODUCTION[2]

The Debtors, as defined herein, propose the following chapter 11 plan under section 1121(c) of the Bankruptcy Code for the resolution of the outstanding claims against, and equity interests in, the Debtors. Capitalized terms used in this Plan and not otherwise defined shall have the meanings ascribed to such terms in Article I of this Plan.

ARTICLE I.
DEFINITIONS AND INTERPRETATION

A. Definitions.

The following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural):

1.1 ***Ad Hoc Group*** means that certain ad hoc group of lenders represented by Willkie Farr & Gallagher LLP and Young Conaway Stargatt & Taylor, LLP, and currently comprised of: Arbour Lane Fund II GP, LLC; Avenue Capital Management II, L.P.; Bank of America, N.A., solely in respect of its Global Credit and Special Situations group and not any other unit, group, division or affiliate thereof; Columbia Management Investment Advisors, LLC; Cove Key Management; HSBC Bank plc; Invesco Senior Secured Management, Inc.; Investcorp Credit Management US LLC; J.H. Lane Partners; Logan Circle Partners, L.P.; MetLife Investment Advisors, LLC; Octagon Credit Investors, LLC; Solus Alternative Asset Management LP; and Sound Point Capital Management, L.P.

1.2 ***Ad Hoc Group Fee Claim*** means any Claim, to the extent not previously paid, for the reasonable and documented out-of-pocket fees, expenses, costs and other charges incurred prior to the Effective Date by the Ad Hoc Group (including those of Willkie Farr & Gallagher LLP, Young Conaway Stargatt & Taylor, LLP and Houlihan Lokey, Inc.), to the extent the Debtors' payment of which is provided for in the Final DIP Order or this Plan, which Claim shall be Allowed on the Effective Date.

1.3 ***Administrative Bar Date*** has the meaning set forth in Section 3.2(a) of this Plan.

1.4 ***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases of the kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to sections 328, 330, 363, 364(c)(1), 365, 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code (other than a DIP Claim, Professional Fee Claim, Ad Hoc Group Fee Claim or U.S. Trustee Fees) incurred during the period from the Petition Date to the Effective Date, including: (a) any actual and necessary costs and expenses of preserving the Estates, any actual and necessary costs and expenses of operating the Debtors' business, and any indebtedness or obligations incurred or assumed by any of the Debtors during the Chapter 11 Cases; and (b) any payment to be made under this Plan to cure a default under an assumed, or assumed and assigned, executory contract or unexpired lease.

[2] All capitalized terms used but not defined herein have the meanings set forth in Article I.

1.5 ***Allowed*** means, with respect to a Claim or Interest under this Plan, a Claim or Interest that is an Allowed Claim or an Allowed _____ Claim or an Allowed Interest.

1.6 ***Allowed Claim or Allowed _____ Claim*** (with respect to a specific type of Claim, if specified) means: (a) any Claim (or a portion thereof) as to which no action to dispute, disallow, deny or otherwise limit recovery with respect thereto, or alter the priority thereof (including a claim objection), has been timely commenced within the applicable period of limitation fixed by this Plan or applicable law, or, if an action to dispute, disallow, deny, equitably subordinate or otherwise limit recovery with respect thereto, or alter priority thereof, has been timely commenced, to the extent such Claim has been allowed (whether in whole or in part) by a Final Order of a court of competent jurisdiction with respect to the subject matter; or (b) any Claim or portion thereof that is allowed (i) in any contract, instrument, or other agreement entered into in connection with the Plan, (ii) pursuant to the terms of the Plan, (iii) by Final Order of the Bankruptcy Court, or (iv) with respect to an Administrative Expense Claim only (x) that was incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases to the extent due and owing without defense, offset, recoupment or counterclaim of any kind, and (y) that is not otherwise disputed.

1.7 ***Amended Constituent Documents*** means, on or after the Effective Date, collectively, the amended and restated by-laws or similar governing document and the amended and restated certificate of incorporation or other formation document of each Debtor, each in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group. Forms of the Amended Constituent Documents will be filed as part of the Plan Supplement.

1.8 ***Applicable Credit Agreements*** has the meaning set forth in Section 9.6.

1.9 ***Avoidance Actions*** means any and all avoidance, recovery, subordination or other claims, actions or remedies that may be brought by or on behalf of the Debtors or their Estates or other authorized parties in interest under the Bankruptcy Code or applicable non-bankruptcy law, including actions or remedies under sections 502, 510, 542, 544, 545, 547 through and including 553 and 724(a) of the Bankruptcy Code.

1.10 ***Ballot*** means the form approved by the Bankruptcy Court and distributed to holders of impaired Claims entitled to vote on the Plan to be used to indicate (i) their acceptance or rejection of the Plan, and (ii) their acceptance or rejection of the releases under the Plan pursuant to Section 12.6 of this Plan.

1.11 ***Bankruptcy Code*** means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.12 ***Bankruptcy Court*** means the United States Bankruptcy Court for the District of Delaware, or any other court exercising competent jurisdiction over the Chapter 11 Cases or any proceeding therein.

1.13 ***Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure, as promulgated by the Supreme Court of the United States under section 2075 of title 28 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases, and any local rules of the Bankruptcy Court.

1.14 ***Bar Date*** means any deadline for filing proofs of Claim, including Claims arising prior to the Petition Date and Administrative Expense Claims, as established by an order of the Bankruptcy Court or under the Plan.

1.15 ***Bidding Procedures Order*** means the *Order (I) Approving Bidding Procedures for Sale of Debtors' Assets, (II) Authorizing the Selection of a Stalking Horse Bidder, (III) Approving Bid Protections, (IV) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (V) Approving Form and Manner of Notices of Sale, Auction and Sale Hearing, (VI) Approving Assumption and Assignment Procedures, and (VII) Granting Related Relief* [Docket No. 324].

1.16 ***Business Day*** means any day other than a Saturday, Sunday or a "legal holiday," as defined in Bankruptcy Rule 9006(a).

1.17 ***Carve-Out*** has the meaning set forth in the Final DIP Order.

1.18 ***Cash*** means the legal currency of the United States and equivalents thereof.

1.19 ***Causes of Action*** means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. Causes of Action also include: (i) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (ii) the right to object to or otherwise contest Claims or equity interests; (iii) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (iv) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

1.20 ***CCPN Sale*** means a sale of the Debtors' Corpus Christi pipeline network assets to Kinder Morgan Tejas Pipeline LLC in accordance with the CCPN Sale Order.

1.21 ***CCPN Sale Order*** means the *Order (A) Approving Sale of Debtors' Corpus Christi Pipeline Network Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 596].

1.22 ***Chapter 11 Cases*** means the jointly-administered cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on the Petition Date in the Bankruptcy Court and captioned *In re Southcross Energy Partners, L.P., et al*, Case No. 19-10702 (MFW) (Jointly Administered).

1.23 ***Claim*** means any "claim" as defined in section 101(5) of the Bankruptcy Code against any Debtor or property of any Debtor, including any Claim arising after the Petition Date.

1.24 ***Claims Agent*** means Kurtzman Carson Consultants LLC, or any other entity approved by the Bankruptcy Court to act as the Debtors' claims and noticing agent pursuant to 28 U.S.C. §156(c).

1.25 ***Claims Objection Deadline*** means 11:59 p.m. (prevailing Eastern Time) on the 365th calendar day after the Effective Date, subject to further extensions and/or exceptions as may be ordered by the Bankruptcy Court.

1.26 ***Class*** means each category of Claims or Interests established under Article IV of the Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

1.27 ***Collateral*** means any property or interest in property of the Estates subject to a Lien to secure the payment or performance of a Claim, which Lien has not been avoided or is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.28 ***Confirmation Date*** means the date on which the Court enters the Confirmation Order on the docket of the Chapter 11 Cases.

1.29 ***Confirmation Hearing*** means a hearing to be held by the Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.30 ***Confirmation Order*** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

1.31 ***Credit Bid Consideration*** means, if the Credit Bid Transaction is implemented, the Roll-Up DIP Claims, Prepetition Revolving Credit Facility Claims, and Prepetition Term Loan Claims, which the Credit Bid Required Lenders shall have directed the DIP Agent and Prepetition Agents, as applicable, to credit bid in exchange for the transfer of all or substantially all of the Debtors' assets to NewCo.

1.32 ***Credit Bid Parties*** means the Credit Bid Required Lenders, the DIP Agent, and the Prepetition Agents.

1.33 ***Credit Bid Required Lenders*** means the "Required Lenders" under and as defined in the DIP Credit Agreement, the "Required Lenders" under and as defined in the Prepetition Revolving Credit Facility Agreement, and the "Required Lenders" under and as defined in the Prepetition Term Loan Agreement.

1.34 ***Credit Bid Transaction*** means a transfer of all or substantially all of the Debtors' assets to NewCo, in accordance with Section 7.3 herein, pursuant to the Credit Bid Transaction Agreement in exchange for the Credit Bid Consideration and as approved by the Confirmation Order.

1.35 ***Credit Bid Transaction Agreement*** means that certain transaction agreement by and among the Debtors and NewCo, which shall be filed prior to the commencement of the Confirmation Hearing if the Credit Bid Transaction is implemented.

1.36 ***Cure Amount*** has the meaning set forth in Section 10.3(a) of this Plan.

1.37 ***Cure Dispute*** has the meaning set forth in Section 10.3(c) of this Plan.

1.38 ***Cure Notice*** means the Potential Assumption and Assignment Notice, the Supplemental Assumption and Assignment Notice, the Second Supplemental Notice, and the Third Supplemental Notice, individually or collectively as the context requires (including any amendment or update to each of the foregoing).

1.39 ***Cure Schedule*** has the meaning set forth in Section 10.3(b) of this Plan.

1.40 ***D&O Liability Insurance Policies*** means all insurance policies for directors', managers' and officers' liability (including employment practices liability and fiduciary liability) maintained by the Debtors prior to the Effective Date, including as such policies may extend to employees, and any such policies that are "tail" policies.

1.41 ***Debtor(s)*** means, individually or collectively, as the context requires, (a) prior to the Effective Date, Southcross Energy Partners, L.P., and each of its affiliated debtors and debtors in possession in the Chapter 11 Cases listed on Exhibit A hereto, and (b) on and following the Effective Date, the Reorganized Debtors, including after giving effect to the Credit Bid Transaction, if implemented.

1.42 ***Debtors' Case Information Website*** has the meaning set forth in Article I, Section C.

1.43 ***DIP Agent*** means Wilmington Trust, National Association, solely in its capacity as administrative and collateral agent in connection with the DIP Facility.

1.44 ***DIP Agent Fee Claim*** means any Claim, to the extent not previously paid, for fees, expenses, costs and other charges incurred prior to the Effective Date of the DIP Agent to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, including, without limitation, reasonable and documented fees and expenses of the professionals retained by the DIP Agent, which Claims shall be Allowed on the Effective Date.

1.45 ***DIP Borrower*** means Southcross Energy Partners, L.P. as debtor and debtor-in-possession.

1.46 ***DIP Claim*** means all Claims of the DIP Agent and/or the DIP Lenders related to, arising under, or in connection with the Final DIP Order and the DIP Credit Agreement, including any DIP Agent Fee Claim, the New Money DIP Claims and the Roll-Up DIP Claims.

1.47 ***DIP Credit Agreement*** means the Senior Secured Superpriority Priming Debtor-in-Possession Credit Agreement dated as of April 3, 2019, among the DIP Borrower, the DIP Lenders, the letters of credit issuing banks party thereto, and the DIP Agent, as the same has been or may be modified and amended from time to time, in accordance with the terms thereof.

1.48 ***DIP Facility*** means the debtor-in-possession credit facility provided to the Debtors by the DIP Lenders pursuant to the DIP Credit Agreement, including the DIP LC Loans, the DIP Roll-Up Loans, and the DIP Term Loans.

1.49 ***DIP LC Loans*** means the letter of credit term loans in the original aggregate principal amount of up to $55 million, the proceeds of which were used to cash collateralize letters of credit issued (or deemed issued) under the letter of credit sub-facility in an aggregate amount of up to approximately $53.4 million pursuant to the DIP Credit Agreement.

1.50 ***DIP Lenders*** means those certain lenders party from time to time to the DIP Credit Agreement.

1.51 ***DIP Roll-Up Loans*** means the roll-up term loans in the original aggregate principal amount of $127.5 million used to refinance dollar-for-dollar the Prepetition Term Loans held by the DIP Lenders or their affiliates pursuant to the DIP Credit Agreement.

1.52 ***DIP Term Loans*** means the new money term loans in the original aggregate principal amount of $72.5 million pursuant to the DIP Credit Agreement.

1.53 ***Disallowed*** means a finding or conclusion of law of the Bankruptcy Court in a Final Order, or provision in this Plan or the Confirmation Order, disallowing a Claim.

1.54 ***Disbursing Agent*** means, as applicable, the Debtors or the entity designated by the Debtors to distribute the Plan Consideration.

1.55 ***Disclosure Statement*** means the *Disclosure Statement for Chapter 11 Plan for Southcross Energy Partners L.P. and its Affiliated Debtors [D.I. 677],* as supplemented by the *Disclosure Statement Supplement for First Amended Chapter 11 Plan for Southcross Energy Partners L.P. and its Affiliated Debtors* approved by the Bankruptcy Court pursuant to the *Order (I) Approving the Debtors' Continued Solicitation of the Amended Chapter 11 Plan, (II) Approving the Adequacy of the Disclosure Statement Supplement in Connection With the Amended Chapter 11 Plan, (III) Establishing Certain Deadlines and Procedures in Connection With Confirmation of the Amended Chapter 11 Plan, and (IV) Granting Related Relief* [D.I. 814], including all exhibits and schedules annexed thereto or referred to therein (in each case, as it or they may be amended, modified, or supplemented from time to time).

1.56 ***Disclosure Statement Hearing*** means a hearing held by the Bankruptcy Court to consider approval of the Disclosure Statement as containing adequate information as required by section 1125 of the Bankruptcy Code, as the same may be adjourned or continued from time to time.

1.57 ***Disclosure Statement Order*** means an order of the Bankruptcy Court approving the Disclosure Statement as having adequate information in accordance with section 1125 of the Bankruptcy Code, which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

1.58 ***Disputed*** means, with respect to a Claim or Interest, that portion (including, when appropriate, the whole) of such Claim or Interest that: (a) (i) has not been scheduled by the Debtors in their Schedules, or has been scheduled in a lesser amount or different priority than the amount or priority asserted by the holder of such Claim or Interest, or (ii) has been scheduled as contingent, unliquidated or disputed and for which no proof of claim has been timely filed; (b) is the subject of an objection or request for estimation filed in the Bankruptcy Court which has not been withdrawn or overruled by a Final Order; and/or (c) is otherwise disputed by any of the

Debtors in accordance with applicable law or contract, which dispute has not been withdrawn, resolved or overruled by Final Order.

1.59 ***Distribution Date*** means the Effective Date or as soon as reasonably practicable thereafter.

1.60 ***Distribution Record Date*** means, with respect to all Classes for which Plan Distributions are to be made, the Confirmation Date.

1.61 ***Effective Date*** means the date specified by the Debtors in a notice filed with the Bankruptcy Court as the date on which the Plan shall take effect, which date shall be the first Business Day on which all of the conditions set forth in Section 11.1 of this Plan have been satisfied or waived in accordance with the terms hereof and no stay of the Confirmation Order is in effect.

1.62 ***Employee Protection Plan*** means that certain severance plan maintained by the Debtors, for the benefit of, and with respect to, all of their employees adopted by the Debtors on March 1, 2017 (as may be amended, restated, supplemented, or modified from time to time prior to the Effective Date with the consent of the Majority Ad Hoc Group (it being understood that the Majority Ad Hoc Group has consented to the payments disclosed to the Ad Hoc Group prior to the date hereof under the Employee Protection Plan to those eligible employees of the Debtors working at the Debtors' Dallas location)).

1.63 ***Entity*** shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

1.64 ***Estate*** means each estate created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.

1.65 ***Estimation Order*** means an order or orders of the Bankruptcy Court estimating for voting and/or distribution purposes (under section 502(c) of the Bankruptcy Code) the allowed amount of any Claim. The defined term Estimation Order includes the Confirmation Order if the Confirmation Order grants the same relief that would have been granted in a separate Estimation Order.

1.66 ***Exculpated Parties*** means, collectively, solely in their capacity as such, the Debtors, and their respective subsidiaries, affiliates, current and former officers and directors, principals, members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and all other retained Professional Persons.

1.67 ***Exit Financing Motion*** means the Debtors' *Motion For Entry of an Order (I) Authorizing Entry Into the Exit Financing Commitment Letter, (II) Approving Alternate Transaction Fee, and (III) Granting Related Relief* [D.I. 769], including all exhibits and schedules annexed thereto or referred to therein (in each case, as it or they may be amended, modified, or supplemented from time to time).

1.68 ***Existing Interests*** means all existing Interests (other than Intercompany Interests) that are outstanding immediately prior to the Effective Date.

1.69 ***Exit Credit Facility*** means up to $65,000,000 in first lien secured credit facilities with a sublimit of up to $35,000,000 for letters of credit made pursuant to the Exit Credit Facility Agreement, or such other amounts as agreed to by the Debtors and the Majority Ad Hoc Group.

1.70 ***Exit Credit Facility Agent*** means the entity that serves as the administrative, collateral, and/or other agent under the Exit Credit Facility.

1.71 ***Exit Credit Facility Agreement*** means that certain revolving credit agreement (as amended, modified or supplemented from time to time) in respect of the Exit Credit Facility, among Reorganized Southcross as borrower, and the other Debtors except Southcross Energy Partners, GP, LLC, as guarantors, the Exit Credit Facility Agent and the lenders party thereto.

1.72 ***Exit Credit Facility Documents*** means the Exit Credit Facility Agreement and all other related agreements, notes, certificates, documents, and instruments, and all exhibits, schedules, and annexes thereto entered into in connection with the Exit Credit Facility Agreement to be executed or delivered in connection therewith, with terms and conditions reasonably acceptable to the Debtors and the Majority Ad Hoc Group (in each case, as amended, modified, or supplemented from time to time).

1.73 ***Fee Escrow Account*** means an interest-bearing account in an amount equal to the total estimated amount of unpaid Professional Fee Claims and funded by the Debtors on the Effective Date.

1.74 ***Final DIP Order*** means that *Final Order, Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, 364, 503, 506, and 507, (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Post-Petition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, Adequate Protection, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief* [Docket No. 200], entered by the Bankruptcy Court on May 7, 2019.

1.75 ***Final Order*** means an order, ruling or judgment of the Bankruptcy Court or in the applicable court of competent jurisdiction that has been entered on the docket in the Chapter 11 Cases, which has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for a new trial, reargument, or rehearing shall then be pending or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, reargument, or rehearing shall have expired; provided, that no order or judgment shall fail to be a Final Order solely because of the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure has been or may be filed with respect to such order or judgment; provided, further, that no order or judgment shall fail to be a Final Order solely because of the susceptibility of a Claim to a challenge under section 502(j) of the Bankruptcy Code.

1.76 ***General Unsecured Claim*** means any Claim other than: (a) a DIP Claim; (b) an Ad Hoc Group Fee Claim; (c) a Prepetition Lender Fee Claim; (d) a Prepetition Agent Fee Claim; (e) a Professional Fee Claim; (f) U.S. Trustee Fees; (g) a Priority Tax Claim; (h) a Prepetition Revolving Credit Facility Claim; (i) a Prepetition Term Loan Claim; (j) an Other Secured Claim; (k) an Administrative Expense Claim; (l) an Intercompany Claim; (m) a Priority Non-Tax Claim; (n) a Sponsor Note Claim; and (o) a Subordinated Claim.

1.77 ***Governmental Unit*** means a "governmental unit" as defined in section 101(27) of the Bankruptcy Code.

1.78 ***Impaired*** means, when used in reference to a Class, any Class that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.79 ***Implementation Memorandum*** means the memorandum describing the sequencing of the actions, transfers and other corporate and other transactions making up, or otherwise to be effectuated pursuant to, the Plan and the Plan Documents. A substantially final form of the Implementation Memorandum, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, will be contained in the Plan Supplement.

1.80 ***Indemnification Obligations*** means any obligation of any Debtor to indemnify directors, officers or employees of any of the Debtors who served in such capacity and were employed on or after January 1, 2019 with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, whether pursuant to agreement, the Debtors' respective articles or certificates of incorporation, corporate charters, bylaws, operating agreements, limited liability company agreements, or similar corporate or other documents or other applicable contract or law in effect as of the Effective Date**.**

1.81 ***Intercompany Claim*** means any Claim, Cause of Action, or remedy held by or asserted against a Debtor or a non-Debtor direct or indirect subsidiary of a Debtor by (a) another Debtor, or (b) a non-Debtor direct or indirect subsidiary of a Debtor.

1.82 ***Intercompany Interest*** means any Interest held by a Debtor or a non-Debtor direct or indirect subsidiary of a Debtor in another Debtor or a non-Debtor direct or indirect subsidiary of a Debtor, other than an Existing Interest.

1.83 ***Interest*** means the interest (whether legal, equitable, contractual or otherwise) of any holders of any class of equity securities of any of the Debtors, represented by shares of common or preferred stock, limited partnership interests or other instruments evidencing an ownership interest in any of the Debtors, whether or not certificated, transferable, voting or denominated "stock" or a similar security, or any option, warrant or right, contractual or otherwise, to acquire any such interest.

1.84 ***Lien*** has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.85 ***Majority Ad Hoc Group*** means members of the Ad Hoc Group holding at least a majority in principal amount of the aggregate of New Money DIP Claims, Roll-Up DIP Claims, Prepetition Term Loan Claims, and Prepetition Revolving Credit Facility Claims that are held by members of the Ad Hoc Group.

1.86 ***MS/AL Sale*** means the sale of the Debtors' assets in Mississippi and Alabama to Magnolia Infrastructure Holdings, LLC in accordance with the MS/AL Sale Order.

1.87 ***MS/AL Sale Order*** means the *Order (A) Approving Sale of Debtors' Mississippi and Alabama Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 595].

1.88 ***New Board*** means either (a) if the Credit Bid Transaction is not implemented, the board of managers (or similar governing body) of Reorganized Southcross appointed pursuant to Section 7.9 of this Plan, or (b) if the Credit Bid Transaction is implemented, the board of managers (or similar governing body) of NewCo.

1.89 ***NewCo*** means, if the Credit Bid Transaction is implemented, one or more Delaware limited liability companies formed or caused to be formed by the Credit Bid Parties prior to the Effective Date.

1.90 ***New Common Units*** means either (a) if the Credit Bid Transaction is not implemented, new limited liability company interests in Reorganized Southcross, or (b) if the Credit Bid Transaction is implemented, new limited liability company interests in NewCo.

1.91 ***New Common Units Plan Value*** means the value of New Common Units as of the Effective Date of $1.00[3] per share (or such other value as agreed to by the Debtors and the Majority Ad Hoc Group).

1.92 ***New LLC Agreement*** means the limited liability company agreement of (a) if the Credit Bid Transaction is not implemented, Reorganized Southcross (including all exhibits, schedules, and annexes thereto), which shall be substantially in the form to be included in the Plan Supplement, or (b) if the Credit Bid Transaction is implemented, NewCo.

1.93 ***New Money DIP Claim*** means a Claim of the DIP Lenders in respect of the obligations of the Debtors arising under or relating to the DIP Term Loans and the DIP LC Loans pursuant to the DIP Credit Agreement.

1.94 ***New Preferred Units*** means the New Series A Preferred Units and New Series B Preferred Units.

1.95 ***New Series A Preferred Units*** means either (a) if the Credit Bid Transaction is not implemented, new limited liability company interests in Reorganized Southcross having an aggregate initial liquidation preference of approximately $152,658,325, or (b) if the Credit Bid Transaction is implemented, new limited liability company interests in NewCo having an aggregate initial liquidation preference equal to $152,658,325 and, in each case, designated as "Series A Preferred Units" under the New LLC Agreement.

[3] This value is based on the issuance of 22,278,242 New Common Units and an Oversubscription Payment (as defined below) of $28.5 million (in the form of New Series B Preferred Units).

1.96 ***New Series B Preferred Units*** means either (a) if the Credit Bid Transaction is not implemented, new limited liability company interests in Reorganized Southcross having an aggregate initial liquidation preference to be determined in accordance with the terms of the Exit Credit Facility, or (b) if the Credit Bid Transaction is implemented, new limited liability company interests in NewCo having an aggregate initial liquidation preference to be determined in accordance with the terms of the Exit Credit Facility, which, in each case, shall be distributed to those lenders under the Exit Credit Facility who are entitled to an Upfront Payment, Oversubscription Payment, or Alternate Transaction Fee (each such term as defined in the term sheet attached as Exhibit A to the Exit Financing Motion and designated as "Series B Preferred Units" under the New LLC Agreement).

1.97 ***New Preferred Units Plan Value*** means the per share initial liquidation preference (or such other value as agreed to by the Debtors and the Majority Ad Hoc Group) of New Series A Preferred Units or New Series B Preferred Units, as applicable, as of the Effective Date.

1.98 ***Other Secured Claim*** means any Secured Claim against a Debtor other than a DIP Claim, a Prepetition Term Loan Claim and Prepetition Revolving Credit Facility Claim.

1.99 ***Person*** means any individual, corporation, partnership, association, indenture trustee, limited liability company, cooperative, organization, joint stock company, joint venture, estate, fund, trust, unincorporated organization, Governmental Unit or any political subdivision thereof, or any other entity or organization of whatever nature.

1.100 ***Petition Date*** means April 1, 2019.

1.101 ***Plan*** means this joint chapter 11 plan proposed by the Debtors, including the Plan Supplement, all applicable exhibits, supplements, appendices and schedules hereto and to the Plan Supplement, either in its present form or as the same may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules and the terms hereof.

1.102 ***Plan Consideration*** means, with respect to any Class of Claims entitled to distributions under this Plan, one or more of Cash, New Common Units, or New Preferred Units.

1.103 ***Plan Distribution*** means the distribution of Plan Consideration under the Plan.

1.104 ***Plan Documents*** means the applicable documents, other than the Plan, to be executed, delivered, assumed, and/or performed in connection with the consummation of the Plan, including the Exit Credit Facility Documents, New Common Units, New Preferred Units, the Credit Bid Transaction Agreement (if applicable), the documents to be included in the Plan Supplement and any and all exhibits to the Plan and the Disclosure Statement, each of which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

1.105 ***Plan Supplement*** means the supplemental appendix to this Plan (as may be amended, modified and/or supplemented) which the Debtors shall file by January 9, 2020 (provided that the Debtors may amend, supplement, or otherwise modify the Plan Supplement prior to the Confirmation Hearing and/or in accordance with the Plan), which may contain, among other

things, draft forms, signed copies, or summaries of material terms, as the case may be, of the following: (a) Amended Constituent Documents; (b) the list of proposed officers and directors of the Reorganized Debtors (or NewCo, in the event the Credit Bid Transaction is implemented); (c) the Schedule of Rejected Contracts and Leases; (d) the Exit Credit Facility Agreement; (e) a list containing the compensation arrangement for any insider of the Debtors who will be an officer of a Reorganized Debtor (or NewCo, in the event the Credit Bid Transaction is implemented); (f) the Implementation Memorandum; (g) the New LLC Agreement; and (h) any additional documents filed with the Bankruptcy Court before the Effective Date as additional Plan Documents and/or amendments to the Plan Supplement, each of which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group; *provided*, *however*, that the Schedule of Rejected Contracts and Leases shall be filed no later than five business days prior to the objection deadline with respect to confirmation of the Plan and shall be subject to the terms and conditions set forth in Section 10.1 of the Plan.

1.106 ***Potential Assumption and Assignment Notice*** has the meaning set forth in the Second Supplemental Notice.

1.107 ***Prepetition Agent Fee Claim*** means any Claim, to the extent not previously paid, for fees, expenses, costs and other charges, incurred prior to the Effective Date, of the Prepetition Term Loan Agent or the Prepetition Revolving Credit Facility Agent (limited, in the case of the advisors to the Prepetition Term Loan Agent, Arnold & Porter Kaye Scholer LLP, and in the case of the Prepetition Revolving Credit Facility Agent, to Arnold & Porter Kaye Scholer LLP) to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, which Claims shall be Allowed on the Effective Date.

1.108 ***Prepetition Agents*** means the Prepetition Revolving Credit Facility Agent and the Prepetition Term Loan Agent.

1.109 ***Prepetition Lender Fee Claim*** means any Claim, to the extent not previously paid, for fees, expenses, costs and other charges, incurred prior to the Effective Date of the Prepetition Term Loan Lenders, the Prepetition Term Loan Agent, the Prepetition Revolving Credit Facility Lenders, and the Prepetition Revolving Credit Facility Agent to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, which Claim shall be Allowed on the Effective Date.

1.110 ***Prepetition Revolving Credit Facility*** means the $115,000,000.00 credit facility with a sublimit of $50,000,000.00 for letters of credit made pursuant to the Prepetition Revolving Credit Facility Agreement.

1.111 ***Prepetition Revolving Credit Facility Agent*** means Wilmington Trust, National Association, or its successors and assigns, in its capacity as administrative agent for the Prepetition Revolving Credit Facility under the Prepetition Revolving Credit Facility Agreement.

1.112 ***Prepetition Revolving Credit Facility Agreement*** means the Third Amended and Restated Revolving Credit Agreement dated as of August 4, 2014 (as amended, modified or supplemented from time to time), among Southcross Energy Partners, L.P., as borrower, and the other Debtors except Southcross Energy Partners, G.P., as guarantors, the Prepetition Revolving

Credit Facility Agent and the Prepetition Revolving Credit Facility Lenders, including all agreements, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith (in each case, as amended, modified or supplemented from time to time).

1.113 ***Prepetition Revolving Credit Facility Claim*** means any Claim arising under the Prepetition Revolving Credit Facility and the Prepetition Revolving Credit Facility Agreement.

1.114 ***Prepetition Revolving Credit Facility Lender*** means any lender and any Participant (as defined in the Prepetition Revolving Credit Facility) under the Prepetition Revolving Credit Facility pursuant to the Prepetition Revolving Credit Facility Agreement, and its successors and assigns.

1.115 ***Prepetition Revolving Credit Facility New Common Units Distribution*** means 15.6% of the New Common Units, subject to dilution in connection with any management incentive plan that may be adopted by the New Board in accordance with Section 7.4 of this Plan.

1.116 ***Prepetition Revolving Credit Facility New Preferred Units Distribution*** means 15.6% of the New Series A Preferred Units.

1.117 ***Prepetition Term Loan*** means the term loan in the original aggregate principal amount of $429,140,515.29 made pursuant to the Prepetition Term Loan Agreement.

1.118 ***Prepetition Term Loan Agent*** means Wilmington Trust, National Association, or its successors and assigns, in its capacity as administrative agent for the Prepetition Term Loan Lenders under the Prepetition Term Loan Agreement.

1.119 ***Prepetition Term Loan Agreement*** means the Term Loan Agreement, dated as of August 4, 2014 (as amended, modified or supplemented from time to time), among Southcross Energy Partners, L.P., as borrower, and the other Debtors except Southcross Energy Partners, G.P., as guarantors, the Prepetition Term Loan Agent and the Prepetition Term Loan Lenders, including all agreements, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith (in each case, as amended, modified or supplemented from time to time).

1.120 ***Prepetition Term Loan Claim*** means any Claim arising under the Prepetition Term Loan and the Prepetition Term Loan Agreement. The Prepetition Term Loan Claims are Allowed Claims under the Plan. For the avoidance of doubt, the Roll-Up DIP Claims are not Prepetition Term Loan Claims.

1.121 ***Prepetition Term Loan Lender*** means any lender and any Participant (as defined in the Prepetition Term Loan Agreement) under the Prepetition Term Loan Facility pursuant to the Prepetition Term Loan Agreement, and its successors and assigns.

1.122 ***Prepetition Term Loan New Common Units Distribution*** means 84.4% of the New Common Units, subject to dilution in connection with any management incentive plan that may be adopted by the New Board in accordance with Section 7.4 of this Plan.

1.123 ***Priority Non-Tax Claim*** means any Claim, other than an Administrative Expense Claim, a Professional Fee Claim, an Ad Hoc Group Fee Claim or a Priority Tax Claim, entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code.

1.124 ***Priority Tax Claim*** means any Claim of a Governmental Unit of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.125 ***Pro Rata Share*** means with respect to any distribution on account of an Allowed Claim, a distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of all Allowed Claims in its Class.

1.126 ***Professional Fee Claims*** means an administrative expense claim of a Professional Person against any Debtor for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred during the period from the Petition Date up to, and including, the Confirmation Date.

1.127 ***Professional Person(s)*** means all Persons retained by order of the Bankruptcy Court in connection with the Chapter 11 Cases, pursuant to sections 327 or 328 of the Bankruptcy Code, excluding any ordinary course professionals retained pursuant to an order of the Bankruptcy Court or otherwise.

1.128 ***Proposed Assumption and Assignment Notice*** has the meaning set forth in the Bidding Procedures Order.

1.129 ***Released Parties*** means each of the following in their capacity as such: (a) each member of the Ad Hoc Group; (b) the Prepetition Term Loan Lenders; (c) the Prepetition Revolving Credit Facility Lenders; (d) the Prepetition Term Loan Agent; (e) the Prepetition Revolving Credit Facility Agent; (f) the Debtors (for the avoidance of doubt, including the Reorganized Debtors, as applicable); (g) the DIP Agent and DIP Lenders; (h) if the Credit Bid Transaction is consummated, NewCo, and (i) with respect to each of the foregoing Entities in clauses (a) through (h), such party's current and former affiliates and subsidiaries, and such Entities' and their current and former affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, managed accounts or funds, management companies, fund advisors, investment bankers, consultants, representatives, and other professionals, each in their capacity as such; provided, (i) that no Person shall be a Released Party if it (a) opts out of the releases provided for in Article XII hereof through a timely submitted Ballot or (b) rejects or is deemed to reject or deemed to accept the Plan; and (ii) that no equity holder of the Debtors, in such capacity, shall be a Released Party (regardless of whether such interests are held directly or indirectly).

1.130 ***Releasing Parties*** means collectively, (a) each Released Party described in clauses (a), (d), (e), (f), and if the Credit Bid Transaction is consummated, (h) thereof, (b) each holder of a Claim that votes to accept the Plan but does not check the appropriate box on such holder's timely submitted Ballot to indicate that such holder elects to opt out of the release contained in

the Plan, and (c) as to each of the foregoing Entities in clauses (a) and (b) each such Entity's predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds and their current and former officers, directors, managers, partners, principals, shareholders, members, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals (in each case as to the foregoing Entities in clauses (a) and (b) solely in their capacity as such); provided that no equity holder of the Debtors, in such capacity, shall be a Releasing Party (regardless of whether such interests are held directly or indirectly).

1.131 ***Reorganized Debtor(s)*** means the applicable reorganized Debtor(s) or any successors thereto by merger, consolidation or otherwise, on and after the Effective Date, after giving effect to the restructuring transactions occurring on the Effective Date in accordance with this Plan.

1.132 ***Reorganized Southcross*** means Southcross Energy Partners L.P., or any successor thereto by merger, consolidation, or otherwise (for the avoidance of doubt, other than NewCo), on and after the Effective Date, which, for the avoidance of doubt, shall be a limited liability company.

1.133 ***Roll-Up DIP Claim*** means any Claim of the DIP Lenders related to, arising under, or in connection with the DIP Roll-Up Loans used to refinance and discharge dollar-for-dollar Prepetition Term Loans.

1.134 ***Roll-Up DIP New Preferred Units Distribution*** means 84.4% of the New Series A Preferred Units.

1.135 ***Sales*** means the CCPN Sale and/or the MS/AL Sale (as appropriate from the context).

1.136 ***Schedule of Rejected Contracts and Leases*** means a schedule of the contracts and leases to be rejected by the Debtors pursuant to section 365 of the Bankruptcy Code and Article X hereof, which will be filed as part of the Plan Supplement, and may be amended from time to time.

1.137 ***Schedules*** means the schedules of assets and liabilities and statements of financial affairs for each Debtor filed in the Chapter 11 Cases, as amended or supplemented from time to time.

1.138 ***Second Supplemental Notice*** means that certain *Second Supplemental Notice of Potential Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Amount* [Docket No. 496] filed by the Debtors on September 23, 2019 in the Chapter 11 Cases**.**

1.139 ***Secured Claim*** means a Claim: (a) that is secured by a valid, perfected and enforceable Lien on Collateral, to the extent of the value of the Claim holder's interest in such Collateral as of the Confirmation Date; or (b) to the extent that the holder thereof has a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

1.140 ***Securities Act*** means the Securities Act of 1933, as amended.

1.141 ***Sponsor Note Claims*** means any Claim arising under the Sponsor Notes.

1.142 ***Sponsor Notes*** means those certain unsecured notes, dated on or about January 22, 2018, issued by Southcross Energy Partners, L.P. and certain other Debtors and held by EIG Energy Fund XIV, L.P., EIG Energy Fund XIV (Cayman), L.P., EIG Energy Fund XIV-A, L.P., EIG Energy Fund XIV-B, L.P., EIG Energy Fund XV, L.P., EIG Energy Fund XV (Cayman), L.P., EIG Energy Fund XV-A, L.P., EIG Energy Fund XV-B, L.P., TW Southcross Sidecar II LP, and TW Southcross Sidecar II (N-QP) LP.

1.143 ***STIP*** means the Debtors' annual short-term incentive performance plan adopted by the Debtors prior to the Petition Date (which may not be amended, restated, supplemented or modified without the consent of the Majority Ad Hoc Group).

1.144 ***Subordinated Claim*** means any Claim against a Debtor that is subordinated pursuant to Bankruptcy Code section 510 or other applicable law.

1.145 ***Subsidiary*** means any corporation, association or other business entity of which at least the majority of the securities or other ownership interest is owned or controlled by a Debtor and/or one or more subsidiaries of the Debtor.

1.146 ***Supplemental Assumption and Assignment Notice*** has the meaning set forth in the Second Supplemental Notice.

1.147 ***Third Supplemental Notice*** means the *Third Supplemental Notice Of Potential Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Amount* [Docket No. 705].

1.148 ***Transaction*** means the financial restructuring concerning or impacting the Debtors' indebtedness and other obligations as reflected in this Plan.

1.149 ***Unimpaired*** means any Claim or Interest that is not Impaired.

1.150 ***U.S. Trustee*** means the United States Trustee for the District of Delaware.

1.151 ***U.S. Trustee Fees*** means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

1.152 ***Wind Down Budget*** means, in the event that the Credit Bid Transaction is implemented, sufficient Cash to pay all Allowed Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, professional fees and expenses, U.S. Trustee Fees, and such other expenses necessary to wind down the Debtors' estates on a reasonable and appropriate timeline, as agreed to by the Debtors and the Credit Bid Required Lenders and as approved by the Bankruptcy Court (unless otherwise agreed to by the Debtors and the Credit Bid Required Lenders). For the avoidance of doubt, if there is any dispute among the Debtors and the Credit Bid Required Lenders regarding the Wind Down Budget, such dispute shall be resolved by the Bankruptcy Court.

B. Interpretation; Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural. Whenever this Plan uses the term "including," such reference will be deemed to mean "including, without limitation." Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. Except for section 102(5) of the Bankruptcy Code, the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of this Plan. The captions and headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Any reference to an entity as a holder of a Claim or Interest includes that entity's successors and assigns.

C. Appendices and Plan Documents.

All Plan Documents and appendices to the Plan are incorporated into the Plan by reference and are a part of the Plan as if set forth in full herein. The documents contained in the exhibits and Plan Supplement shall be approved by the Bankruptcy Court pursuant to the Confirmation Order. Holders of Claims and Interests may inspect a copy of the Plan Documents, once filed, in the Office of the Clerk of the Bankruptcy Court during normal business hours, or via the Claims Agent's website at http://www.kccllc.net/southcrossenergy (the "***Debtors' Case Information Website***") or obtain a copy of any of the Plan Documents by a written request sent to the Claims Agent at the following address:

Southcross Energy Partners, L.P.,
c/o Kurtzman Carson Consultants
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245
Telephone: +1-866-967-0671 (Domestic)
+1-310-751-2671 (International)

All Plan Documents must be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

ARTICLE II.
CERTAIN INTER-CREDITOR AND INTER-DEBTOR ISSUES

2.1. *Settlement of Certain Inter-Creditor Issues.*

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the treatment of Claims and Interests under this Plan represents, among other things, the settlement and compromise of certain potential inter-creditor disputes.

2.2. ***Formation of Debtor Groups for Convenience Purposes.***

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan groups the Debtors together solely for purposes of describing treatment under the Plan, confirmation of the Plan and making Plan Distributions in respect of Claims against and/or Interests in the Debtors under the Plan. Such groupings shall not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, nor cause the transfer of any assets or the assumption of any liabilities; and, except as otherwise provided by or permitted in the Plan, all Debtors shall continue to exist as separate legal entities.

2.3. ***Intercompany Claims and Intercompany Interests.***

(a) Intercompany Claims.

Notwithstanding anything to the contrary herein, on or after the Effective Date, any and all Intercompany Claims, shall, at the option of the Debtors and subject to the Implementation Memorandum, either be (i) extinguished, canceled, discharged, adjusted and/or otherwise similarly treated or (ii) reinstated and otherwise survive the Debtors' restructuring by virtue of such Intercompany Claims being left unimpaired. To the extent any Intercompany Claim is reinstated, or otherwise adjusted (including by contribution, distribution in exchange for new debt or equity, or otherwise), paid or continued as of the Effective Date, any such transaction may be effected on or after the Effective Date without any further action by the Bankruptcy Court or by the equity holders of any of the Debtors.

(b) Intercompany Interests.

Notwithstanding anything to the contrary herein, except as provided in Section 12.2 of this Plan and subject to the Implementation Memorandum, on or after the Effective Date, any and all Intercompany Interests shall survive the Debtors' restructuring by virtue of such Intercompany Interests being left unimpaired to maintain the existing organizational structure of the Debtors.

ARTICLE III.
DIP CLAIMS, ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL FEE CLAIMS, U.S. TRUSTEE FEES AND PRIORITY TAX CLAIMS

The Plan constitutes a joint chapter 11 plan for all of the Debtors. All Claims and Interests, except DIP Claims, Administrative Expense Claims, Professional Fee Claims, Ad Hoc Group Fee Claims, Prepetition Lender Fee Claims, Prepetition Agent Fee Claims, U.S. Trustee Fees and Priority Tax Claims, are placed in the Classes set forth in Article IV below. In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Claims, Administrative Expense Claims, Professional Fee Claims, U.S. Trustee Fees and Priority Tax Claims have not been classified, and the holders thereof are not entitled to vote on this Plan. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the

description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation and distribution under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. However, a Claim or Interest is placed in a particular Class for the purpose of receiving Plan Distributions only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest and has not been paid, released or otherwise settled prior to the Effective Date.

3.1. ***DIP Claims.***

The DIP Claims are Allowed Claims. On the Effective Date, each holder of an Allowed New Money DIP Claim shall receive Cash in an amount sufficient to provide for the payment in full of such Allowed New Money DIP Claim, in full and final satisfaction, settlement, release and discharge of its Allowed New Money DIP Claim.

On the Effective Date, except to the extent that a holder of an Allowed Roll-Up DIP Claim agrees to less favorable treatment, each holder of an Allowed Roll-Up DIP Claim shall receive, in full and final satisfaction, settlement, release and discharge of its Allowed Roll-Up DIP Claim, its Pro Rata Share of the Roll-Up DIP New Preferred Units Distribution.

3.2. ***Administrative Expense Claims.***

(a) Time for Filing Administrative Expense Claims.

The holder of an Administrative Expense Claim, other than the holder of:

(i) an Administrative Expense Claim that has been Allowed on or before the Effective Date;

(ii) an Administrative Expense Claim for an expense or liability incurred and payable in the ordinary course of business by a Debtor;

(iii) an Administrative Expense Claim on account of fees and expenses incurred on or after the Petition Date by ordinary course professionals retained by the Debtors pursuant to an order of the Bankruptcy Court;

(iv) a Claim for adequate protection arising under the DIP Order;

(v) an Intercompany Claim; or

(vi) a claim for Cure Amounts

(and, for the avoidance of doubt, other than a holder of a Professional Fee Claim, DIP Claim, Ad Hoc Group Fee Claim, or with respect to U.S. Trustee Fees) must file with the Bankruptcy Court

and serve on the Debtors, the Claims Agent, and the Office of the U.S. Trustee, proof of such Administrative Expense Claim **within thirty (30) days after the Effective Date** (the "***Administrative Bar Date***"). Such proof of Administrative Expense Claim must include at a minimum: (i) the name of the applicable Debtor that is purported to be liable for the Administrative Expense Claim and if the Administrative Expense Claim is asserted against more than one Debtor, the exact amount asserted to be owed by each such Debtor; (ii) the name of the holder of the Administrative Expense Claim; (iii) the asserted amount of the Administrative Expense Claim; (iv) the basis of the Administrative Expense Claim; and (v) supporting documentation for the Administrative Expense Claim. **FAILURE TO FILE AND SERVE SUCH PROOF OF ADMINISTRATIVE EXPENSE CLAIM TIMELY AND PROPERLY SHALL RESULT IN SUCH CLAIM BEING FOREVER BARRED AND DISCHARGED. IF FOR ANY REASON ANY SUCH ADMINISTRATIVE CLAIM IS INCAPABLE OF BEING FOREVER BARRED AND DISALLOWED, THEN THE HOLDER OF SUCH CLAIM SHALL IN NO EVENT HAVE RECOURSE TO ANY PROPERTY TO BE DISTRIBUTED PURSUANT TO THE PLAN.** A notice setting forth the Administrative Bar Date will be (i) filed on the Bankruptcy Court's docket and served with the notice of the Effective Date and (ii) posted on the Debtors' Case Information Website. No other notice of the Administrative Bar Date will be provided.

(b) Treatment of Administrative Expense Claims.

Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, or as otherwise expressly provided herein, on the applicable Distribution Date, or as soon thereafter as is reasonably practicable, the holder of such Allowed Administrative Expense Claim shall receive from the applicable Debtor's Cash in an amount equal to such Allowed Claim; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by any of the Debtors, as debtors in possession, shall be paid by the applicable Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents relating to, such liabilities; provided, further, however, in the event the Credit Bid Transaction is consummated, Allowed Administrative Expense Claims that are assumed liabilities under the Credit Bid Transaction Agreement shall be paid by NewCo in the ordinary course of business, consistent with the Debtors' past practice.

The DIP Obligations and any other claims which expressly constitute allowed claims under the Final DIP Order shall be deemed Allowed Administrative Expense Claims to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, without the necessity of filing a proof of claim with respect thereto, and, except as provided in Section 3.1, shall be paid in Cash on the Effective Date or as soon thereafter as is reasonably practicable without the need to file a proof of such Claim with the Bankruptcy Court in accordance with Section 3.2(a) hereof and without further order of the Bankruptcy Court.

3.3. ***Professional Fee Claims.***

Except to the extent that the applicable holder of an Allowed Professional Fee Claim agrees to less favorable treatment with the Debtors, or as otherwise expressly set forth in

this Plan, each holder of a Professional Fee Claim shall be paid in full in Cash pursuant to this Section 3.3. Ad Hoc Group Fee Claims will be paid without (i) the need for the filing of any claim or request for allowance under Section 3.2 or (ii) any further order of the Bankruptcy Court.

(a) Fee Applications

All requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 60 calendar days after the Confirmation Date; provided that if any Professional Person is unable to file its own request with the Bankruptcy Court, such Professional Person may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Debtors at least three Business Days before the deadline, and the Debtors' attorneys shall file such request with the Bankruptcy Court. The objection deadline relating to a request for payment of Professional Fee Claims shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 30 days after filing such request, and a hearing on such request, if necessary, shall be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed.

(b) Post-Confirmation Date Fees

Upon the Confirmation Date, any requirement that Professional Persons comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay all Professional Persons without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

(c) Fee Escrow Account

On or after the Effective Date, the Debtors shall establish and fund the Fee Escrow Account. The Debtors shall fund the Fee Escrow Account with Cash equal to the Debtors' good faith estimate of the Allowed Professional Fee Claims. Funds held in the Fee Escrow Account shall not be considered property of the Debtors' Estates or property of the Debtors, but shall revert to the Debtors (or NewCo, in the event the Credit Bid Transaction is consummated) only after all Allowed Professional Fee Claims have been paid in full. Fees owing to the applicable holder of an Allowed Professional Fee Claim shall be paid in Cash to such holder from funds held in the Fee Escrow Account when such Claims are Allowed by an order of the Bankruptcy Court or authorized to be paid under the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 191]; provided, that the Debtors' obligations with respect to Allowed Professional Fee Claims shall not be limited by nor deemed limited to the balance of funds held in the Fee Escrow Account. To the extent that funds held in the Fee Escrow Account are insufficient to satisfy the amount of accrued Allowed Professional Fee Claims, the holders of Allowed Professional Fee Claims shall have an Allowed Administrative Expense Claim for any such deficiency, which shall be satisfied in accordance with Section 3.2 of this Plan. No Liens, claims, or interests shall encumber the Fee Escrow Account in any way.

3.4. ***U.S. Trustee Fees.***

The Debtors shall pay all outstanding U.S. Trustee Fees of a Debtor on an ongoing basis on the date such U.S. Trustee Fees become due, until such time as a final decree is entered closing the applicable Chapter 11 Case, the applicable Chapter 11 Case is converted or dismissed, or the Bankruptcy Court orders otherwise.

3.5. ***Priority Tax Claims*****.**

Except to the extent that the applicable holder of an Allowed Priority Tax Claim has been paid by the Debtors before the Effective Date, or the applicable Debtor and such holder agree to less favorable treatment by the Debtors, each holder of an Allowed Priority Tax Claim shall receive, on account of such Allowed Priority Tax Claim, at the option of the Debtors (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date and the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim; provided, that if the Credit Bid Transaction is implemented, Allowed Priority Tax Claims that are assumed liabilities under the Credit Bid Transaction Agreement shall be paid by NewCo, at its option, in one of the foregoing manners provided for in subsections (a) through (c) above.

The Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

ARTICLE IV.
CLASSIFICATION OF CLAIMS AND INTERESTS

4.1. ***Classification of Claims and Interests.***

The following table designates the Classes of Claims against and Interests in the Debtors, and specifies which Classes are: (a) impaired or unimpaired by this Plan; (b) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code; and (c) presumed to accept or reject this Plan.

Class	Designation	Impairment	Entitled to Vote
Class 1	Priority Non-Tax Claims	No	No
Class 2	Other Secured Claims	No	No
Class 3	Prepetition Revolving Credit Facility Claims	Yes	Yes
Class 4	Prepetition Term Loan Claims	Yes	Yes
Class 5	General Unsecured Claims	Yes	No
Class 6	Sponsor Note Claims	Yes	No

Class	Designation	Impairment	Entitled to Vote
Class 7	Subordinated Claims	Yes	No
Class 8	Existing Interests	Yes	No

If a controversy arises regarding whether any Claim is properly classified under the Plan, the Bankruptcy Court shall, upon proper motion and notice, determine such controversy at the Confirmation Hearing. If the Bankruptcy Court finds that the classification of any Claim is improper, then such Claim shall be reclassified and the Ballot previously cast by the holder of such Claim shall be counted in, and the Claim shall receive the treatment prescribed in, the Class in which the Bankruptcy Court determines such Claim should have been classified, without the necessity of resoliciting any votes on the Plan.

4.2. ***Unimpaired Classes of Claims.***

The following Classes of Claims are unimpaired and, therefore, deemed to have accepted this Plan and are not entitled to vote on this Plan under section 1126(f) of the Bankruptcy Code:

(a) Class 1: Class 1 consists of all Priority Non-Tax Claims.

(b) Class 2: Class 2 consists of all Other Secured Claims.

4.3. ***Impaired Classes of Claims.***

(a) The following Classes of Claims are impaired and entitled to vote on this Plan:

(i) Class 3: Class 3 consists of Prepetition Revolving Credit Facility Claims.

(ii) Class 4: Class 4 consists of Prepetition Term Loan Claims.

(b) The following Classes of Claims and Interests are impaired and deemed to have rejected this Plan and, therefore, are not entitled to vote on this Plan under section 1126(g) of the Bankruptcy Code:

(i) Class 5: Class 5 consists of General Unsecured Claims.

(ii) Class 6: Class 6 consists of all Sponsor Note Claims.

(iii) Class 7: Class 7 consists of all Subordinated Claims.

(iv) Class 8: Class 8 consists of all Existing Interests.

4.4. ***Separate Classification of Other Secured Claims.***

Although all Other Secured Claims have been placed in one Class for purposes of nomenclature, each Other Secured Claim, to the extent secured by a Lien on Collateral different than that securing any additional Other Secured Claims, shall be treated as being in a separate sub-Class for the purpose of receiving Plan Distributions.

ARTICLE V.
TREATMENT OF CLAIMS AND INTERESTS

5.1. ***Priority Non-Tax Claims (Class 1).***

(a) Treatment: The legal, equitable and contractual rights of the holders of Priority Non-Tax Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a different treatment, on the applicable Distribution Date, each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Debtor in an amount equal to such Allowed Claim; provided, that if the Credit Bid Transaction is implemented, each Allowed Priority Non-Tax Claim that is an assumed liability under the Credit Bid Transaction Agreement shall be paid in Cash by NewCo in an amount equal to such Allowed Priority Non-Tax Claim.

(b) Voting: The Priority Non-Tax Claims are not impaired Claims. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Priority Non-Tax Claims are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Allowed Priority Non-Tax Claims.

5.2. ***Other Secured Claims (Class 2).***

(a) Treatment: The legal, equitable and contractual rights of the holders of Other Secured Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to a different treatment, on the applicable Distribution Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim shall each receive, subject to the terms of the Plan, in full and final satisfaction, settlement, release and discharge of its Allowed Other Secured Claim, at the election of the Debtors:

(i) Cash in an amount equal to such Allowed Other Secured Claim; or

(ii) such other treatment that will render such Other Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code;

provided, however, that (y) Other Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor without further notice to or order of the Bankruptcy Court, and (z) each Other Secured Claim that is an assumed liability under the Credit Bid Transaction Agreement shall be paid in Cash by NewCo in an amount equal to such Allowed Other Secured Claim.

Each holder of an Allowed Other Secured Claim shall retain the Liens securing its Allowed Other Secured Claim as of the Effective Date until full and final satisfaction of such Allowed Other Secured Claim is made as provided herein. On the full payment or other satisfaction of each Allowed Other Secured Claim in accordance with the Plan, the Liens securing such Allowed Other Secured Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person.

(b) Voting: The Other Secured Claims are not impaired Claims. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Other Secured Claims are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Allowed Other Secured Claims.

5.3. ***Prepetition Revolving Credit Facility Claims (Class 3).***

(a) Treatment: The Prepetition Revolving Credit Facility Claims shall be Allowed under the Plan and shall not be subject to any avoidance, reductions, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person. On the Effective Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Prepetition Revolving Credit Facility Claim shall receive, subject to the terms of the Plan, in full and final satisfaction, settlement, release and discharge of its Allowed Prepetition Revolving Credit Facility Claim, its Pro Rata Share of the Prepetition Revolving Credit Facility New Preferred Units Distribution and the Prepetition Revolving Credit Facility New Common Units Distribution.

(b) Voting: The Prepetition Revolving Credit Facility Claims are impaired Claims. Holders of such Claims are entitled to vote to accept or reject the Plan, and the votes of such holders will be solicited with respect to such Prepetition Revolving Credit Facility Claims.

5.4. ***Prepetition Term Loan Claims (Class 4).***

(a) Treatment: The Prepetition Term Loan Claims shall be Allowed under the Plan and shall not be subject to any avoidance, reductions, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person. On the Effective Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Prepetition Term Loan Claim shall receive, subject to the terms of the Plan, in full and final satisfaction, settlement, release and discharge of its Allowed Prepetition Term Loan Claim, its Pro Rata Share of the Prepetition Term Loan New Common Units Distribution.

(b) Voting: The Prepetition Term Loan Claims are impaired Claims. Holders of such Claims are entitled to vote to accept or reject the Plan, and the votes of such holders will be solicited with respect to such Prepetition Term Loan Claims.

5.5. ***General Unsecured Claims (Class 5).***

(a) Treatment: Holders of Allowed General Unsecured Claims shall not receive or retain any distribution under the Plan on account of such Allowed General Unsecured Claims.

(b) Voting: The General Unsecured Claims are impaired Claims. In accordance with section 1126(g) of the Bankruptcy Code, the holders of General Unsecured Claims are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Allowed General Unsecured Claims.

5.6. ***Sponsor Note Claims (Class 6).***

(a) Treatment: Each holder of a Sponsor Note Claim shall not receive or retain any distribution under the Plan on account of such Sponsor Note Claim.

(b) Voting: The Sponsor Note Claims are impaired Claims. In accordance with section 1126(g) of the Bankruptcy Code, the holders of Sponsor Note Claims are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Sponsor Note Claims.

5.7. ***Subordinated Claims (Class 7).***

(a) Treatment: Each holder of an Allowed Subordinated Claim shall not receive or retain any distribution under the Plan on account of such Subordinated Claim.

(b) Voting: The Subordinated Claims are impaired Claims. In accordance with section 1126(g) of the Bankruptcy Code, the holders of Subordinated Claims are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Subordinated Claims.

5.8. ***Existing Interests (Class 8).***

(a) Treatment: Existing Interests shall be discharged, cancelled, released and extinguished, and holders thereof shall not receive or retain any distribution under the Plan on account of such Existing Interests.

(b) Voting: The Existing Interests are impaired Interests. In accordance with section 1126(g) of the Bankruptcy Code, the holders of Existing Interests are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Existing Interests.

ARTICLE VI.
ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR INTERESTS

6.1. ***Class Acceptance Requirement.***

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of holders of the Allowed Claims in such Class that have voted on the Plan.

6.2. ***Tabulation of Votes on a Non-Consolidated Basis.***

All votes on the Plan shall be tabulated on a non-consolidated basis by Class and by Debtor for the purpose of determining whether the Plan satisfies sections 1129(a)(8) and/or (10) of the Bankruptcy Code. Notwithstanding the foregoing, the Debtors, in consultation with the Majority Ad Hoc Group, reserve the right to seek to substantively consolidate any two or more Debtors; provided, that, such substantive consolidation does not materially and adversely impact the amount of the Plan Distributions to any Person.

6.3. ***Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code or "Cramdown."***

Because certain Classes are deemed to have rejected this Plan, the Debtors will request confirmation of this Plan, as it may be modified and amended from time to time, under section 1129(b) of the Bankruptcy Code with respect to such Classes. Subject to sections 14.3 and 14.4 of this Plan, the Debtors reserve the right, in consultation with the Majority Ad Hoc Group, to revoke or withdraw this Plan or, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, to alter, amend, or modify this plan or, alter, amend, modify, revoke or withdraw any Plan Document, in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. Subject to sections 14.3 and 14.4 of this Plan (including the consent and consultation rights set forth therein), the Debtors also reserve the right to request confirmation of the Plan, as it may be modified, supplemented or amended from time to time, with respect to any Class that affirmatively votes to reject the Plan.

6.4. ***Elimination of Vacant Classes.***

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed as of the date of the deadline for voting to accept or reject the Plan shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan pursuant to section 1129(a)(8) of the Bankruptcy Code.

6.5. ***Voting Classes; Deemed Acceptance by Non-Voting Classes.***

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class timely vote to accept or reject the Plan, the Plan shall be deemed accepted by such Class.

6.6. ***Confirmation of All Cases.***

Except as otherwise specified herein, the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors; provided, however, that the (i) Debtors, in consultation with the Majority Ad Hoc Group, may at any time waive this section 6.6 and (ii) Debtors, in consultation with the Majority Ad Hoc Group can withdraw the Plan as to one of more Debtors if the Plan is not confirmed as to them.

ARTICLE VII.
MEANS FOR IMPLEMENTATION

7.1. ***Continued Existence and Vesting of Assets.***

(a) In the event the Credit Bid Transaction is not implemented and except as otherwise provided in this Plan, the Debtors shall continue to exist after the Effective Date as Reorganized Debtors in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to the Amended Constituent Documents, for the purposes of satisfying their obligations under the Plan and the continuation of their businesses. On or after the Effective Date, each Reorganized Debtor, in its discretion, may take such action as permitted by applicable law and such Reorganized Debtor's organizational documents, as such Reorganized Debtor may determine is reasonable and appropriate, including causing: (i) a Reorganized Debtor to be merged into another Reorganized Debtor, or its Subsidiary and/or affiliate; (ii) a Reorganized Debtor to be dissolved; (iii) the legal name of a Reorganized Debtor to be changed; or (iv) the closure of a Reorganized Debtor's case on the Effective Date or any time thereafter. Additionally, on the Effective Date, each recipient of New Common Units and/or New Preferred Units will be deemed to be a party to the New LLC Agreement without the need for execution of the New LLC Agreement by such recipient.

(b) In the event the Credit Bid Transaction is not implemented and except as otherwise provided in this Plan, on and after the Effective Date, all property of the Estates, wherever located, including all claims, rights and Causes of Action, and any property, wherever located, acquired by the Debtors under or in connection with this Plan, shall vest in each respective Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances and Interests. On and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property, wherever located, and prosecute, compromise or settle any Claims (including any Administrative Expense Claims) and Causes of Action without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by this Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for Professional Persons' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

(c) On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions that may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of

merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law and any other terms to which the applicable entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, dissolution, or other organizational documents pursuant to applicable state law; and (4) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

7.2. *Employee Protection Plan and STIP*

As of the Effective Date, the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) shall be deemed to have adopted the Employee Protection Plan for all of the Debtors' full-time employees, and the Reorganized Debtors' or NewCo's obligations thereunder shall be deemed incurred as of the Effective Date. For the STIP, the discretionary awards shall be paid on the Effective Date on terms, if any, to be agreed upon by the Debtors and the Majority Ad Hoc Group and included in the Plan Supplement. For the avoidance of doubt, the Bankruptcy Court has not been asked to approve, nor is it approving, either the Employee Protection Plan or STIP.

7.3. *Creation of NewCo and Credit Bid Transaction*

In the event that all Roll-Up DIP Lenders do not consent to the treatment set forth in Section 3.1 hereof, the Credit Bid Transaction may be implemented with the agreement of the Debtors and the Majority Ad Hoc Group. In such event, which shall result in substantially the same treatment for all of the Debtors' creditors as they would receive if the Credit Bid Transaction was not implemented, (a) the Debtors shall consummate the Credit Bid Transaction by, among other things, transferring all or substantially all of their assets, other than as necessary to satisfy the New Money DIP Claims, the Carve-Out, and the Wind Down Budget, to NewCo free and clear of all liens, Claims, encumbrances, and other interests pursuant to sections 365 and/or 1123 of the Bankruptcy Code, this Plan, and the Confirmation Order, (b) upon entry of the Confirmation Order by the Bankruptcy Court, all matters provided for under the Credit Bid Transaction Agreement and the Plan with respect to the Credit Bid Transaction, and any documents in connection herewith and therewith, shall be deemed authorized and approved without any requirement of further act or action by the Debtors, the Debtors' interest holders, general partners, limited partners, boards of directors, or any other Person, (c) the Credit Bid Required Lenders and the Debtors will agree to an appropriate Wind Down Budget, and (d) the Debtors shall be authorized to execute and deliver, and to consummate the transactions contemplated by, the Credit Bid Transaction Agreement and this Plan, as well as to execute, deliver, file, record, and issue any note, documents, or agreements in connection therewith, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person. Pursuant to the Credit Bid Transaction Agreement, NewCo shall be treated as a partnership for U.S. federal and applicable state and local income tax purposes unless otherwise directed in writing by the Credit Bid Required Lenders, in which case NewCo shall be treated as a corporation for

U.S. federal and applicable state and local income tax purposes. If consummated, the Credit Bid Transaction (including the distributions of New Preferred Units and New Common Units in accordance herewith) will represent the settlement, compromise, and satisfaction of the DIP Claims (other than New Money DIP Claims, which will be satisfied in Cash by the Reorganized Debtors), Prepetition Revolving Credit Facility Claims, and Prepetition Term Loan Claims. For the avoidance of doubt, if there is any dispute among the Debtors and the Credit Bid Required Lenders regarding the Wind Down Budget, such dispute shall be resolved by the Bankruptcy Court. Any Carve-Out funds that are unused after satisfaction of all Allowed Claims with recourse to the Carve-Out shall be transferred by Reorganized Southcross to NewCo as soon as reasonably practicable following satisfaction of all such Claims.

In the event all Roll-UP DIP Lenders do not consent to the treatment set forth in Section 3.1 hereof, and the Bankruptcy Court does not enter the Confirmation Order, this Plan shall be deemed a motion to approve the Credit Bid Transaction, in accordance with Section 7.3 hereof, under sections 105(a), 363, and 365 of the Bankruptcy Code and the applicable Bankruptcy Rules.

7.4. *Issuance of New Common Units and New Preferred Units*

New Common Units shall be issued on the Effective Date and distributed as soon as practicable thereafter in accordance with this Plan. New Preferred Units may be issued on the Effective Date and shall be distributed on the Effective Date or as soon as practicable thereafter in accordance with this Plan. All of the New Common Units and New Preferred Units issuable in accordance with this Plan, if so issued, shall be duly authorized, validly issued, fully paid, and non-assessable. The issuance of the New Common Units and New Preferred Units is authorized without the need for any further corporate, limited liability company, or other similar action and without any further action by any holder of an Allowed Claim or Interest. The Reorganized Debtors (or NewCo, in the event the Credit Bid Transaction is implemented) are authorized to issue or reserve for issuance to the directors and/or management of the Reorganized Debtors (or NewCo, in the event the Credit Bid Transaction is implemented) a number of New Common Units on terms to be determined by the New Board in accordance with the terms of the New LLC Agreement.

The New Common Units and New Preferred Units will not be listed on a national securities exchange, the Reorganized Debtors and NewCo (if created) will not be reporting companies under the Securities Exchange Act, and the Reorganized Debtors and NewCo shall not be required to and will not file reports with the SEC or any other governmental entity after the Effective Date. To prevent the Reorganized Debtors and NewCo from becoming subject to registration or reporting requirements under the Securities Act or Securities Exchange Act, except in connection with a public offering, or the Investment Company Act of 1940, or to otherwise become subject to certain restrictions under the Employee Retirement Income Security Act of 1974, the Amended Constituent Documents and similar governing documents adopted by NewCo may impose certain trading restrictions, and the New Common Units and New Preferred Units will be subject to certain transfer and other restrictions pursuant to the Amended Constituent Documents designed to maintain the Reorganized Debtors and NewCo as private, non-reporting companies.

7.5. *Plan Value of New Common Units and New Preferred Units*

For purposes of this Plan, (a) each New Common Unit shall have a deemed value equal to the New Common Units Plan Value and (b) each New Preferred Unit shall have a deemed value equal to the applicable New Preferred Units Plan Value.

7.6. *Exemption from Registration*

Pursuant to section 1145 of the Bankruptcy Code, the issuance of the New Common Units and New Series A Units is exempt from the registration requirements of the Securities Act and any State or local law requiring registration for offer or sale of a security. In addition, pursuant to section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, the issuance of the New Series B Preferred Units is exempt from the registration requirements of the Securities Act and any State or local law requiring registration for offer or sale of a security.

7.7. *Exit Credit Facility*

On the Effective Date, the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) shall be authorized to enter into the Exit Credit Facility Agreement without the need for any further corporate, limited liability company, or other similar action. The entry of the Confirmation Order shall be deemed approval of the Exit Credit Facility Agreement (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and authorization for the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) to enter into and execute the Exit Credit Facility Agreement and such other documents as the lenders thereunder may reasonably require, subject to such modifications as the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) may deem to be reasonably necessary to consummate the agreement. The Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) may use the Exit Credit Facility for any purpose permitted thereunder, including the funding of obligations under this Plan.

On the effective date of the Exit Credit Facility Agreement: (i) the Debtors and the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) are authorized to execute and deliver the Exit Credit Facility Documents and perform their obligations thereunder, including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages, or indemnities; (ii) the Exit Credit Facility Documents shall constitute the legal, valid, and binding obligations of the Reorganized Debtors that are parties thereto (or, if the Credit Bid Transaction is implemented, NewCo), enforceable in accordance with their terms; and (iii) no obligation, payment, transfer, or grant of security under the Exit Credit Facility Documents shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law or subject to any defense, reduction, recoupment, setoff, or counterclaim. The Debtors and the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo), as applicable, and the other persons granting any Liens and security interests to secure the obligations under the Exit Credit Facility Documents are

authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary or desirable to establish and further evidence perfection of such Liens and security interests under the provisions of any applicable federal, state, provincial, or other law (whether domestic or foreign) (it being understood that perfection shall occur automatically by virtue of the occurrence of the Effective Date, and any such filings, recordings, approvals, and consents shall not be required), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

7.8. ***Cancellation of Existing Securities and Agreements.***

Except for the purpose of evidencing a right to distribution under this Plan, and except as otherwise set forth herein, on the Effective Date all agreements, instruments, and other documents evidencing, related to or connected with any Claim or Interest, other than Intercompany Claims and Intercompany Interests, and any rights of any holder in respect thereof, shall be deemed cancelled, discharged and of no force or effect. The holders of, or parties to, such cancelled instruments, securities and other documentation will have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided for pursuant to this Plan. Notwithstanding anything to the contrary herein, (i) the Prepetition Term Loan Agreement and Prepetition Revolving Credit Facility Agreement shall continue in effect solely to the extent necessary to: (a) permit holders of Prepetition Term Loan Claims and the Prepetition Revolving Credit Facility Claims to receive Plan Distributions in accordance with the terms of this Plan; (b) permit the Debtors to make Plan Distributions on account of the Prepetition Term Loan Claims and the Prepetition Revolving Credit Facility Claims; and (c) authorize the Debtors or Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo), as applicable, to compensate and/or reimburse fees and expenses of the Prepetition Term Loan Agent and Prepetition Revolving Credit Facility Agent in accordance with the terms of this Plan. Except as provided pursuant to this Plan, upon the satisfaction of the Prepetition Revolving Credit Facility Claims and the Prepetition Term Loan Claims, the Prepetition Agents and their respective agents, successors and assigns shall be discharged of all of their obligations associated with the Prepetition Revolving Credit Facility and Prepetition Term Loan, as applicable. Notwithstanding the foregoing (including, without limitation, the releases set forth in Section 12.6(b) of this Plan) the indemnification and expense reimbursement obligations of the Prepetition Revolving Credit Facility Lenders and the Prepetition Term Loan Lenders under the Prepetition Revolving Credit Facility and the Prepetition Term Loan Agreement, respectively, shall survive the Effective Date of this Plan.

7.9. ***Boards of Directors.***

(a) On the Effective Date, the board of directors of each of the Debtors shall consist of those individuals selected by the Debtors, who shall be reasonably acceptable to the Debtors and the Majority Ad Hoc Group, and identified in the Plan Supplement to be filed with the Bankruptcy Court on or before the date of the Confirmation Hearing.

(b) Unless reappointed pursuant to Section 7.9(a) hereof, the members of the board of directors of each Debtor prior to the Effective Date shall have no continuing obligations to the Debtors in their capacities as such on and after the Effective Date and each such member

shall be deemed to have resigned or shall otherwise cease to be a director of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors of each of the Debtors shall serve pursuant to the terms of the applicable organizational documents of such Debtor and may be replaced or removed in accordance therewith, as applicable.

7.10. ***Corporate and Other Action.***

(a) The Debtors, as applicable, shall serve on the U.S. Trustee quarterly reports of the disbursements made by each Debtor on an entity-by-entity basis until such time as a final decree is entered closing the applicable Chapter 11 Case or the applicable Chapter 11 Case is converted or dismissed, or the Bankruptcy Court orders otherwise. Any deadline for filing Administrative Expense Claims shall not apply to U.S. Trustee Fees.

(b) On the Effective Date, the Amended Constituent Documents and any other applicable amended and restated corporate or other organizational documents of each of the Debtors shall be deemed authorized in all respects.

(c) Any action under the Plan to be taken by or required of the Debtors as applicable, including the adoption or amendment of certificates of incorporation and by-laws, the issuance of securities and instruments, or the selection of officers or directors, shall be authorized and approved in all respects, without any requirement of further action by any of the Debtors', equity holders, holders of partnership interests, sole members, boards of directors or boards of managers, or similar body, as applicable.

(d) The Debtors shall be authorized to execute, deliver, file, and record such documents (including the Plan Documents), contracts, instruments, releases and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan, without the necessity of any further Bankruptcy Court, corporate, limited liability company, board, member, or shareholder approval or action. In addition, the selection of the Persons who will serve as the initial directors, officers and managers of the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) as of the Effective Date shall be deemed to have occurred and be effective on and after the Effective Date without any requirement of further action by the board of directors, board of managers, or equity holders of the applicable Reorganized Debtor (or, if the Credit Bid Transaction is implemented, NewCo).

(e) In the event the Credit Bid Transaction is implemented, the Debtors shall appoint a Person to serve as a plan administrator (the "**Plan Administrator**") to carry out the Debtors' duties and responsibilities under the Plan following the Effective Date. The Confirmation Order shall contain customary provisions setting forth the Plan Administrator's powers and obligations.

7.11. ***Comprehensive Settlement of Claims and Controversies.***

Pursuant to Bankruptcy Rule 9019 and in consideration for the Plan Distributions and other benefits provided under this Plan, the provisions of this Plan will constitute a good faith compromise and settlement of all Claims and controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or

any Plan Distribution on account thereof. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are: (a) in the best interest of the Debtors, the Estates and their respective property and stakeholders; and (b) fair, equitable and reasonable.

7.12. ***Ad Hoc Group Fee Claim.***

The Debtors, on the Effective Date or as soon as reasonably practicable thereafter, shall pay the Ad Hoc Group Fee Claim in full in Cash.

7.13. ***Agent Fee Claims.***

The Debtors, on the Effective Date or as soon as reasonably practicable thereafter, shall pay each of the DIP Agent Fee Claim and Prepetition Agent Fee Claims, in full in Cash.

7.14. ***Transactions Authorized under Plan***

On and after the Effective Date, the Debtors shall be authorized to take such actions as may necessary or appropriate to implement the transactions contemplated by the Plan and/or the Implementation Memorandum.

7.15. ***Approval of Plan Documents***

The solicitation of votes with respect to the Plan shall be deemed a solicitation for the approval of the Plan Documents and all transactions contemplated hereunder. Entry of the Confirmation Order shall constitute approval of the Plan Documents and such transactions. On the Effective Date, each of the Debtors shall be authorized to enter into, file, execute and/or deliver each of the Plan Documents and any other agreement or instrument issued in connection with any Plan Document without the necessity of any further corporate, board, shareholder, manager, or similar action.

ARTICLE VIII.
DISTRIBUTIONS

8.1. ***Distributions.***

The Disbursing Agent shall make all Plan Distributions to the applicable holders of Allowed Claims in accordance with the terms of this Plan; provided, however, that all Plan Consideration distributable to (i) the Prepetition Revolving Credit Facility Lenders on account of Prepetition Revolving Credit Facility Claims and (ii) the Prepetition Term Loan Lenders on account of the Prepetition Term Loan Claims shall be made directly to the applicable Prepetition Revolving Credit Facility Lenders and/or Prepetition Term Loan Lenders, with a record of such Plan Distributions provided to the Prepetition Revolving Credit Facility Lenders and Prepetition Term Loan Lenders, respectively, as soon as reasonably practicable after such Plan Distributions are made.

8.2. ***No Postpetition Interest on Claims.***

Unless otherwise specifically provided for in the Plan or Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on such Claim on or after the Petition Date.

8.3. ***Date of Distributions.***

Unless otherwise provided herein, any Plan Distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon as reasonably practicable thereafter; provided, that the Debtors may utilize periodic Distribution Dates to the extent that use of a periodic Distribution Date does not delay payment of the Allowed Claim more than thirty (30) days. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

8.4. ***Distribution Record Date.***

As of the close of business on the Distribution Record Date, the various lists of holders of Claims in each of the Classes, as maintained by the Debtors or their agents, shall be deemed closed and there shall be no further changes in the record holders of any of the Claims after the Distribution Record Date. Neither the Debtors nor the Disbursing Agent shall have any obligation to recognize any transfer of Claims occurring after the close of business on the Distribution Record Date. Additionally, with respect to payment of any Cure Amounts or any Cure Disputes in connection with the assumption and/or assignment of the Debtors' executory contracts and unexpired leases, neither the Debtors nor the Disbursing Agent shall have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Claim for a Cure Amount.

8.5. ***Disbursing Agent.***

(a) Powers of Disbursing Agent.

The Disbursing Agent shall be empowered to: (i) effectuate all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan; (ii) make all applicable Plan Distributions or payments contemplated hereby; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court (including any order issued after the Effective Date), pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) Expenses Incurred by the Disbursing Agent on or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Debtors, the amount of any reasonable and documented fees and expenses

incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including reasonable attorney and other professional fees and expenses) of the Disbursing Agent shall be paid in Cash by the Debtors and will not be deducted from Plan Distributions made to holders of Allowed Claims by the Disbursing Agent. The foregoing fees and expenses shall be paid in the ordinary course, upon presentation of invoices to the Debtors.

In the event that the Disbursing Agent and the Debtors are unable to resolve a dispute with respect to the payment of the Disbursing Agent's fees, costs and expenses, the Disbursing Agent may elect to submit any such dispute to the Bankruptcy Court for resolution.

(c) Bond.

The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court and, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Debtors. Furthermore, any such entity required to give a bond shall notify the Bankruptcy Court and the U.S. Trustee in writing before terminating any such bond that is obtained.

(d) Cooperation with Disbursing Agent.

The Debtors shall use all commercially reasonable efforts to provide the Disbursing Agent with the amount of Claims and the identity and addresses of holders of Claims, in each case, as set forth in the Debtors' books and records. The Debtors will cooperate in good faith with the Disbursing Agent to comply with the withholding and reporting requirements outlined in Section 8.17 of this Plan.

8.6. ***Delivery of Distribution.***

Subject to the provisions contained in this Article VIII, the Disbursing Agent will issue, or cause to be issued, and authenticate, as applicable, all Plan Consideration, and subject to Bankruptcy Rule 9010 and except as provided in Section 8.3 of this Plan, make all Plan Distributions or payments to any holder of an Allowed Claim as and when required by this Plan at: (a) the address of such holder on the books and records of the Debtors or their agents; or (b) the address in any written notice of address change delivered to the Debtors or the Disbursing Agent, including any addresses included on any filed proofs of Claim or transfers of Claim filed with the Bankruptcy Court. In the event that any Plan Distribution to any holder is returned as undeliverable, no distribution or payment to such holder shall be made unless and until the Disbursing Agent has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter such Plan Distribution shall be made to such holder without interest; provided, however, such Plan Distributions or payments shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the later of 180 days from: (i) the Effective Date; and (ii) the first Distribution Date after such holder's Claim is first Allowed.

8.7. ***Unclaimed Property.***

Subject to Section 8.8 hereof, ninety (90) days from the later of: (i) the Effective Date, and (ii) the date that a Claim is first Allowed, all unclaimed property, wherever located, or interests in property distributable hereunder on account of such Claim shall be distributed as Plan Consideration pursuant to the terms hereof, including in accordance with the allocations set forth in the DIP Credit Agreement, and any claim or right of the holder of such Claim to such property, wherever located, or interest in property shall be discharged and forever barred.

8.8. ***Unclaimed New Common Units and/or New Preferred Units***

Any Plan Distribution of New Common Units and/or New Preferred Units under this Plan on account of an Allowed Claim that is unclaimed after ninety (90) days after it has been delivered (or attempted to be delivered) shall be deemed forfeited and such New Common Units and/or New Preferred Units, as applicable, shall be cancelled notwithstanding any state or other escheat or similar laws to the contrary, and the entitlement by the holder of such unclaimed Allowed Claim to such Plan Distribution or any subsequent Plan Distribution on account of such Allowed Claim shall be extinguished and forever barred.

8.9. ***Satisfaction of Claims.***

Unless otherwise specifically provided herein, any Plan Distributions and deliveries to be made on account of Allowed Claims hereunder shall be in complete settlement, satisfaction and discharge of such Allowed Claims.

8.10. ***Manner of Payment Under Plan.***

Except as specifically provided herein, at the option of the Debtors, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements or customary practices of the Debtors.

8.11. ***De Minimis Cash Distributions.***

The Debtors and the Disbursing Agent shall have no obligation to make a distribution that is less than $100.00 in Cash.

8.12. ***Fractional New Common Units or New Preferred Units***

Notwithstanding any other provision in this Plan to the contrary, no fractional interests of New Common Units or New Preferred Units shall be issued or distributed pursuant to this Plan. Whenever any Plan Distribution of a fraction of a share of New Common Units or New Preferred Units would otherwise be required under this Plan, the actual Plan Distribution made shall reflect a rounding of such fraction to the nearest whole share (up or down), with half shares or less being rounded down and fractions in excess of a half of a share being rounded up. If two or more holders are entitled to equal fractional entitlements and the number of holders so entitled exceeds the number of whole shares, as the case may be, which remain to be allocated, the Debtors shall allocate the remaining whole shares to such holders by random lot or such other impartial method as the Debtors deem fair, in the Debtors' sole discretion. Upon the allocation

of all of the whole New Common Units and New Preferred Units authorized under this Plan, all remaining fractional portions of the entitlements shall be canceled and shall be of no further force and effect.

8.13. ***Distributions on Account of Allowed Claims Only.***

Notwithstanding anything herein to the contrary, no Plan Distribution shall be made on account of a Claim until such Claim becomes an Allowed Claim in its entirety.

8.14. ***No Distribution in Excess of Amount of Allowed Claim.***

Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Plan Distribution of a value in excess of the Allowed amount of such Claim.

8.15. ***Exemption from Securities Laws.***

The issuance of and the distribution of the New Common Units and New Series A Units shall be exempt from registration under the Securities Act and any other applicable securities laws pursuant to section 1145 of the Bankruptcy Code, to the maximum extent permitted thereunder. The New Common Units and New Series A Units may be resold by the holders thereof without restriction, except to the extent that any such holder is deemed to be an "underwriter" as defined in section 1145(b)(1) of the Bankruptcy Code.

The issuance of and the distribution of the New Series B Preferred Units (a) shall be exempt from the registration requirements of the Securities Act pursuant to section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, (b) shall be "restricted securities" subject to transfer restrictions under the U.S. federal securities laws, and (c) may be resold, exchanged, assigned, or otherwise transferred pursuant to registration or in compliance with the applicable provisions of Rule 144, Rule 144A, or any other registration exemption under the Securities Act.

The availability of the exemptions under section 1145 of the Bankruptcy Code, section 4(a)(2) of the Securities Act, and/or any other applicable securities laws shall not be a condition to occurrence of the Effective Date of the Plan.

8.16. ***Setoffs and Recoupments.***

Except as expressly provided in this Plan, each Debtor may, but shall not be required to, pursuant to sections 553 and 558 of the Bankruptcy Code or applicable non-bankruptcy law, setoff and/or recoup against any Allowed Claim and any Plan Distributions to be made on account of any Allowed Claim, any and all claims, rights and Causes of Action of any nature that such Debtor may hold against the holder of such Allowed Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; provided, however, that neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver, abandonment or release by a Debtor or its successor of any and all claims, rights and Causes of Action that such Debtor or its successor may possess against the applicable holder; provided further, that, for the avoidance of doubt, the Debtors may not setoff and/or recoup any

Allowed Claim, right, or Cause of Action that the Debtor may hold against Allowed DIP Claims, Allowed Prepetition Term Loan Claims, or Allowed Prepetition Revolving Credit Facility Claims.

8.17. ***Withholding and Reporting Requirements.***

In connection with this Plan and all Plan Distributions hereunder, the Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Plan Distributions hereunder shall be subject to any such withholding and reporting requirements. The Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of any Plan Distribution to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Disbursing Agent believe are reasonable and appropriate, including requiring a holder of a Claim to submit appropriate tax and withholding certifications. Notwithstanding any other provision of this Plan: (a) each holder of an Allowed Claim that is to receive a Plan Distribution under this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding and other tax obligations on account of such distribution; and (b) no Plan Distributions shall be required to be made to or on behalf of such holder pursuant to this Plan unless and until such holder has made arrangements satisfactory to the Debtors for the payment and satisfaction of such tax obligations or has, to the Debtors' satisfaction, established an exemption therefrom.

ARTICLE IX.
PROCEDURES FOR RESOLVING CLAIMS

9.1. ***Objections to Claims.***

Other than with respect to Professional Fee Claims (or as otherwise expressly provided in any order of the Bankruptcy Court), only the Debtors shall be entitled to object to Claims after the Effective Date; *provided*, that, if the Credit Bid Transaction is implemented, only NewCo shall be entitled to object to a Claim that is an assumed liability under the Credit Bid Transaction Agreement. Any objections to those Claims (other than Administrative Expense Claims) shall be served and filed on or before the later of: (a) the Claims Objection Deadline and (b) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (a) hereof (for the avoidance of doubt, this objection deadline may be extended one or more times by the Bankruptcy Court). Any Claims filed after the applicable Bar Date (including, for the avoidance of doubt and without limitation, the Administrative Bar Date) shall be deemed Disallowed and expunged in their entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtors, as applicable, unless the Person wishing to file such untimely Claim has received the Bankruptcy Court's authorization to do so. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if the objecting party effects service in any of the following manners: (a) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim as well as all other representatives identified in the proof of claim or any attachment thereto; or (c) if counsel has agreed to or is otherwise deemed to accept

service, by first class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in the Chapter 11 Cases (so long as such appearance has not been subsequently withdrawn). From and after the Effective Date, the Debtors, in their sole discretion, shall have exclusive authority to settle or compromise any Disputed Claim that is not an assumed liability under the Credit Bid Transaction Agreement without approval of the Bankruptcy Court.

9.2. ***Amendment to Claims.***

From and after the Confirmation Date, no proof of Claim may be amended to increase or assert additional claims not reflected in a previously timely filed Claim (or Claim scheduled on the applicable Debtor's Schedules, unless superseded by a filed Claim), and any such Claim shall be deemed Disallowed and expunged in its entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtors, unless the claimant has obtained the Bankruptcy Court's prior approval to file such amended or increased Claim.

9.3. ***Disputed Claims.***

Disputed Claims shall not be entitled to any Plan Distributions unless and until they become Allowed Claims.

9.4. ***Estimation of Claims***

The Debtors may request that the Bankruptcy Court enter an Estimation Order with respect to any Claim, pursuant to section 502(c) of the Bankruptcy Code, for purposes of determining the Allowed amount of such Claim regardless of whether any Person has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time (including during the pendency of any appeal with respect to the allowance or disallowance of such Claims). In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim for allowance or distribution purposes, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the objecting party may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, resolved or withdrawn by any mechanism approved by the Bankruptcy Court.

9.5. ***Reserves.***

For purposes of calculating and making Plan Distributions, the Debtors shall be entitled to estimate, in consultation with the Majority Ad Hoc Group, in good faith and with due regard to litigation risks associated with Disputed Claims, the maximum dollar amount of Allowed and Disputed Claims, inclusive of contingent and/or unliquidated Claims in a particular Class. The Debtors also shall be entitled to seek one or more Estimation Orders from the Court for such purposes, regardless of whether the Debtors have previously objected to such Claim or whether the Court has ruled on any such objection, and the Court shall retain jurisdiction to estimate any Claim for purposes of determining the Allowed amount of such Claim at any time.

Appropriate Disputed Claims reserves shall be established for each category of Claims as to which estimates are utilized or sought. Unless otherwise expressly set forth in the Confirmation Order, the Debtors shall not be obligated to physically segregate and maintain separate accounts for reserves. Accordingly, reserves may be merely bookkeeping entries or accounting methodologies, which may be revised from time to time, as appropriate.

9.6. ***Expenses Incurred on or After the Effective Date.***

Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Debtors, the amount of any reasonable fees and expenses incurred by any Professional Person or the Claims Agent on or after the Effective Date in connection with implementation of this Plan, including reconciliation of, objection to, and settlement of Claims, shall be paid in Cash by the Debtors. For the avoidance of doubt, the Debtors or Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred on or after the Effective Date of (i) the DIP Agent (including legal fees and expenses), and (ii) the Prepetition Agents (including legal fees and expenses), in connection with actions taken by the DIP Agent or the Prepetition Agents, as applicable, (x) at the prior written direction of the Required Lenders (as that term is respectively defined in each of the DIP Credit Agreement, the Prepetition Revolving Credit Facility Agreement and the Prepetition Term Loan Agreement (collectively, the "***Applicable Credit Agreements***")) in accordance with the terms of the respective Applicable Credit Agreements and/or the Final DIP Order, or (y) as required in the Applicable Credit Agreements, the Plan, or the Confirmation Order (including, for the avoidance of doubt, actions taken at the prior written direction of the Debtors or Required Lenders in accordance with the Plan or Confirmation Order), in each case, which payment and/or reimbursement obligations of the Debtors shall vest in the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) on the Effective Date.

ARTICLE X.
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

10.1. ***General Treatment.***

As of and subject to the occurrence of the Effective Date and the payment of any applicable Cure Amount, all executory contracts and unexpired leases of the Debtors shall be deemed assumed, except that: (a) any executory contracts and unexpired leases that previously have been assumed, assumed and assigned, or rejected pursuant to a Final Order of the Bankruptcy Court (including, without limitation, in connection with any of the Sales) shall be treated as provided in such Final Order; (b) any executory contracts and unexpired leases listed on the Schedule of Rejected Contracts and Leases shall be deemed rejected as of the Effective Date; (c) all executory contracts and unexpired leases that are the subject of a separate motion to assume or reject under section 365 of the Bankruptcy Code pending on the Effective Date shall be treated as provided for in the Final Order resolving such motion; and (d) executory contracts and unexpired leases related to the D&O Liability Insurance Policies shall not be rejected; provided, that any executory contracts or unexpired leases that were in effect on the Petition Date and are rejected pursuant to a Final Order of the Bankruptcy Court or are rejected through a

separate motion to reject under section 365 of the Bankruptcy Code shall be deemed terminated upon rejection, provided that rejection of any executory contract or unexpired lease pursuant to the Plan or otherwise will not constitute a termination of obligations owed to the Debtors under such contract or lease that survive breach under applicable law; *provided, further*, that if the Credit Bid Transaction is implemented, any executory contracts or unexpired leases that were in effect on the Petition Date and have not otherwise been assumed and assigned or rejected pursuant to a Final Order of the Bankruptcy Court shall be assumed by the Debtors and assigned to NewCo unless otherwise rejected pursuant to the terms of this Plan. Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumptions, assumptions and assignments and rejections described in this Section 10.1 pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Section 10.1 shall revest in and be fully enforceable by the applicable Debtors in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law. Nothing contained in this Plan or the listing of a document on the Schedule of Rejected Contracts and Leases, any Cure Notice, or the Proposed Assumption and Assignment Notice shall constitute an admission by the Debtors that such document is an executory contract or an unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. Notwithstanding anything to the contrary in the Plan, to the extent that any of the executory contracts and unexpired leases of the Debtors <u>are not</u> listed on the Schedule of Rejected Contracts and Leases, those executory contracts and unexpired leases of the Debtors shall be assumed under the Plan (and, if the Credit Bid Transaction is implemented, assigned to NewCo). To the extent that any of the executory contracts and unexpired leases of the Debtors <u>are</u> listed on the Schedule of Rejected Contracts and Leases, the Debtors may remove those executory contracts and unexpired leases of the Debtors from the Schedule of Rejected Contracts and Leases up until the commencement of the Confirmation Hearing, and those executory contracts and unexpired leases of the Debtors shall be assumed under the Plan (and, if the Credit Bid Transaction is implemented, assigned to NewCo).

10.2. ***Claims Based on Rejection of Executory Contracts or Unexpired Leases.***

Except as otherwise explicitly set forth in the Plan, all Claims arising from the rejection of executory contracts or unexpired leases, if evidenced by a timely filed proof of claim, will be treated as General Unsecured Claims. All such Claims shall be discharged as of the Effective Date, and shall not be enforceable against the Debtors, the Estates or their respective properties or interests in property, or the Disbursing Agent. In the event that the rejection of an executory contract or unexpired lease by any of the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not evidenced by a timely filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or their respective properties or interests in property as agents, successors or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtors on or before the date that is thirty (30) days after the Effective Date of such rejection (which may be the Effective Date, the date on which the Debtors reject the applicable contract or lease as provided in Section 10.1 of this Plan, or pursuant to an order of the Bankruptcy Court).

10.3. ***Cure of Defaults for Assumed or Assumed and Assigned Executory Contracts and Unexpired Leases.***

(a) Except to the extent that less favorable treatment has been agreed to by the non-Debtor party or parties to each such executory contract or unexpired lease to be assumed or assumed and assigned pursuant to the Plan, any monetary defaults arising under such executory contract or unexpired lease shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the appropriate amount (the "***Cure Amount***") in full in Cash on the later of thirty (30) days after: (i) the Effective Date; or (ii) the date on which any Cure Dispute relating to such Cure Amount has been resolved (either consensually or through judicial decision).

(b) With respect to any executory contract or unexpired lease to be assumed or assumed and assigned pursuant to Section 10.1 of this Plan, the Debtors shall (i) abide by the terms and conditions set forth in the Bidding Procedures Order and the CCPN Sale Order or MS/AL Sale Order (as applicable) and (ii) no later than 14 calendar days prior to the commencement of the Confirmation Hearing, file a schedule (a "***Cure Schedule***") setting forth the Cure Amount, if any, for each executory contract or unexpired lease to be assumed by the Debtors (and not assigned), that was not listed on any Cure Notice. For the avoidance of doubt, to the extent the applicable counterparty to any contract or lease has previously received a Cure Notice from the Debtors, and failed to object to the Cure Amount by the deadline set forth therein, such Cure Amount shall be final in all cases (unless subsequently modified by the Debtors).

(c) In the event of a dispute (each, a "***Cure Dispute***") regarding: (i) the Cure Amount; (ii) the ability of the applicable Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or assumed and assigned; or (iii) any other matter pertaining to the proposed assumption or assumption and assignment, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving such Cure Dispute and approving the assumption or assumption and assignment. To the extent a Cure Dispute relates solely to the Cure Amount, the applicable Debtor may assume and/or assume and assign the applicable contract or lease prior to the resolution of the Cure Dispute provided, that, such Debtor reserves Cash in an amount sufficient to pay the full amount asserted as the required cure payment by the non-Debtor party to such contract or lease (or such smaller amount as may be fixed or estimated by the Bankruptcy Court). To the extent the Cure Dispute is resolved or determined against the applicable Debtor such Debtor may reject the applicable executory contract or unexpired lease after such determination, and the counterparty may thereafter file a proof of claim in the manner set forth in Section 3.2 of this Plan.

(d) In the event the Credit Bid Transaction Agreement is consummated, the Debtors shall assume and assign to NewCo any executory contract or unexpired lease that otherwise would have been assumed by the Reorganized Debtors as of the Effective Date unless such contract is otherwise rejected pursuant to the terms of this Plan.

10.4. ***Effect of Confirmation Order on Assumption, Assumption and Assignment, and Rejection.***

Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute entry of an order by the Bankruptcy Court pursuant to sections 365(a) and 1123(b) of the Bankruptcy Code approving the assumptions, assumptions and assignments and rejections described in this Article X and determining that: (a) with respect to such rejections, such rejected executory contracts and unexpired leases are burdensome and that the rejection therein is in the best interests of the Estates; (b) with respect to such assumptions, to the extent necessary, that the applicable Debtor has (i) cured, or provided adequate assurance that the applicable Debtor will promptly cure, any default in accordance with section 365(b)(1)(A) of the Bankruptcy Code, (ii) compensated or provided adequate assurance that it or its affiliate will promptly compensate the counterparty for any actual pecuniary loss to such party resulting from such default, and (iii) provided adequate assurance of future performance under such executory contract or unexpired lease; and (c) with respect to any assignment, to the extent necessary, that the applicable Debtor or the proposed assignee (including NewCo, if applicable) has (i) cured, or provided adequate assurance that it or its affiliate will promptly cure, any default in accordance with section 365(b)(1)(A) of the Bankruptcy Code, (ii) compensated or provided adequate assurance that the applicable Debtor or the proposed assignee will promptly compensate the counterparty for any actual pecuniary loss to such party resulting from such default, and (iii) that "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) by the assignee has been demonstrated and no further adequate assurance is required. Assumption of any executory contract or unexpired lease and satisfaction of the Cure Amounts shall result in the full discharge, release and satisfaction of any claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time before the date such executory contract or unexpired lease is assumed. Each executory contract and unexpired lease assumed or assumed and assigned pursuant to this Article X shall revest in and be fully enforceable by the applicable Debtor or NewCo, if applicable, in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law. To the maximum extent permitted by law, to the extent any provision in any executory contract or unexpired lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such executory contract or unexpired lease (including any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such executory contract or unexpired lease or to exercise any other default-related rights with respect thereto. Any party that fails to timely file a Cure Dispute on the basis that consent to assume or assume and assign the applicable executory contract or unexpired lease is a condition to such assumption or assumption and assignment, shall be deemed to have consented to the assumption or assumption and assignment, as applicable, of such contract or unexpired lease.

10.5. ***Compensation and Benefit Programs.***

Except as otherwise expressly provided hereunder, in a prior order of the Bankruptcy Court or to the extent subject to a motion pending before the Bankruptcy Court as of the Effective Date, all employment and severance policies (that were in place as of the Petition Date and relate to employees whose employment will continue with the Debtors following the occurrence of the Effective Date), and all compensation and benefit plans, policies, and programs of the Debtors applicable to their respective employees, retirees and non-employee directors including all savings plans, unfunded retirement plans, healthcare plans, disability plans, severance benefit plans, retention plans, incentive plans, and life, accidental death and dismemberment insurance plans are treated as executory contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code. Each of the Debtors may, prior to the Effective Date, enter into employment agreements with employees that become effective on or prior to the Effective Date and survive consummation of this Plan. Any such agreements (or a summary of the material terms thereof) shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group and be included in the Plan Supplement or otherwise filed with the Bankruptcy Court on or before the date of the Confirmation Hearing. For the avoidance of doubt, this Section 10.5 does not apply to the Debtors' annual short-term incentive performance plan adopted by the Debtors prior to the Petition Date. Notwithstanding the foregoing, if the Credit Bid Transaction is implemented, the Credit Bid Transaction Agreement shall provide for NewCo to assume such plans, policies, programs, and agreements under the Credit Bid Transaction Agreement in a manner acceptable to the Debtors and NewCo.

10.6. ***Assumption of Directors and Officers Insurance Policies***

To the extent that the D&O Liability Insurance Policies issued to, or entered into by, the Debtors prior to the Petition Date constitute executory contracts, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair or otherwise modify any advancement, indemnity or other obligations of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any of the D&O Liability Insurance Policies with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled from the applicable insurers to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

On or before the Effective Date, the Debtors shall purchase and maintain directors, officers and employee liability tail coverage for the six year period following the Effective Date on terms no less favorable than the Debtors' existing director, officer and employee coverage and with an aggregate limit of liability upon the Effective Date of no less

than the aggregate limit of liability under the existing director, officer and employee coverage upon placement. From and after the Effective Date, reasonable directors and officers insurance policies shall remain in place in the ordinary course.

The Reorganized Debtors shall comply with the foregoing paragraphs of this Section 10.6 regardless of whether the Credit Bid Transaction is implemented. If the Credit Bid Transaction is implemented, as soon as reasonably practicable after the Effective Date, NewCo shall purchase and maintain directors, officers, and employee liability coverage following the Effective Date, with an aggregate limit of liability upon the Effective Date of no less than the aggregate limit of liability under the existing director, officer, and employee coverage held by Reorganized Southcross as of the Effective Date.

10.7. ***Assumption of Certain Indemnification Obligations***

Each Indemnification Obligation to a current or former director, officer, manager or employee who was employed by any of the Debtors in such capacity on or after January 1, 2019 (including, for the avoidance of doubt, the members of the board of directors, board of managers or equivalent body of each Debtor at any time) shall be deemed assumed by the Reorganized Debtors (and, if the Credit Bid Transaction is implemented, assigned to NewCo) effective as of the Effective Date. Each Indemnification Obligation that is deemed assumed by the Reorganized Debtors (and, if the Credit Bid Transaction is implemented, assigned to NewCo) pursuant to the Plan shall (a) remain in full force and effect, (b) not be modified, reduced, discharged, impaired or otherwise affected in any way, (c) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not proofs of claim have been filed with respect to such obligations and (d) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before, on or after the Petition Date.

Any obligations of the Debtors (whether pursuant to their corporate charters, bylaws, certificates of incorporation, other organizational documents, board resolutions, indemnification agreements, employment contracts, policy of providing employee indemnification, applicable state law, specific agreement in respect of any claims, demands, suits, causes of action or proceedings against such Persons or agreements, including amendments, or otherwise) entered into at any time prior to the Effective Date, to indemnify, reimburse or limit the liability of the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers and other professionals of the Debtors, as applicable, in each case, based upon any act or omission related to such Persons' service with, for or on behalf of the Debtors prior to the Effective Date with respect to all present and future actions, suits and proceedings relating to the Debtors shall survive the Confirmation Order and, except as set forth herein, remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement or limitation of liability accrued or is owed in connection with an occurrence before or after the Petition Date; provided, that all obligations under this Section 10.7 shall be limited solely to available insurance coverage and neither the Debtors nor any of their assets shall be liable for any such obligations. Any Claim based on the Debtors' obligations set forth in this Section 10.7 shall not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code. This provision for indemnification obligations shall not apply to or cover any Causes of Action against a Person that result in a Final

Order determining that such Person seeking indemnification is liable for fraud, willful misconduct, gross negligence, bad faith, self-dealing or breach of the duty of loyalty. Notwithstanding the foregoing, if the Credit Bid Transaction is implemented, NewCo shall assume the Debtors' obligations set forth in this paragraph pursuant to the terms of the Credit Bid Transaction Agreement.

For the avoidance of doubt, all obligations of the Debtors to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of former directors, officers or employees who were not directors, officers or employees of any of the Debtors at any time on or after January 1, 2019, against any Causes of Action, shall be classified and treated as General Unsecured Claims and shall be discharged on the Effective Date.

ARTICLE XI.
CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

11.1. *Conditions Precedent to the Effective Date.*

The occurrence of the Effective Date is subject to:

(a) the Disclosure Statement Order, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, having been entered by the Bankruptcy Court and remaining in full force and effect;

(b) the Confirmation Order, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, having become a Final Order and remaining in full force and effect;

(c) the Plan Documents, including the Plan Supplement, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, being filed with the Bankruptcy Court, executed and delivered, and any conditions (other than the occurrence of the Effective Date or certification by a Debtor that the Effective Date has occurred) contained therein having been satisfied or waived in accordance therewith;

(d) a chapter 11 trustee, a responsible officer, or an examiner with enlarged powers relating to the operation of the businesses of any of the Debtors (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) not having been appointed in any of the Chapter 11 Cases;

(e) all material governmental, regulatory and third party approvals, authorizations, certifications, rulings, no-action letters, opinions, waivers and/or consents required in connection with the Plan, if any, having been obtained and remaining in full force and effect, and there existing no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court or before any arbitrator or governmental instrumentality, which would prohibit the consummation of the Plan;

(f) the Amended Constituent Documents, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, shall have been filed with the

applicable authorities of the relevant jurisdictions of incorporation and shall have become effective in accordance with such jurisdictions' corporation laws;

(g) the Exit Credit Facility Documents having been consummated, and being in full force and effect;

(h) if the Credit Bid Transaction is implemented, the Credit Bid Transaction Agreement having been consummated, and being in full force and effect; and

(i) all fees and expenses incurred as of the Effective Date by the Prepetition Term Loan Agent, the Prepetition Revolving Credit Facility Agent, the Prepetition Term Loan Lenders and the Prepetition Revolving Credit Facility Lenders that are provided for under the Final DIP Order, other financing or cash collateral order approved by the Bankruptcy Court or this Plan, having been paid in full in Cash by the Debtors; provided, that, payment of any such amounts incurred by such parties as of the Effective Date but not invoiced to the Debtors shall not be a condition precedent to the effectiveness of this Plan and shall be payable by the Debtors, after receipt by the Debtors of one or more invoices therefor (redacted as appropriate to preserve privilege).

11.2. ***Satisfaction and Waiver of Conditions Precedent.***

Except as otherwise provided herein, any actions taken on the Effective Date shall be deemed to have occurred simultaneously and no such action shall be deemed to have occurred prior to the taking of any other such action. Any of the conditions set forth in section 11.1 of this Plan may be waived in whole or in part, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, without notice and a hearing, and the Debtors' benefits under any "mootness" doctrine shall be unaffected by any provision hereof. The failure to satisfy or waive any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any act, action, failure to act or inaction by the Debtors). The failure of the Debtors to assert the non-satisfaction of any such conditions shall not be deemed a waiver of any other rights hereunder, and each such right shall be deemed an ongoing right that may be asserted or waived (as set forth herein) at any time or from time to time.

11.3. ***Effect of Failure of Conditions Precedent to the Effective Date.***

If all of the conditions to effectiveness have not been satisfied (as provided in Section 11.1 hereof) or duly waived (as provided in Section 11.2 hereof) and the Effective Date has not occurred on or before the first Business Day that is more than 30 days after the Confirmation Date, or by such later date as set forth by the Debtors in a notice filed with the Bankruptcy Court prior to the expiration of such period, then, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, the Debtors may file a motion to vacate the Confirmation Order. Notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if all of the conditions to consummation set forth in Section 11.1 hereof are either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion. If the Confirmation Order is vacated pursuant to this Section 11.3, this Plan shall be null and void in all respects, the Confirmation Order shall be of no further force or

effect, no Plan Distributions shall be made, the Debtors and all holders of Claims and Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred, and upon such occurrence, nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims against or Interests in the Debtors; (b) prejudice in any manner the rights of the holder of any Claim against or Interest in the Debtors; or (c) constitute an admission, acknowledgment, offer or undertaking by any Debtor or any other Person with respect to any matter set forth in the Plan.

ARTICLE XII.
EFFECT OF CONFIRMATION

12.1. *Binding Effect.*

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or Interest in, the Debtors and inure to the benefit of and be binding on such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.

12.2. *Discharge of Claims Against and Interests in the Debtors.*

Upon the Effective Date and in consideration of the Plan Distributions, except as otherwise provided herein or in the Confirmation Order, each Person that is a holder (as well as any trustees and agents for or on behalf of such Person) of a Claim or Interest shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Except as otherwise provided herein, upon the Effective Date, all such holders of Claims and Interests shall be forever precluded and enjoined, pursuant to sections 105, 524, 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in any Debtor or any property, wherever located, of the Estates.

12.3. *Term of Pre-Confirmation Injunctions or Stays.*

Unless otherwise provided herein, all injunctions or stays provided in the Chapter 11 Cases arising prior to the Confirmation Date in accordance with sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

12.4. *Injunction Against Interference with Plan.*

Upon the entry of the Confirmation Order, all holders of Claims and Interests and other Persons, along with their respective present or former affiliates, employees, agents, officers, directors, or principals, shall be enjoined from taking any actions, whether in the United States or elsewhere, to interfere with the implementation or consummation of this Plan. Moreover, Bankruptcy Code section 1141(c) provides, among other things, that the property dealt with by this Plan is free and clear of all Claims and Interests. As such, to the fullest extent

permissible under applicable law, no Person holding a Claim or Interest may receive any payment from, or seek recourse against, any assets that are to be distributed under this Plan other than assets required to be distributed to that Person under this Plan. As of the Confirmation Date, to the fullest extent permissible under applicable law, all Persons are precluded and barred from asserting against any property to be distributed under this Plan any Claims, rights, Causes of Action, liabilities, Interests, or other action or remedy based on any act, omission, transaction, or other activity that occurred before the Confirmation Date except as expressly provided in this Plan or the Confirmation Order.

12.5. ***Injunction.***

(a) **Except as otherwise specifically provided in this Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons or Entities who have held, hold or may hold Claims against and/or Interests in the Debtors or the Estates, and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and affiliates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, their Estates or any of their property, wherever located, or any direct or indirect transferee of any property, wherever located, of, or direct or indirect successor in interest to, any of the foregoing Persons or any property, wherever located, of any such transferee or successor; (ii) enforcing, levying, attaching (including any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, or their Estates or any of their property, wherever located, or any direct or indirect transferee of any property, wherever located, of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property, wherever located, of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors or their Estates or any of their property, wherever located, or any direct or indirect transferee of any property, of, or successor in interest to, any of the foregoing Persons; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan to the full extent permitted by applicable law (including, without limitation, commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan) to the fullest extent permitted by applicable law, or (v) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or their Estates, or against the property or interests in property of the Debtors or their Estates, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Debtors and their respective properties and interest in properties; <u>provided</u>, <u>however</u>, that nothing contained herein shall preclude such Persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of this Plan.**

(b) **By accepting Plan Distributions, each holder of an Allowed Claim or Interest will be deemed to have specifically consented to the injunctions set forth in this Section 12.5.**

12.6. ***Releases.***

(a) **Releases by the Debtors. Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, including their cooperation and contributions to the Chapter 11 Cases, the Released Parties shall be deemed released and discharged by the Debtors and their Estates from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, their Estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity or that any holder of a Claim or Interest or other Entity would have been legally entitled to assert derivatively for or on behalf of the Debtors, or their Estates, based on, relating to or in any manner arising from, in whole or in part, the Debtors, their Estates, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the DIP Credit Agreement, the Chapter 11 Cases, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; provided, that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action that has been released or is contemplated to be released pursuant to the Plan in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against any other Released Party, and such Released Party does not abandon such Claim or Cause of Action upon request, then the release set forth in the Plan shall automatically and retroactively be null and void *ab initio* with respect to the Released Party bringing or asserting such Claim or Cause of Action; provided further that the immediately preceding proviso shall not apply to (i) any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim against the Debtors or (ii) any release or indemnification provided for in any settlement or granted under any other court order, provided that, in the case of (i) and (ii), the Debtors shall retain all defenses related to any such action. Notwithstanding anything contained herein**

to the contrary, the foregoing release shall not release any obligation of any party under the Plan or any document, instrument or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in the Plan is: (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (ii) in the best interests of the Debtors and all holders of Interests and Claims; (iii) fair, equitable and reasonable; (iv) given and made after due notice and opportunity for hearing; and (v) a bar to the Debtors asserting any claim, Cause of Action or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

(b) **Releases by the Holders of Claims and Interests. Except as otherwise specifically provided in this Plan or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, including the obligations of the Debtors under this Plan, the Plan Consideration and other contracts, instruments, releases, agreements or documents executed and delivered in connection with this Plan, each Releasing Party shall be deemed to have consented to this Plan and the restructuring embodied herein for all purposes, and shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged the Released Parties from any and all Claims, Interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based on, relating to or in any manner arising from, in whole or in part, the Debtors, the Estates, the liquidation, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Releasing Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the DIP Credit Agreement, the Prepetition Revolving Credit Facility, the Prepetition Term Loan Agreement, or this Plan or the Disclosure Statement, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; provided that any holder of a Claim or Interest that elects to opt out of the releases contained in the Plan shall not receive the benefit of the releases set forth in the Plan (even if for any reason otherwise entitled). Notwithstanding anything contained**

herein to the contrary, the foregoing release shall not release any obligation of any party under the Plan or any document, instrument or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in the Plan is: (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (ii) in the best interests of the Debtors and all holders of Interests and Claims; (ii) fair, equitable and reasonable; (iv) given and made after due notice and opportunity for hearing; and (v) a bar to the Debtors asserting any claim, Cause of Action or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

(c) **Notwithstanding anything to the contrary contained herein, the releases set forth in this Section 12.6 shall not release any (i) claims against any Person to the extent such Person asserts a crossclaim, counterclaim and/or claim for setoff which seeks affirmative relief against a Debtor or any of its officers, directors, or representatives and (ii) claims against any Person arising from or relating to such Person's gross negligence, willful misconduct, each as determined by a Final Order of the Bankruptcy Court.**

12.7. ***Exculpation and Limitation of Liability.***

On the Effective Date, except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, to the maximum extent permissible under applicable law, none of the Exculpated Parties shall have or incur any liability to any holder of any Claim or Interest or any other Person for any act or omission in connection with, or arising out of the Debtors' restructuring, including the negotiation, implementation and execution of this Plan, the Plan Supplement, the Chapter 11 Cases, the Prepetition Term Loan Agreement, the Prepetition Revolving Credit Facility Agreement, the Disclosure Statement, the solicitation of votes for and the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, including all documents ancillary thereto, all decisions, actions, inactions and alleged negligence or misconduct relating thereto and all activities leading to the promulgation and confirmation of this Plan except for gross negligence or willful misconduct, each as determined by a Final Order of the Bankruptcy Court. For purposes of the foregoing, it is expressly understood that any act or omission effected with the approval of the Bankruptcy Court conclusively will be deemed not to constitute gross negligence or willful misconduct unless the approval of the Bankruptcy Court was obtained by fraud or misrepresentation, and in all respects, the applicable Persons shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under, or in connection with, the Chapter 11 Cases, the Plan, and administration thereof. The Exculpated Parties have, and upon confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time

for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

12.8. ***Injunction Related to Releases and Exculpation.***

The Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities released pursuant to this Plan, including the claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities released in or encompassed by Sections 12.6 and 12.7 of this Plan. Each of the Debtors is expressly authorized hereby to seek to enforce such injunction.

12.9. ***Retention of Causes of Action/Reservation of Rights.***

(a) Except as expressly provided in this Plan or in the Confirmation Order, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors or the Estates may have, or that the Debtors may choose to assert on behalf of their respective Estates or the Estates, as applicable, under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim and/or claim for setoff that seeks affirmative relief against the Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Estates to the Debtors.

(b) Except as expressly provided in this Plan or in the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or regarding any Claim left Unimpaired by the Plan. The Debtors shall have, retain, reserve and be entitled to commence, assert and pursue all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

(c) Except as expressly provided in this Plan or in the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

ARTICLE XIII.
RETENTION OF JURISDICTION

Pursuant to sections 105 and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction, to the fullest extent permissible under law, over all matters arising in, arising under, or related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine all matters relating to the assumption or rejection of executory contracts or unexpired leases, including whether a contract or lease is or was executory or expired, and the Cure Disputes resulting therefrom;

(b) To hear and determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;

(c) To hear and resolve any disputes arising from or relating to (i) any orders of the Bankruptcy Court granting relief under Bankruptcy Rule 2004, or (ii) any protective orders entered by the Bankruptcy Court in connection with the foregoing;

(d) To ensure that Plan Distributions to holders of Allowed Claims are accomplished as provided herein;

(e) To consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim;

(f) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

(g) To issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of this Plan, the Confirmation Order, or any other order of the Bankruptcy Court (including, without limitation, with respect to releases, exculpations and indemnifications);

(h) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(i) To hear and determine all matters relating to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

(j) To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(k) To hear and determine disputes arising in connection with or related to the interpretation, implementation, or enforcement of this Plan, the Confirmation Order, the Disclosure Statement, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing (including without limitation the Plan Supplement and the Plan Documents); provided that the Bankruptcy Court shall not retain jurisdiction over disputes concerning documents contained in the Plan Supplement that have a jurisdictional, forum selection or dispute resolution clause that refers disputes to a different court and any disputes concerning documents contained in the Plan Supplement shall be governed in accordance with the provisions of such documents;

(l) To take any action and issue such orders, including any such action or orders as may be necessary after occurrence of the Effective Date and/or consummation of the Plan, as may be necessary to construe, enforce, implement, execute, and consummate this Plan, including any release or injunction provisions set forth herein, or to maintain the integrity of this Plan following consummation;

(m) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(p) To resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement Hearing, the Confirmation Hearing, any applicable Bar Date, or the deadline for responding or objecting to a Cure Amount, for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;

(q) To recover all assets of the Debtors and property of the Estates, wherever located;

(r) To hear and determine any rights, claims or Causes of Action held by or accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory; and

(s) To enter a final decree closing each of the Chapter 11 Cases.

As of the Effective Date, notwithstanding anything in this Article XIII to the contrary, the Exit Credit Facility Agreement and the Exit Credit Facility Documents shall be governed by the jurisdictional provisions therein.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, the provisions of this Article XIII shall have no effect on and shall not control, limit, or prohibit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE XIV.
MISCELLANEOUS PROVISIONS

14.1. *Exemption from Certain Transfer Taxes.*

Pursuant to section 1146(a) of the Bankruptcy Code and to the fullest extent permitted by applicable law, (i) any issuance, transfer, or exchange under this Plan of New Common Units and New Preferred Units and the security interests in favor of the lenders under

the Exit Credit Facility and (ii) the consummation of sale transactions by the Debtors and approved by the Bankruptcy Court on and after the Confirmation Date through and including the Effective Date, including any transfers effectuated under this Plan, the sale by the Debtors of any owned property pursuant to section 363(b) of the Bankruptcy Code, and any assumption, assignment, and/or sale by the Debtors of their interests in unexpired leases of non-residential real property or executory contracts pursuant to section 365(a) of the Bankruptcy Code, shall constitute a "transfer under a plan" shall not be subject to any stamp, real estate transfer, recording, or other similar tax.

14.2. ***Termination of Professionals.***

On the Effective Date, the engagement of each Professional Person retained by the Debtors shall be terminated without further order of the Bankruptcy Court or act of the parties; provided, however, such Professional Person shall be entitled to prosecute their respective Professional Fee Claims and represent their respective constituents with respect to applications for allowance and payment of such Professional Fee Claims and the Debtors shall be responsible for the reasonable and documented fees, costs and expenses associated with the prosecution of such Professional Fee Claims. Nothing herein shall preclude any Debtor from engaging a former Professional Person on and after the Effective Date in the same capacity as such Professional Person was engaged prior to the Effective Date.

14.3. ***Amendments.***

If reasonably acceptable to the Debtors and the Majority Ad Hoc Group, this Plan may be amended, modified, or supplemented in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims pursuant to this Plan, the Debtors may, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, make appropriate technical adjustments, remedy any defect or omission or reconcile any inconsistencies in this Plan, the Plan Documents and/or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of this Plan, and any holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan as amended, modified, or supplemented.

14.4. ***Revocation or Withdrawal of this Plan.***

The Debtors reserve the right, in consultation with the Majority Ad Hoc Group, to revoke, delay or withdraw this Plan, as to any or all of the Debtors, prior to the Effective Date. If the Debtors revoke, delay or withdraw this Plan, in accordance with the preceding sentence, prior to the Effective Date as to any or all of the Debtors, or if confirmation or consummation as to any or all of the Debtors does not occur, then, with respect to such Debtors: (a) this Plan shall be null and void in all respects; (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption, assumption and assignment, or rejection of executory contracts or leases affected by this Plan, and any

document or agreement executed pursuant to this Plan shall be deemed null and void; and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person.

14.5. ***Allocation of Plan Distributions Between Principal and Interest.***

To the extent that any Allowed Claim entitled to a distribution under the Plan consists of indebtedness and other amounts (such as accrued but unpaid interest thereon), such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to such other amounts.

14.6. ***Severability.***

If, prior to the entry of the Confirmation Order, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, in consultation with the Majority Ad Hoc Group, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.7. ***Governing Law.***

Except to the extent that the Bankruptcy Code or other U.S. federal law is applicable, or to the extent a Plan Document or exhibit or schedule to the Plan provides otherwise, the rights, duties, and obligations arising under this Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof to the extent such principles would result in the application of the laws of any other jurisdiction.

14.8. ***Section 1125(e) of the Bankruptcy Code.***

The Debtors have, and upon confirmation of this Plan shall be deemed to have, solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and the Debtors and the Ad Hoc Group (and each of their respective affiliates, agents, directors, officers, employees, advisors, and attorneys) participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, solicitation and/or purchase of the securities offered and sold under this Plan, and therefore are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the

solicitation of acceptances or rejections of this Plan or offer, issuance, sale, or purchase of the securities offered and sold under this Plan.

14.9. ***Inconsistency.***

In the event of any inconsistency among the Plan, the Disclosure Statement, the Plan Documents, any exhibit to the Plan or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall govern.

14.10. ***Time.***

In computing any period of time prescribed or allowed by this Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply. If any payment, distribution, act or deadline under the Plan is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date.

14.11. ***Exhibits.***

All exhibits to this Plan are incorporated and are a part of this Plan as if set forth in full herein.

14.12. ***Notices.***

In order to be effective, all notices, requests, and demands to or upon the Debtors shall be in writing (including by facsimile transmission) and, unless otherwise provided herein, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Southcross Energy Partners, L.P.
1717 Main St., Suite 5300
Dallas, TX 75201
Attn: Kelly Jameson
Fax: (214) 979-3710
Email: kelly.jameson@southcrossenergy.com

with a copy to (which shall not constitute notice):

Davis Polk & Wardwell LLP
450 Lexington Ave.
New York, NY 10017
Attn: Marshall S. Huebner, Darren S. Klein and Steven Szanzer
Fax: (212) 701-5217
Email: marshall.huebner@davispolk.com

darren.klein@davispolk.com
steven.szanzer@davispolk.com

Morris, Nichols, Arsht & Tunnell LLP
1201 N. Market St., 16th Floor, PO Box 1347
Attn: Robert J. Dehney, Andrew R. Remming, Joseph C. Barsalona II, and Eric W. Moats
Fax: (302) 658-3989
Email: rdehney@mnat.com
aremming@mnat.com
jbarsalona@mnat.com
emoats@mnat.com

Willkie Farr & Gallagher LLP
787 Seventh Ave.
New York, NY 10019
Attn: Joseph G. Minias, Paul V. Shalhoub, and Debra C. McElligott
Fax: (212) 728-8111
Email: jminias@willkie.com
pshalhoub@willkie.com
dmcelligott@willkie.com

-and-

Young Conaway Stargatt & Taylor LLP
1000 N. King St.
Wilmington, DE 19801
Attn: Matthew B. Lunn, Edmon L. Morton, and Joseph M. Mulvihill
Fax: (302) 571-1253
Email: mlunn@ycst.com
emorton@ycst.com
jmulvihill@ycst.com

14.13. ***Filing of Additional Documents.***

On or before substantial consummation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

14.14. ***Reservation of Rights.***

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtors or the Ad Hoc Group (or the Majority Ad Hoc Group) with respect to this Plan shall be or shall be deemed to

be, an admission or waiver of any rights of the Debtors or the Ad Hoc Group (or the Majority Ad Hoc Group) with respect to any Claims or Interests prior to the Effective Date.

Respectfully submitted,

Southcross Energy Partners GP, LLC (for itself and on behalf of all Debtors)

/s/ James W. Swent III

Name: James W. Swent III
Title: Chief Executive Officer

Exhibit A

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are:

Southcross Energy Partners, L.P. (5230)

Southcross Energy Partners GP, LLC (5141)

Southcross Energy Finance Corp. (2225)

Southcross Energy Operating, LLC (9605)

Southcross Energy GP LLC (4246)

Southcross Energy LP LLC (4304)

Southcross Gathering LTD. (7233)

Southcross CCNG Gathering LTD. (9553)

Southcross CCNG Transmission LTD. (4531)

Southcross Marketing Company LTD. (3313)

Southcross NGL Pipeline LTD. (3214)

Southcross Midstream Services, L.P. (5932)

Southcross Mississippi Industrial Gas Sales, L.P. (7519)

Southcross Mississippi Pipeline, L.P. (7499)

Southcross Gulf Coast Transmission, LTD. (0546)

Southcross Mississippi Gathering, L.P. (2994)

Southcross Delta Pipeline LLC (6804)

Southcross Alabama Pipeline LLC (7180)

Southcross Nueces Pipelines LLC (7034)

Southcross Processing LLC (0672)

FL Rich Gas Services GP, LLC (5172)

FL Rich Gas Services, LP (0219)

FL Rich Gas Utility GP, LLC (3280)

FL Rich Gas Utility, LP (3644)

Southcross Transmission, LP (6432)

T2 EF Cogeneration Holdings LLC (0613)

T2 EF Cogeneration LLC (4976)

Exhibit A-2

Amended Plan Blackline

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: SOUTHCROSS ENERGY PARTNERS, L.P., *et al.*, Debtors.[1]	Chapter 11 Case No. 19-10702 (MFW) (Jointly Administered)

FIRST AMENDED CHAPTER 11 PLAN FOR SOUTHCROSS ENERGY PARTNERS, L.P. AND ITS AFFILIATED DEBTORS

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 701-5800
Marshall S. Huebner
Darren S. Klein
Steven Z. Szanzer
(each admitted *pro hac vice*)

Counsel to the Debtors and Debtors in Possession

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 North Market Street, 16th Floor
P.O. Box 1347
Wilmington, Delaware 19899-1347
Telephone: (302) 658-9200
Facsimile: (302) 658-3989
Robert J. Dehney (No. 3578)
Andrew R. Remming (No. 5120)
Joseph C. Barsalona II (No. 6102)
Eric W. Moats (No. 6441)

Local Counsel to the Debtors and Debtors in Possession

Dated: ~~November 7, 2019~~January 7, 2020
Wilmington, Delaware

[1] The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective Employer Identification Numbers, are as follows: Southcross Energy Partners, L.P. (5230); Southcross Energy Partners GP, LLC (5141); Southcross Energy Finance Corp. (2225); Southcross Energy Operating, LLC (9605); Southcross Energy GP LLC (4246); Southcross Energy LP LLC (4304); Southcross Gathering Ltd. (7233); Southcross CCNG Gathering Ltd. (9553); Southcross CCNG Transmission Ltd. (4531); Southcross Marketing Company Ltd. (3313); Southcross NGL Pipeline Ltd. (3214); Southcross Midstream Services, L.P. (5932); Southcross Mississippi Industrial Gas Sales, L.P. (7519); Southcross Mississippi Pipeline, L.P. (7499); Southcross Gulf Coast Transmission Ltd. (0546); Southcross Mississippi Gathering, L.P. (2994); Southcross Delta Pipeline LLC (6804); Southcross Alabama Pipeline LLC (7180); Southcross Nueces Pipelines LLC (7034); Southcross Processing LLC (0672); FL Rich Gas Services GP, LLC (5172); FL Rich Gas Services, LP (0219); FL Rich Gas Utility GP, LLC (3280); FL Rich Gas Utility, LP (3644); Southcross Transmission, LP (6432); T2 EF Cogeneration Holdings LLC (0613); and T2 EF Cogeneration LLC (4976). The debtors' mailing address is 1717 Main Street, Suite 5300, Dallas, TX 75201.

TABLE OF CONTENTS

Page

INTRODUCTION[2]

The Debtors, as defined herein, propose the following chapter 11 plan under section 1121(c) of the Bankruptcy Code for the resolution of the outstanding claims against, and equity interests in, the Debtors. Capitalized terms used in this Plan and not otherwise defined shall have the meanings ascribed to such terms in Article I of this Plan.

ARTICLE I.
DEFINITIONS AND INTERPRETATION

A. Definitions.

The following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural):

1.1 ***Ad Hoc Group*** means that certain ad hoc group of lenders represented by Willkie Farr & Gallagher LLP and Young Conaway Stargatt & Taylor, LLP, and currently comprised of: Arbour Lane Fund II GP, LLC; Avenue Capital Management II, L.P.; Bank of America, N.A., solely in respect of its Global Credit and Special Situations group and not any other unit, group, division or affiliate thereof; Columbia Management Investment Advisors, LLC; Cove Key Management; HSBC Bank plc; Invesco Senior Secured Management, Inc.; Investcorp Credit Management US LLC; J.H. Lane Partners; Logan Circle Partners, L.P.; MetLife Investment Advisors, LLC; Octagon Credit Investors, LLC; Solus Alternative Asset Management LP; and Sound Point Capital Management, L.P.

1.2 ***Ad Hoc Group Fee Claim*** means any Claim, to the extent not previously paid, for the reasonable and documented out-of-pocket fees, expenses, costs and other charges incurred prior to the Effective Date by the Ad Hoc Group (including those of Willkie Farr & Gallagher LLP, Young Conaway Stargatt & Taylor, LLP and Houlihan Lokey, Inc.), to the extent the Debtors' payment of which is provided for in the Final DIP Order or this Plan, which Claim shall be Allowed on the Effective Date.

1.3 ***Administrative Bar Date*** has the meaning set forth in Section 3.2(a) of this Plan.

1.4 ***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases of the kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to sections 328, 330, 363, 364(c)(1), 365, 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code (other than a DIP Claim, Professional Fee Claim, Ad Hoc Group Fee Claim or U.S. Trustee Fees) incurred during the period from the Petition Date to the Effective Date, including: (a) any actual and necessary costs and expenses of preserving the Estates, any actual and necessary costs and expenses of operating the Debtors' business, and any indebtedness or obligations incurred or assumed by any of the Debtors during the Chapter 11 Cases; and (b) any payment to be made under this Plan to cure a default under an assumed, or assumed and assigned, executory contract or unexpired lease.

[2] All capitalized terms used but not defined herein have the meanings set forth in Article I.

1.5 ***Allowed*** means, with respect to a Claim or Interest under this Plan, a Claim or Interest that is an Allowed Claim or an Allowed _____ Claim or an Allowed Interest.

1.6 ***Allowed Claim or Allowed _____ Claim*** (with respect to a specific type of Claim, if specified) means: (a) any Claim (or a portion thereof) as to which no action to dispute, disallow, deny or otherwise limit recovery with respect thereto, or alter the priority thereof (including a claim objection), has been timely commenced within the applicable period of limitation fixed by this Plan or applicable law, or, if an action to dispute, disallow, deny, equitably subordinate or otherwise limit recovery with respect thereto, or alter priority thereof, has been timely commenced, to the extent such Claim has been allowed (whether in whole or in part) by a Final Order of a court of competent jurisdiction with respect to the subject matter; or (b) any Claim or portion thereof that is allowed (i) in any contract, instrument, or other agreement entered into in connection with the Plan, (ii) pursuant to the terms of the Plan, (iii) by Final Order of the Bankruptcy Court, or (iv) with respect to an Administrative Expense Claim only (x) that was incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases to the extent due and owing without defense, offset, recoupment or counterclaim of any kind, and (y) that is not otherwise disputed.

1.7 ***Amended Constituent Documents*** means, on or after the Effective Date, collectively, the amended and restated by-laws or similar governing document and the amended and restated certificate of incorporation or other formation document of each Debtor, each in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group. Forms of the Amended Constituent Documents will be filed as part of the Plan Supplement.

1.8 ***Applicable Credit Agreements*** has the meaning set forth in Section 9.6.

1.9 ***Avoidance Actions*** means any and all avoidance, recovery, subordination or other claims, actions or remedies that may be brought by or on behalf of the Debtors or their Estates or other authorized parties in interest under the Bankruptcy Code or applicable non-bankruptcy law, including actions or remedies under sections 502, 510, 542, 544, 545, 547 through and including 553 and 724(a) of the Bankruptcy Code.

1.10 ***Ballot*** means the form approved by the Bankruptcy Court and distributed to holders of impaired Claims entitled to vote on the Plan to be used to indicate (i) their acceptance or rejection of the Plan, and (ii) their acceptance or rejection of the releases under the Plan pursuant to Section 12.6 of this Plan.

1.11 ***Bankruptcy Code*** means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.12 ***Bankruptcy Court*** means the United States Bankruptcy Court for the District of Delaware, or any other court exercising competent jurisdiction over the Chapter 11 Cases or any proceeding therein.

1.13 ***Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure, as promulgated by the Supreme Court of the United States under section 2075 of title 28 of the United States Code,

as amended from time to time, as applicable to the Chapter 11 Cases, and any local rules of the Bankruptcy Court.

1.14 ***Bar Date*** means any deadline for filing proofs of Claim, including Claims arising prior to the Petition Date and Administrative Expense Claims, as established by an order of the Bankruptcy Court or under the Plan.

1.15 ***Bidding Procedures Order*** means the *Order (I) Approving Bidding Procedures for Sale of Debtors' Assets, (II) Authorizing the Selection of a Stalking Horse Bidder, (III) Approving Bid Protections, (IV) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (V) Approving Form and Manner of Notices of Sale, Auction and Sale Hearing, (VI) Approving Assumption and Assignment Procedures, and (VII) Granting Related Relief* [Docket No. 324].

1.16 ***Business Day*** means any day other than a Saturday, Sunday or a "legal holiday," as defined in Bankruptcy Rule 9006(a).

1.17 ***Carve-Out*** has the meaning set forth in the Final DIP Order.

1.18 ~~**1.17**~~ ***Cash*** means the legal currency of the United States and equivalents thereof.

1.19 ~~**1.18**~~ ***Causes of Action*** means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. Causes of Action also include: (i) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (ii) the right to object to or otherwise contest Claims or equity interests; (iii) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (iv) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

1.20 ~~**1.19**~~ ***CCPN Sale*** means a sale of the Debtors' Corpus Christi pipeline network assets to Kinder Morgan Tejas Pipeline LLC in accordance with the CCPN Sale Order.

1.21 ~~**1.20**~~ ***CCPN Sale Order*** means the *Order (A) Approving Sale of Debtors' Corpus Christi Pipeline Network Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 596].

1.22 ~~**1.21**~~ ***Chapter 11 Cases*** means the jointly-administered cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on the Petition Date in the Bankruptcy Court and captioned *In re Southcross Energy Partners, L.P., et al*, Case No. 19-10702 (MFW) (Jointly Administered).

1.23 ~~**1.22**~~ ***Claim*** means any "claim" as defined in section 101(5) of the Bankruptcy Code against any Debtor or property of any Debtor, including any Claim arising after the Petition Date.

1.24 ~~1.23~~ ***Claims Agent*** means Kurtzman Carson Consultants LLC, or any other entity approved by the Bankruptcy Court to act as the Debtors' claims and noticing agent pursuant to 28 U.S.C. §156(c).

1.25 ~~1.24~~ ***Claims Objection Deadline*** means 11:59 p.m. (prevailing Eastern Time) on the 365th calendar day after the Effective Date, subject to further extensions and/or exceptions as may be ordered by the Bankruptcy Court.

1.26 ~~1.25~~ ***Class*** means each category of Claims or Interests established under Article IV of the Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

1.27 ~~1.26~~ ***Collateral*** means any property or interest in property of the Estates subject to a Lien to secure the payment or performance of a Claim, which Lien has not been avoided or is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.28 ~~1.27~~ ***Confirmation Date*** means the date on which the Court enters the Confirmation Order on the docket of the Chapter 11 Cases.

1.29 ~~1.28~~ ***Confirmation Hearing*** means a hearing to be held by the Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.30 ~~1.29~~ ***Confirmation Order*** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code ~~which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.~~ which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

1.31 ***Credit Bid Consideration*** means, if the Credit Bid Transaction is implemented, the Roll-Up DIP Claims, Prepetition Revolving Credit Facility Claims, and Prepetition Term Loan Claims, which the Credit Bid Required Lenders shall have directed the DIP Agent and Prepetition Agents, as applicable, to credit bid in exchange for the transfer of all or substantially all of the Debtors' assets to NewCo.

1.32 ***Credit Bid Parties*** means the Credit Bid Required Lenders, the DIP Agent, and the Prepetition Agents.

1.33 ***Credit Bid Required Lenders*** means the "Required Lenders" under and as defined in the DIP Credit Agreement, the "Required Lenders" under and as defined in the Prepetition Revolving Credit Facility Agreement, and the "Required Lenders" under and as defined in the Prepetition Term Loan Agreement.

1.34 ***Credit Bid Transaction*** means a transfer of all or substantially all of the Debtors' assets to NewCo, in accordance with Section 7.3 herein, pursuant to the Credit Bid Transaction Agreement in exchange for the Credit Bid Consideration and as approved by the Confirmation Order.

1.35 ***Credit Bid Transaction Agreement*** means that certain transaction agreement by and among the Debtors and NewCo, which shall be filed prior to the commencement of the Confirmation Hearing if the Credit Bid Transaction is implemented.

1.36 ~~**1.30**~~ ***Cure Amount*** has the meaning set forth in Section 10.3(a) of this Plan.

1.37 ~~**1.31**~~ ***Cure Dispute*** has the meaning set forth in Section 10.3(c) of this Plan.

1.38 ~~**1.32**~~ ***Cure Notice*** means the Potential Assumption and Assignment Notice, the Supplemental Assumption and Assignment Notice, the Second Supplemental Notice, and the Third Supplemental Notice, individually ~~and~~or collectively as the context requires (including any amendment or update to each of the foregoing).

1.39 ~~**1.33**~~ ***Cure Schedule*** has the meaning set forth in Section 10.3(b) of this Plan.

1.40 ~~**1.34**~~ ***D&O Liability Insurance Policies*** means all insurance policies for directors', managers' and officers' liability (including employment practices liability and fiduciary liability) maintained by the Debtors prior to the Effective Date, including as such policies may extend to employees, and any such policies that are "tail" policies.

1.41 ~~**1.35**~~ ***Debtor(s)*** means, individually or collectively, as the context requires, (a) prior to the Effective Date, Southcross Energy Partners, L.P., and each of its affiliated debtors and debtors in possession in the Chapter 11 Cases listed on Exhibit A hereto, and (b) on and following the Effective Date, the Reorganized Debtors, including after giving effect to the Credit Bid Transaction, if implemented.

1.42 ~~**1.36**~~ ***Debtors' Case Information Website*** has the meaning set forth in Article I, Section C.

1.43 ~~**1.37**~~ ***DIP Agent*** means Wilmington Trust, National Association, solely in its capacity as administrative and collateral agent in connection with the DIP Facility.

1.44 ~~**1.38**~~ ***DIP Agent Fee Claim*** means any Claim, to the extent not previously paid, for fees, expenses, costs and other charges incurred prior to the Effective Date of the DIP Agent to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, including, without limitation, reasonable and documented fees and expenses of the professionals retained by the DIP Agent, which Claims shall be Allowed on the Effective Date.

1.45 ~~**1.39**~~ ***DIP Borrower*** means Southcross Energy Partners, L.P., as debtor and debtor-in-possession.

1.46 ~~**1.40**~~ ***DIP Claim*** means all Claims of the DIP Agent and/or the DIP Lenders related to, arising under, or in connection with the Final DIP Order and the DIP Credit Agreement, including any DIP Agent Fee Claim, the New Money DIP Claims and the Roll-Up DIP Claims.

1.47 ~~**1.41**~~ ***DIP Credit Agreement*** means the Senior Secured Superpriority Priming Debtor-in-Possession Credit Agreement dated as of April 3, 2019, among the DIP Borrower, the

DIP Lenders, the letters of credit issuing banks party thereto, and the DIP Agent, as the same has been or may be modified and amended from time to time, in accordance with the terms thereof.

1.48 ~~1.42~~ ***DIP Facility*** means the debtor-in-possession credit facility provided to the Debtors by the DIP Lenders pursuant to the DIP Credit Agreement, including the DIP LC Loans, the DIP Roll-Up Loans, and the DIP Term Loans.

1.49 ~~1.43~~ ***DIP LC Loans*** means the letter of credit term loans in the original aggregate principal amount of up to $55 million, the proceeds of which were used to cash collateralize letters of credit issued (or deemed issued) under the letter of credit sub-facility in an aggregate amount of up to approximately $53.4 million pursuant to the DIP Credit Agreement.

1.50 ~~1.44~~ ***DIP Lenders*** means those certain lenders party from time to time to the DIP Credit Agreement.

1.51 ~~1.45~~ ***DIP Roll-Up Loans*** means the roll-up term loans in the original aggregate principal amount of $127.5 million used to refinance dollar-for-dollar the Prepetition Term Loans held by the DIP Lenders or their affiliates pursuant to the DIP Credit Agreement.

1.52 ~~1.46~~ ***DIP Term Loans*** means the new money term loans in the original aggregate principal amount of $72.5 million pursuant to the DIP Credit Agreement.

1.53 ~~1.47~~ ***Disallowed*** means a finding or conclusion of law of the Bankruptcy Court in a Final Order, or provision in this Plan or the Confirmation Order, disallowing a Claim.

1.54 ~~1.48~~ ***Disbursing Agent*** means, as applicable, the Debtors or the entity designated by the Debtors to distribute the Plan Consideration.

1.55 ~~1.49~~ ***Disclosure Statement*** means the ~~disclosure statement that relates to this Plan~~*Disclosure Statement for Chapter 11 Plan for Southcross Energy Partners L.P. and its Affiliated Debtors [D.I. 677]*, as supplemented by the *Disclosure Statement Supplement for First Amended Chapter 11 Plan for Southcross Energy Partners L.P. and its Affiliated Debtors* approved by the Bankruptcy Court pursuant to the *Order (I) Approving the Debtors' Continued Solicitation of the Amended Chapter 11 Plan, (II) Approving the Adequacy of the Disclosure Statement Supplement in Connection With the Amended Chapter 11 Plan, (III) Establishing Certain Deadlines and Procedures in Connection With Confirmation of the Amended Chapter 11 Plan, and (IV) Granting Related Relief* [D.I. 814], including all exhibits and schedules annexed thereto or referred to therein (in each case, as it or they may be amended, modified, or supplemented from time to time).

1.56 ~~1.50~~ ***Disclosure Statement Hearing*** means a hearing held by the Bankruptcy Court to consider approval of the Disclosure Statement as containing adequate information as required by section 1125 of the Bankruptcy Code, as the same may be adjourned or continued from time to time.

1.57 ~~1.51~~ ***Disclosure Statement Order*** means an order of the Bankruptcy Court approving the Disclosure Statement as having adequate information in accordance with section 1125 of the

Bankruptcy Code, which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

1.58 ~~1.52~~ ***Disputed*** means, with respect to a Claim or Interest, that portion (including, when appropriate, the whole) of such Claim or Interest that: (a) (i) has not been scheduled by the Debtors in their Schedules, or has been scheduled in a lesser amount or different priority than the amount or priority asserted by the holder of such Claim or Interest, or (ii) has been scheduled as contingent, unliquidated or disputed and for which no proof of claim has been timely filed; (b) is the subject of an objection or request for estimation filed in the Bankruptcy Court which has not been withdrawn or overruled by a Final Order; and/or (c) is otherwise disputed by any of the Debtors in accordance with applicable law or contract, which dispute has not been withdrawn, resolved or overruled by Final Order.

1.59 ~~1.53~~ ***Distribution Date*** means the Effective Date or as soon as reasonably practicable thereafter.

1.60 ~~1.54~~ ***Distribution Record Date*** means, with respect to all Classes for which Plan Distributions are to be made, the Confirmation Date.

1.61 ~~1.55~~ ***Effective Date*** means the date specified by the Debtors in a notice filed with the Bankruptcy Court as the date on which the Plan shall take effect, which date shall be the first Business Day on which all of the conditions set forth in Section 11.1 of this Plan have been satisfied or waived in accordance with the terms hereof and no stay of the Confirmation Order is in effect.

~~1.56 ***Employee Benefits Agreements*** has the meaning set forth in Section 10.1.~~

1.62 ~~1.57~~ ***Employee Protection Plan*** means that certain severance plan maintained by the Debtors, for the benefit of, and with respect to, all of their employees adopted by the Debtors on March 1, 2017 (as may be amended, restated, supplemented, or modified from time to time prior to the Effective Date with the consent of the Majority Ad Hoc Group (it being understood that the Majority Ad Hoc Group has consented to the payments disclosed to the Ad Hoc Group prior to the date hereof under the Employee Protection Plan to those eligible employees of the Debtors working at the Debtors' Dallas location)).

1.63 ~~1.58~~ ***Entity*** shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

1.64 ~~1.59~~ ***Estate*** means each estate created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.

1.65 ~~1.60~~ ***Estimation Order*** means an order or orders of the Bankruptcy Court estimating for voting and/or distribution purposes (under section 502(c) of the Bankruptcy Code) the allowed amount of any Claim. The defined term Estimation Order includes the Confirmation Order if the Confirmation Order grants the same relief that would have been granted in a separate Estimation Order.

1.66 ~~1.61~~ ***Exculpated Parties*** means, collectively, solely in their capacity as such, the Debtors, and their respective subsidiaries, affiliates, current and former officers and directors, principals,

members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and all other retained Professional Persons.

1.67 ***Exit Financing Motion*** means the Debtors' *Motion For Entry of an Order (I) Authorizing Entry Into the Exit Financing Commitment Letter, (II) Approving Alternate Transaction Fee, and (III) Granting Related Relief* [D.I. 769], including all exhibits and schedules annexed thereto or referred to therein (in each case, as it or they may be amended, modified, or supplemented from time to time).

1.68 ~~**1.62** ***Existing Interests***~~ means all existing Interests (other than Intercompany Interests) that are outstanding immediately prior to the Effective Date.

1.69 ~~**1.63** ***Exit Intercreditor Agreement*** means the intercreditor agreement governing the rights of the Exit Revolving Credit Facility Agent and the Exit Term Loan Agent with respect to the Exit Revolving Credit Facility and the Exit Term Loan, which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.~~ ~~**1.64** ***Exit Revolving***~~***Exit Credit Facility*** means up to $~~75,000,000~~65,000,000 in first lien ~~revolving~~secured credit ~~facility~~facilities with a sublimit of up to $~~45,000,000~~35,000,000 for letters of credit made pursuant to the Exit ~~Revolving~~ Credit Facility Agreement, or such other amounts as agreed to by the Debtors and the Majority Ad Hoc Group.

1.70 ~~**1.65** ***Exit Revolving***~~ ***Credit Facility Agent*** means the entity that serves as the administrative, collateral, and/or other agent under the Exit ~~Revolving~~ Credit Facility.

1.71 ~~**1.66** ***Exit Revolving***~~ ***Credit Facility Agreement*** means that certain revolving credit agreement (as amended, modified or supplemented from time to time) in respect of the Exit ~~Revolving~~ Credit Facility, among Reorganized Southcross as borrower, and the other Debtors except Southcross Energy Partners, GP, LLC, as guarantors, the Exit ~~Revolving~~ Credit Facility Agent and the lenders party thereto.

1.72 ~~**1.67** ***Exit Revolving***~~ ***Credit Facility Documents*** means the Exit ~~Revolving~~ Credit Facility Agreement and all other related agreements, notes, certificates, documents, and instruments, and all exhibits, schedules, and annexes thereto entered into in connection with the Exit ~~Revolving~~ Credit Facility Agreement to be executed or delivered in connection therewith, with terms and conditions reasonably acceptable to the Debtors and the Majority Ad Hoc Group (in each case, as amended, modified, or supplemented from time to time).

~~**1.68** ***Exit Term Loan*** means the second lien term loan made pursuant to the Exit Term Loan Agreement in the amount of approximately $152,542,000 or such lesser amount as agreed to by the Debtors and the Majority Ad Hoc Group based upon the amount of New Preferred Units, if any, issued to holders of Allowed Roll-Up DIP Claims and holders of Allowed Class 3 Claims.~~

~~**1.69** ***Exit Term Loan Agent*** means the entity that serves as the administrative, collateral, and/or other agent under the Exit Term Loan Agreement.~~

~~1.70 ***Exit Term Loan Agreement*** means that certain term loan credit agreement (as amended, modified or supplemented from time to time) in respect of the Exit Term Loan, among Southcross Energy Partners, L.P., as borrower, and the other Debtors except Southcross Energy Partners, GP, LLC, as guarantors, the Exit Term Loan Agent, the holders of Roll-Up DIP Claims, and the holders of Prepetition Revolving Credit Facility Claims.~~

~~1.71 ***Exit Term Loan Documents*** means the Exit Term Loan Agreement and all other related agreements, notes, certificates, documents, and instruments, and all exhibits, schedules, and annexes thereto entered into in connection with the Exit Term Loan Agreement, with terms and conditions reasonably acceptable to the Debtors and the Majority Ad Hoc Group (in each case, as amended, modified, or supplement from time to time).~~

1.73 ~~1.72~~ ***Fee Escrow Account*** means an interest-bearing account in an amount equal to the total estimated amount of unpaid Professional Fee Claims and funded by the Debtors on the Effective Date.

1.74 ~~1.73~~ ***Final DIP Order*** means that *Final Order, Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, 364, 503, 506, and 507, (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Post-Petition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, Adequate Protection, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief* [Docket No. 200], entered by the Bankruptcy Court on May 7, 2019.

1.75 ~~1.74~~ ***Final Order*** means an order, ruling or judgment of the Bankruptcy Court or in the applicable court of competent jurisdiction that has been entered on the docket in the Chapter 11 Cases, which has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for a new trial, reargument, or rehearing shall then be pending or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, reargument, or rehearing shall have expired; provided, that no order or judgment shall fail to be a Final Order solely because of the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure has been or may be filed with respect to such order or judgment; provided, further, that no order or judgment shall fail to be a Final Order solely because of the susceptibility of a Claim to a challenge under section 502(j) of the Bankruptcy Code.

1.76 ~~1.75~~ ***General Unsecured Claim*** means any Claim other than: (a) a DIP Claim; (b) an Ad Hoc Group Fee Claim; (c) a Prepetition Lender Fee Claim; (d) a Prepetition Agent Fee Claim; (e) a Professional Fee Claim; (f) U.S. Trustee Fees; (g) a Priority Tax Claim; (h) a Prepetition Revolving Credit Facility Claim; (i) a Prepetition Term Loan Claim; (j) an Other Secured Claim; (k) an Administrative Expense Claim; (l) an Intercompany Claim; (m) a Priority Non-Tax Claim; (n) a Sponsor Note Claim; and (o) a Subordinated Claim.

1.77 ~~1.76~~ ***Governmental Unit*** means a "governmental unit" as defined in section 101(27) of the Bankruptcy Code.

1.78 ~~1.77~~ ***Impaired*** means, when used in reference to a Class, any Class that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.79 ~~1.78~~ ***Implementation Memorandum*** means the memorandum describing the sequencing of the actions, transfers and other corporate and other transactions making up, or otherwise to be effectuated pursuant to, the Plan and the Plan Documents. A substantially final form of the Implementation Memorandum, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, will be contained in the Plan Supplement.

1.80 ~~1.79~~ ***Indemnification Obligations means any obligation of any Debtor to indemnify directors, officers or employees of any of the Debtors who served in such capacity and were employed on or after January 1, 2019 with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, whether pursuant to agreement, the Debtors' respective articles or certificates of incorporation, corporate charters, bylaws, operating agreements, limited liability company agreements, or similar corporate or other documents or other applicable contract or law in effect as of the Effective Date.***

1.81 ~~1.80~~ ***Intercompany Claim*** means any Claim, Cause of Action, or remedy held by or asserted against a Debtor or a non-Debtor direct or indirect subsidiary of a Debtor by (a) another Debtor, or (b) a non-Debtor direct or indirect subsidiary of a Debtor.

1.82 ~~1.81~~ ***Intercompany Interest*** means any Interest held by a Debtor or a non-Debtor direct or indirect subsidiary of a Debtor in another Debtor or a non-Debtor direct or indirect subsidiary of a Debtor, other than an Existing Interest.

1.83 ~~1.82~~ ***Interest*** means the interest (whether legal, equitable, contractual or otherwise) of any holders of any class of equity securities of any of the Debtors, represented by shares of common or preferred stock, limited partnership interests or other instruments evidencing an ownership interest in any of the Debtors, whether or not certificated, transferable, voting or denominated "stock" or a similar security, or any option, warrant or right, contractual or otherwise, to acquire any such interest.

1.84 ~~1.83~~ ***Lien*** has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.85 ~~1.84~~ ***Majority Ad Hoc Group*** means members of the Ad Hoc Group holding at least a majority in principal amount of the aggregate of New Money DIP Claims, Roll-Up DIP Claims, Prepetition Term Loan Claims, and Prepetition Revolving Credit Facility Claims that are held by members of the Ad Hoc Group.

1.86 ~~1.85~~ ***MS/AL Sale*** means the sale of the Debtors' assets in Mississippi and Alabama to Magnolia Infrastructure Holdings, LLC in accordance with the MS/AL Sale Order.

1.87 ~~1.86~~ ***MS/AL Sale Order*** means the *Order (A) Approving Sale of Debtors' Mississippi and Alabama Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing*

Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief [Docket No. 595].

1.88 ~~**1.87**~~ ***New Board*** means either (a) if the Credit Bid Transaction is not implemented, the board of ~~directors~~managers (or similar governing body) of Reorganized Southcross appointed pursuant to Section ~~7.8~~7.9 of this Plan, or (b) if the Credit Bid Transaction is implemented, the board of managers (or similar governing body) of NewCo.

1.89 ***NewCo*** means, if the Credit Bid Transaction is implemented, one or more Delaware limited liability companies formed or caused to be formed by the Credit Bid Parties prior to the Effective Date.

1.90 ~~**1.88**~~ ***New Common Units*** means either (a) if the Credit Bid Transaction is not implemented, new limited liability company interests in Reorganized Southcross, or (b) if the Credit Bid Transaction is implemented, new limited liability company interests in ~~Reorganized Southcross~~NewCo.

1.91 ~~**1.89**~~ ***New Common Units Plan Value*** means the value of New Common Units ~~in Reorganized Southcross~~ as of the Effective Date of $~~9.53~~1.00[3] per share (or such other value as agreed to by the Debtors and the Majority Ad Hoc Group).

1.92 ***New LLC Agreement*** means the limited liability company agreement of (a) if the Credit Bid Transaction is not implemented, Reorganized Southcross (including all exhibits, schedules, and annexes thereto), which shall be substantially in the form to be included in the Plan Supplement, or (b) if the Credit Bid Transaction is implemented, NewCo.

1.93 ~~**1.90**~~ ***New Money DIP Claim*** means a Claim of the DIP Lenders in respect of the obligations of the Debtors arising under or relating to the DIP Term Loans and the DIP LC Loans pursuant to the DIP Credit Agreement.

1.94 ~~**1.91**~~ ***New Preferred Units*** means~~, if issued upon the agreement of the Debtors and the Majority Ad Hoc Group, new limited liability company interests in Reorganized Southcross, having an aggregate value equal to the difference, if any, between approximately $152,542,000 and the amount of the Exit Term Loan.~~ the New Series A Preferred Units and New Series B Preferred Units.

1.95 ***New Series A Preferred Units*** means either (a) if the Credit Bid Transaction is not implemented, new limited liability company interests in Reorganized Southcross having an aggregate initial liquidation preference of approximately $152,658,325, or (b) if the Credit Bid Transaction is implemented, new limited liability company interests in NewCo having an aggregate initial liquidation preference equal to $152,658,325 and, in each case, designated as "Series A Preferred Units" under the New LLC Agreement.

1.96 ***New Series B Preferred Units*** means either (a) if the Credit Bid Transaction is not implemented, new limited liability company interests in Reorganized Southcross having an

[3] This value is based on the issuance of 22,278,242 New Common Units and an Oversubscription Payment (as defined below) of $28.5 million (in the form of New Series B Preferred Units).

aggregate initial liquidation preference to be determined in accordance with the terms of the Exit Credit Facility, or (b) if the Credit Bid Transaction is implemented, new limited liability company interests in NewCo having an aggregate initial liquidation preference to be determined in accordance with the terms of the Exit Credit Facility, which, in each case, shall be distributed to those lenders under the Exit Credit Facility who are entitled to an Upfront Payment, Oversubscription Payment, or Alternate Transaction Fee (each such term as defined in the term sheet attached as Exhibit A to the Exit Financing Motion and designated as "Series B Preferred Units" under the New LLC Agreement).

1.97 ~~**1.92** ***New Preferred Units Plan Value*** means the per share value of New Preferred Units in Reorganized Southcross (if any) as of the Effective Date~~initial liquidation preference (or such other value as agreed to by the Debtors and the Majority Ad Hoc Group) of New Series A Preferred Units or New Series B Preferred Units, as applicable, as of the Effective Date.

1.98 ~~**1.93** ***Other Secured Claim*** means any Secured Claim against a Debtor other than a DIP Claim, a Prepetition Term Loan Claim and Prepetition Revolving Credit Facility Claim.

1.99 ~~**1.94** ***Person*** means any individual, corporation, partnership, association, indenture trustee, limited liability company, cooperative, organization, joint stock company, joint venture, estate, fund, trust, unincorporated organization, Governmental Unit or any political subdivision thereof, or any other entity or organization of whatever nature.

1.100 ~~**1.95** ***Petition Date*** means April 1, 2019.

1.101 ~~**1.96** ***Plan*** means this joint chapter 11 plan proposed by the Debtors, including the Plan Supplement, all applicable exhibits, supplements, appendices and schedules hereto and to the Plan Supplement, either in its present form or as the same may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules and the terms hereof.

1.102 ~~**1.97** ***Plan Consideration*** means, with respect to any Class of Claims entitled to distributions under this Plan, one or more of Cash, New Common Units, or New Preferred Units~~ (if issued), or rights and obligations under and with respect to the Exit Term Loan, as the case may be~~.

1.103 ~~**1.98** ***Plan Distribution*** means the distribution of Plan Consideration under the Plan.

1.104 ~~**1.99** ***Plan Documents*** means the applicable documents, other than the Plan, to be executed, delivered, assumed, and/or performed in connection with the consummation of the Plan, including the Exit ~~Revolving~~ Credit Facility ~~Documents, Exit Term Loan~~ Documents, New Common Units, New Preferred Units ~~(if issued~~, the Credit Bid Transaction Agreement (if applicable), the documents to be included in the Plan Supplement and any and all exhibits to the Plan and the Disclosure Statement, each of which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

1.105 ~~**1.100** ***Plan Supplement*** means the supplemental appendix to this Plan (as may be amended, modified and/or supplemented) which the Debtors shall file by November 25,~~

~~2019~~January 9, 2020 (provided that the Debtors may amend, supplement, or otherwise modify the Plan Supplement prior to the Confirmation Hearing and/or in accordance with the Plan), which may contain, among other things, draft forms, signed copies, or summaries of material terms, as the case may be, of the following: (a) Amended Constituent Documents; (b) the list of proposed officers and directors of the Reorganized Debtors (or NewCo, in the event the Credit Bid Transaction is implemented); (c) the Schedule of Rejected Contracts and Leases; (d) the Exit ~~Revolving~~ Credit Facility Agreement; (e) ~~the Exit Term Loan Agreement; (f) the Exit Intercreditor Agreement; (g)~~ a list containing the compensation arrangement for any insider of the Debtors who will be an officer of a Reorganized Debtor~~; (h~~ (or NewCo, in the event the Credit Bid Transaction is implemented); (f) the Implementation Memorandum; (~~i~~g) the ~~Reorganized Southeross~~New LLC Agreement; and (~~j~~h) any additional documents filed with the Bankruptcy Court before the Effective Date as additional Plan Documents and/or amendments to the Plan Supplement, each of which shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group; *provided*, *however*, that the Schedule of Rejected Contracts and Leases shall be filed no later than five business days prior to the objection deadline with respect to confirmation of the Plan and shall be subject to the terms and conditions set forth in Section 10.1 of the Plan.

1.106 ~~**1.101**~~ ***Potential Assumption and Assignment Notice*** has the meaning set forth in the Second Supplemental Notice.

1.107 ~~**1.102**~~ ***Prepetition Agent Fee Claim*** means any Claim, to the extent not previously paid, for fees, expenses, costs and other charges, incurred prior to the Effective Date, of the Prepetition Term Loan Agent or the Prepetition Revolving Credit Facility Agent (~~including~~limited, in the case of the advisors to the Prepetition Term Loan Agent, Arnold & Porter Kaye Scholer LLP, and in the case of the Prepetition Revolving Credit Facility Agent, ~~RPA Advisors, LLC and~~to Arnold & Porter Kaye Scholer LLP) to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, which Claims shall be Allowed on the Effective Date.

1.108 ~~**1.103**~~ ***Prepetition Agents*** means the Prepetition Revolving Credit Facility Agent and the Prepetition Term Loan Agent.

1.109 ~~**1.104**~~ ***Prepetition Lender Fee Claim*** means any Claim, to the extent not previously paid, for fees, expenses, costs and other charges, incurred prior to the Effective Date of the Prepetition Term Loan Lenders, the Prepetition Term Loan Agent, the Prepetition Revolving Credit Facility Lenders, and the Prepetition Revolving Credit Facility Agent to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, which Claim shall be Allowed on the Effective Date.

1.110 ~~**1.105**~~ ***Prepetition Revolving Credit Facility*** means the $115,000,000.00 credit facility with a sublimit of $50,000,000.00 for letters of credit made pursuant to the Prepetition Revolving Credit Facility Agreement.

1.111 ~~**1.106**~~ ***Prepetition Revolving Credit Facility Agent*** means Wilmington Trust, National Association, or its successors and assigns, in its capacity as administrative agent for the Prepetition Revolving Credit Facility under the Prepetition Revolving Credit Facility Agreement.

1.112 ~~1.107~~ ***Prepetition Revolving Credit Facility Agreement*** means the Third Amended and Restated Revolving Credit Agreement dated as of August 4, 2014 (as amended, modified or supplemented from time to time), among Southcross Energy Partners, L.P., as borrower, and the other Debtors except Southcross Energy Partners, G.P., as guarantors, the Prepetition Revolving Credit Facility Agent and the Prepetition Revolving Credit Facility Lenders, including all agreements, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith (in each case, as amended, modified or supplemented from time to time).

1.113 ~~1.108~~ ***Prepetition Revolving Credit Facility Claim*** means any Claim arising under the Prepetition Revolving Credit Facility and the Prepetition Revolving Credit Facility Agreement.

~~**1.109 *Prepetition Revolving Credit Facility Exit Term Loan Distribution*** means 15.7% of the Exit Term Loan, which is equal to approximately $23,949,094 of the Exit Term Loan, or such lesser amount as agreed to by the Debtors and the Majority Ad Hoc Group based upon the amount of New Preferred Units, if any, issued to holders of Allowed Roll-Up DIP Claims and holders of Allowed Class 3 Claims.~~

1.114 ~~1.110~~ ***Prepetition Revolving Credit Facility Lender*** means any lender and any Participant (as defined in the Prepetition Revolving Credit Facility) under the Prepetition Revolving Credit Facility pursuant to the Prepetition Revolving Credit Facility Agreement, and its successors and assigns.

1.115 ~~1.111~~ ***Prepetition Revolving Credit Facility New Common Units Distribution*** means ~~15.7~~15.6% of the New Common Units, subject to dilution in connection with any management incentive plan that may be adopted by the New Board in accordance with Section ~~7.3~~7.4 of this Plan.

1.116 ~~1.112~~ ***Prepetition Revolving Credit Facility New Preferred Units Distribution*** means ~~15.7~~15.6% of the New Series A Preferred Units ~~(if issued)~~.

1.117 ~~1.113~~ ***Prepetition Term Loan*** means the term loan in the original aggregate principal amount of $429,140,515.29 made pursuant to the Prepetition Term Loan Agreement.

1.118 ~~1.114~~ ***Prepetition Term Loan Agent*** means Wilmington Trust, National Association, or its successors and assigns, in its capacity as administrative agent for the Prepetition Term Loan Lenders under the Prepetition Term Loan Agreement.

1.119 ~~1.115~~ ***Prepetition Term Loan Agreement*** means the Term Loan Agreement, dated as of August 4, 2014 (as amended, modified or supplemented from time to time), among Southcross Energy Partners, L.P., as borrower, and the other Debtors except Southcross Energy Partners, G.P., as guarantors, the Prepetition Term Loan Agent and the Prepetition Term Loan Lenders, including all agreements, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith (in each case, as amended, modified or supplemented from time to time).

1.120 ~~1.116~~ ***Prepetition Term Loan Claim*** means any Claim arising under the Prepetition Term Loan and the Prepetition Term Loan Agreement. The Prepetition Term Loan Claims are Allowed Claims under the Plan. For the avoidance of doubt, the Roll-Up DIP Claims are not Prepetition Term Loan Claims.

1.121 ~~1.117~~ ***Prepetition Term Loan Lender*** means any lender and any Participant (as defined in the Prepetition Term Loan Agreement) under the Prepetition Term Loan Facility pursuant to the Prepetition Term Loan Agreement, and its successors and assigns.

1.122 ~~1.118~~ ***Prepetition Term Loan New Common Units Distribution*** means ~~84.3~~84.4% of the New Common Units, subject to dilution in connection with any management incentive plan that may be adopted by the New Board in accordance with Section ~~7.3~~7.4 of this Plan.

1.123 ~~1.119~~ ***Priority Non-Tax Claim*** means any Claim, other than an Administrative Expense Claim, a Professional Fee Claim, an Ad Hoc Group Fee Claim or a Priority Tax Claim, entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code.

1.124 ~~1.120~~ ***Priority Tax Claim*** means any Claim of a Governmental Unit of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.125 ~~1.121~~ ***Pro Rata Share*** means with respect to any distribution on account of an Allowed Claim, a distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of all Allowed Claims in its Class.

1.126 ~~1.122~~ ***Professional Fee Claims*** means an administrative expense claim of a Professional Person against any Debtor for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred during the period from the Petition Date up to, and including, the Confirmation Date.

1.127 ~~1.123~~ ***Professional Person(s)*** means all Persons retained by order of the Bankruptcy Court in connection with the Chapter 11 Cases, pursuant to sections 327 or 328 of the Bankruptcy Code, excluding any ordinary course professionals retained pursuant to an order of the Bankruptcy Court or otherwise.

1.128 ~~1.124~~ ***Proposed Assumption and Assignment Notice*** has the meaning set forth in the Bidding Procedures Order.

1.129 ~~1.125~~ ***Released Parties*** means each of the following in their capacity as such: (a) each member of the Ad Hoc Group; (b) the Prepetition Term Loan Lenders; (c) the Prepetition Revolving Credit Facility Lenders; (d) the Prepetition Term Loan Agent; (e) the Prepetition Revolving Credit Facility Agent; (f) the Debtors (for the avoidance of doubt, including the Reorganized Debtors, as applicable); (g) the DIP Agent and DIP Lenders; ~~and (h~~(h) if the Credit Bid Transaction is consummated, NewCo, and (i) with respect to each of the foregoing Entities in clauses (a) through (~~g~~h), such party's current and former affiliates and subsidiaries, and such Entities' and their current and former affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective

current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, managed accounts or funds, management companies, fund advisors, investment bankers, consultants, representatives, and other professionals, each in their capacity as such; provided, (i) that no Person shall be a Released Party if it (a) opts out of the releases provided for in Article XII hereof through a timely submitted Ballot or (b) rejects or is deemed to reject or deemed to accept the Plan; and (ii) that no equity holder of the Debtors, in such capacity, shall be a Released Party (regardless of whether such interests are held directly or indirectly).

1.130 ~~1.126~~ ***Releasing Parties*** means collectively, (a) each Released Party described in clauses (a), (d), (e), ~~and (f~~(f), and if the Credit Bid Transaction is consummated, (h) thereof, (b) each holder of a Claim that votes to accept the Plan but does not check the appropriate box on such holder's timely submitted Ballot to indicate that such holder elects to opt out of the release contained in the Plan, and (c) as to each of the foregoing Entities in clauses (a) and (b) each such Entity's predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds and their current and former officers, directors, managers, partners, principals, shareholders, members, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals (in each case as to the foregoing Entities in clauses (a) and (b) solely in their capacity as such); provided that no equity holder of the Debtors, in such capacity, shall be a Releasing Party (regardless of whether such interests are held directly or indirectly).

1.131 ~~1.127~~ ***Reorganized Debtor(s)*** means the applicable reorganized Debtor(s) or any successors thereto by merger, consolidation or otherwise, on and after the Effective Date, after giving effect to the restructuring transactions occurring on the Effective Date in accordance with this Plan.

1.132 ~~1.128~~ ***Reorganized Southcross*** means Southcross Energy Partners L.P., or any successor thereto by merger, consolidation, or otherwise (for the avoidance of doubt, other than NewCo), on and after the Effective Date, which, for the avoidance of doubt, shall be a limited liability company.

~~1.129 ***Reorganized Southcross LLC Agreement*** means the limited liability company agreement of Reorganized Southcross (including all exhibits, schedules, and annexes thereto), which shall be substantially in the form to be included in the Plan Supplement.~~

1.133 ~~1.130~~ ***Roll-Up DIP Claim*** means any Claim of the DIP Lenders related to, arising under, or in connection with the DIP Roll-Up Loans used to refinance and discharge dollar-for-dollar Prepetition Term Loans.

~~1.131 ***Roll-Up DIP Exit Term Loan Distribution*** means 84.3% of the Exit Term Loan, which is equal to approximately $128,592,906 of the Exit Term Loan, or such lesser amount as agreed to by the Debtors and the Majority Ad Hoc Group based upon the amount of New Preferred Units, if any, issued to holders of Allowed Roll-Up DIP Claims and holders of Allowed Class 3 Claims.~~

1.134 ~~1.132~~ ***Roll-Up DIP New Preferred Units Distribution*** means ~~84.3~~84.4% of the New Series A Preferred Units ~~(if issued)~~.

1.135 ~~1.133~~ ***Sales*** means the CCPN Sale and/or the MS/AL Sale (as appropriate from the context).

1.136 ~~1.134~~ ***Schedule of Rejected Contracts and Leases*** means a schedule of the contracts and leases to be rejected by the Debtors pursuant to section 365 of the Bankruptcy Code and Article X hereof, which will be filed as part of the Plan Supplement, and may be amended from time to time.

1.137 ~~1.135~~ ***Schedules*** means the schedules of assets and liabilities and statements of financial affairs for each Debtor filed in the Chapter 11 Cases, as amended or supplemented from time to time.

1.138 ~~1.136~~ ***Second Supplemental Notice*** means that certain *Second Supplemental Notice of Potential Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Amount* [Docket No. 496] filed by the Debtors on September 23, 2019 in the Chapter 11 Cases.

1.139 ~~1.137~~ ***Secured Claim*** means a Claim: (a) that is secured by a valid, perfected and enforceable Lien on Collateral, to the extent of the value of the Claim holder's interest in such Collateral as of the Confirmation Date; or (b) to the extent that the holder thereof has a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

1.140 ~~1.138~~ ***Securities Act*** means the Securities Act of 1933, as amended.

1.141 ~~1.139~~ ***Sponsor Note Claims*** means any Claim arising under the Sponsor Notes.

1.142 ~~1.140~~ ***Sponsor Notes*** means those certain unsecured notes, dated on or about January 22, 2018, issued by Southcross Energy Partners, L.P. and certain other Debtors and held by EIG Energy Fund XIV, L.P., EIG Energy Fund XIV (Cayman), L.P., EIG Energy Fund XIV-A, L.P., EIG Energy Fund XIV-B, L.P., EIG Energy Fund XV, L.P., EIG Energy Fund XV (Cayman), L.P., EIG Energy Fund XV-A, L.P., EIG Energy Fund XV-B, L.P., TW Southcross Sidecar II LP, and TW Southcross Sidecar II (N-QP) LP.

1.143 ~~1.141~~ ***STIP*** means the Debtors' annual short-term incentive performance plan adopted by the Debtors prior to the Petition Date (which may not be amended, restated, supplemented or modified without the consent of the Majority Ad Hoc Group).

1.144 ~~1.142~~ ***Subordinated Claim*** means any Claim against a Debtor that is subordinated pursuant to Bankruptcy Code section 510 or other applicable law.

1.145 ~~1.143~~ ***Subsidiary*** means any corporation, association or other business entity of which at least the majority of the securities or other ownership interest is owned or controlled by a Debtor and/or one or more subsidiaries of the Debtor.

1.146 ~~1.144~~ ***Supplemental Assumption and Assignment Notice*** has the meaning set forth in the Second Supplemental Notice.

1.147 ***Third Supplemental Notice*** means the *Third Supplemental Notice Of Potential Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Amount* [Docket No. 705].

1.148 ~~1.145~~ ***Transaction*** means the financial restructuring concerning or impacting the Debtors' indebtedness and other obligations as reflected in this Plan.

1.149 ~~1.146~~ ***Unimpaired*** means any Claim or Interest that is not Impaired.

1.150 ~~1.147~~ ***U.S. Trustee*** means the United States Trustee for the District of Delaware.

1.151 ~~1.148~~ ***U.S. Trustee Fees*** means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

1.152 ***Wind Down Budget*** means, in the event that the Credit Bid Transaction is implemented, sufficient Cash to pay all Allowed Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, professional fees and expenses, U.S. Trustee Fees, and such other expenses necessary to wind down the Debtors' estates on a reasonable and appropriate timeline, as agreed to by the Debtors and the Credit Bid Required Lenders and as approved by the Bankruptcy Court (unless otherwise agreed to by the Debtors and the Credit Bid Required Lenders). For the avoidance of doubt, if there is any dispute among the Debtors and the Credit Bid Required Lenders regarding the Wind Down Budget, such dispute shall be resolved by the Bankruptcy Court.

B. Interpretation; Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural. Whenever this Plan uses the term "including," such reference will be deemed to mean "including, without limitation." Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. Except for section 102(5) of the Bankruptcy Code, the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of this Plan. The captions and headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Any reference to an entity as a holder of a Claim or Interest includes that entity's successors and assigns.

C. Appendices and Plan Documents.

All Plan Documents and appendices to the Plan are incorporated into the Plan by reference and are a part of the Plan as if set forth in full herein. The documents contained in the exhibits and Plan Supplement shall be approved by the Bankruptcy Court pursuant to the Confirmation Order. Holders of Claims and Interests may inspect a copy of the Plan Documents,

once filed, in the Office of the Clerk of the Bankruptcy Court during normal business hours, or via the Claims Agent's website at http://www.kccllc.net/southcrossenergy (the "***Debtors' Case Information Website***") or obtain a copy of any of the Plan Documents by a written request sent to the Claims Agent at the following address:

Southcross Energy Partners, L.P.,
c/o Kurtzman Carson Consultants
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245
Telephone: +1-866-967-0671 (Domestic)

+1-310-751-2671 (International)

All Plan Documents must be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group.

ARTICLE II.
CERTAIN INTER-CREDITOR AND INTER-DEBTOR ISSUES

2.1. *Settlement of Certain Inter-Creditor Issues.*

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the treatment of Claims and Interests under this Plan represents, among other things, the settlement and compromise of certain potential inter-creditor disputes.

2.2. *Formation of Debtor Groups for Convenience Purposes.*

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan groups the Debtors together solely for purposes of describing treatment under the Plan, confirmation of the Plan and making Plan Distributions in respect of Claims against and/or Interests in the Debtors under the Plan. Such groupings shall not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, nor cause the transfer of any assets or the assumption of any liabilities; and, except as otherwise provided by or permitted in the Plan, all Debtors shall continue to exist as separate legal entities.

2.3. *Intercompany Claims and Intercompany Interests.*

(a) Intercompany Claims.

Notwithstanding anything to the contrary herein, on or after the Effective Date, any and all Intercompany Claims, shall, at the option of the Debtors and subject to the Implementation Memorandum, either be (i) extinguished, canceled, discharged, adjusted and/or

otherwise similarly treated or (ii) reinstated and otherwise survive the Debtors' restructuring by virtue of such Intercompany Claims being left unimpaired. To the extent any Intercompany Claim is reinstated, or otherwise adjusted (including by contribution, distribution in exchange for new debt or equity, or otherwise), paid or continued as of the Effective Date, any such transaction may be effected on or after the Effective Date without any further action by the Bankruptcy Court or by the equity holders of any of the Debtors.

(b) Intercompany Interests.

Notwithstanding anything to the contrary herein, except as provided in Section 12.2 of this Plan and subject to the Implementation Memorandum, on or after the Effective Date, any and all Intercompany Interests shall survive the Debtors' restructuring by virtue of such Intercompany Interests being left unimpaired to maintain the existing organizational structure of the Debtors.

ARTICLE III.
DIP CLAIMS, ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL FEE CLAIMS, U.S. TRUSTEE FEES AND PRIORITY TAX CLAIMS

The Plan constitutes a joint chapter 11 plan for all of the Debtors. All Claims and Interests, except DIP Claims, Administrative Expense Claims, Professional Fee Claims, Ad Hoc Group Fee Claims, Prepetition Lender Fee Claims, Prepetition Agent Fee Claims, U.S. Trustee Fees and Priority Tax Claims, are placed in the Classes set forth in Article IV below. In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Claims, Administrative Expense Claims, Professional Fee Claims, U.S. Trustee Fees and Priority Tax Claims have not been classified, and the holders thereof are not entitled to vote on this Plan. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation and distribution under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. However, a Claim or Interest is placed in a particular Class for the purpose of receiving Plan Distributions only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest and has not been paid, released or otherwise settled prior to the Effective Date.

3.1. *DIP Claims.*

The DIP Claims are Allowed Claims. On the Effective Date, each holder of an Allowed New Money DIP Claim shall receive Cash in an amount sufficient to provide for the payment in full of such Allowed New Money DIP Claim, in full and final satisfaction, settlement, release and discharge of its Allowed New Money DIP Claim.

On the Effective Date, except to the extent that a holder of an Allowed Roll-Up DIP Claim agrees to less favorable treatment, each holder of an Allowed Roll-Up DIP Claim shall receive, in full and final satisfaction, settlement, release and discharge of its Allowed

Roll-Up DIP Claim, its Pro Rata Share of~~: (a) the Roll-Up DIP Exit Term Loan Distribution and (b) if applicable,~~ the Roll-Up DIP New Preferred Units Distribution.

3.2. ***Administrative Expense Claims.***

(a) Time for Filing Administrative Expense Claims.

The holder of an Administrative Expense Claim, other than the holder of:

(i) an Administrative Expense Claim that has been Allowed on or before the Effective Date;

(ii) an Administrative Expense Claim for an expense or liability incurred and payable in the ordinary course of business by a Debtor;

(iii) an Administrative Expense Claim on account of fees and expenses incurred on or after the Petition Date by ordinary course professionals retained by the Debtors pursuant to an order of the Bankruptcy Court;

(iv) a Claim for adequate protection arising under the DIP Order;

(v) an Intercompany Claim; or

(vi) a claim for Cure Amounts

(and, for the avoidance of doubt, other than a holder of a Professional Fee Claim, DIP Claim, Ad Hoc Group Fee Claim, or with respect to U.S. Trustee Fees) must file with the Bankruptcy Court and serve on the Debtors, the Claims Agent, and the Office of the U.S. Trustee, proof of such Administrative Expense Claim **within thirty (30) days after the Effective Date** (the "***Administrative Bar Date***"). Such proof of Administrative Expense Claim must include at a minimum: (i) the name of the applicable Debtor that is purported to be liable for the Administrative Expense Claim and if the Administrative Expense Claim is asserted against more than one Debtor, the exact amount asserted to be owed by each such Debtor; (ii) the name of the holder of the Administrative Expense Claim; (iii) the asserted amount of the Administrative Expense Claim; (iv) the basis of the Administrative Expense Claim; and (v) supporting documentation for the Administrative Expense Claim. **FAILURE TO FILE AND SERVE SUCH PROOF OF ADMINISTRATIVE EXPENSE CLAIM TIMELY AND PROPERLY SHALL RESULT IN SUCH CLAIM BEING FOREVER BARRED AND DISCHARGED. IF FOR ANY REASON ANY SUCH ADMINISTRATIVE CLAIM IS INCAPABLE OF BEING FOREVER BARRED AND DISALLOWED, THEN THE HOLDER OF SUCH CLAIM SHALL IN NO EVENT HAVE RECOURSE TO ANY PROPERTY TO BE DISTRIBUTED PURSUANT TO THE PLAN.** A notice setting forth the Administrative Bar Date will be (i) filed on the Bankruptcy Court's docket and served with the notice of the Effective Date and (ii) posted on the Debtors' Case Information Website. No other notice of the Administrative Bar Date will be provided.

(b) Treatment of Administrative Expense Claims.

Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, or as otherwise expressly provided herein, on the applicable Distribution Date, or as soon thereafter as is reasonably practicable, the holder of such Allowed Administrative Expense Claim shall receive from the applicable Debtor's Cash in an amount equal to such Allowed Claim; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by any of the Debtors, as debtors in possession, shall be paid by the applicable Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents relating to, such liabilities; provided, further, however, in the event the Credit Bid Transaction is consummated, Allowed Administrative Expense Claims that are assumed liabilities under the Credit Bid Transaction Agreement shall be paid by NewCo in the ordinary course of business, consistent with the Debtors' past practice.

The DIP Obligations and any other claims which expressly constitute allowed claims under the Final DIP Order shall be deemed Allowed Administrative Expense Claims to the extent payable under the Final DIP Order, the DIP Credit Agreement or this Plan, without the necessity of filing a proof of claim with respect thereto, and, except as provided in Section 3.1, shall be paid in Cash on the Effective Date or as soon thereafter as is reasonably practicable without the need to file a proof of such Claim with the Bankruptcy Court in accordance with Section 3.2(a) hereof and without further order of the Bankruptcy Court.

3.3. ***Professional Fee Claims.***

Except to the extent that the applicable holder of an Allowed Professional Fee Claim agrees to less favorable treatment with the Debtors, or as otherwise expressly set forth in this Plan, each holder of a Professional Fee Claim shall be paid in full in Cash pursuant to this Section 3.3. Ad Hoc Group Fee Claims will be paid without (i) the need for the filing of any claim or request for allowance under Section 3.2 or (ii) any further order of the Bankruptcy Court.

(a) Fee Applications

All requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 60 calendar days after the Confirmation Date; provided that if any Professional Person is unable to file its own request with the Bankruptcy Court, such Professional Person may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Debtors at least three Business Days before the deadline, and the Debtors' attorneys shall file such request with the Bankruptcy Court. The objection deadline relating to a request for payment of Professional Fee Claims shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 30 days after filing such request, and a hearing on such request, if necessary, shall be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed.

(b) Post-Confirmation Date Fees

Upon the Confirmation Date, any requirement that Professional Persons comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay all Professional Persons without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

(c) Fee Escrow Account

On or after the Effective Date, the Debtors shall establish and fund the Fee Escrow Account. The Debtors shall fund the Fee Escrow Account with Cash equal to the Debtors' good faith estimate of the Allowed Professional Fee Claims. Funds held in the Fee Escrow Account shall not be considered property of the Debtors' Estates or property of the Debtors, but shall revert to the Debtors (or NewCo, in the event the Credit Bid Transaction is consummated) only after all Allowed Professional Fee Claims have been paid in full. Fees owing to the applicable holder of an Allowed Professional Fee Claim shall be paid in Cash to such holder from funds held in the Fee Escrow Account when such Claims are Allowed by an order of the Bankruptcy Court or authorized to be paid under the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 191]; provided, that the Debtors' obligations with respect to Allowed Professional Fee Claims shall not be limited by nor deemed limited to the balance of funds held in the Fee Escrow Account. To the extent that funds held in the Fee Escrow Account are insufficient to satisfy the amount of accrued Allowed Professional Fee Claims, the holders of Allowed Professional Fee Claims shall have an Allowed Administrative Expense Claim for any such deficiency, which shall be satisfied in accordance with Section 3.2 of this Plan. No Liens, claims, or interests shall encumber the Fee Escrow Account in any way.

3.4. *U.S. Trustee Fees.*

The Debtors shall pay all outstanding U.S. Trustee Fees of a Debtor on an ongoing basis on the date such U.S. Trustee Fees become due, until such time as a final decree is entered closing the applicable Chapter 11 Case, the applicable Chapter 11 Case is converted or dismissed, or the Bankruptcy Court orders otherwise.

3.5. *Priority Tax Claims.*

Except to the extent that the applicable holder of an Allowed Priority Tax Claim has been paid by the Debtors before the Effective Date, or the applicable Debtor and such holder agree to less favorable treatment by the Debtors, each holder of an Allowed Priority Tax Claim shall receive, on account of such Allowed Priority Tax Claim, at the option of the Debtors (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date and the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed

Priority Tax Claim; provided, that if the Credit Bid Transaction is implemented, Allowed Priority Tax Claims that are assumed liabilities under the Credit Bid Transaction Agreement shall be paid by NewCo, at its option, in one of the foregoing manners provided for in subsections (a) through (c) above.

The Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

ARTICLE IV.
CLASSIFICATION OF CLAIMS AND INTERESTS

4.1. *Classification of Claims and Interests.*

The following table designates the Classes of Claims against and Interests in the Debtors, and specifies which Classes are: (a) impaired or unimpaired by this Plan; (b) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code; and (c) presumed to accept or reject this Plan.

Class	Designation	Impairment	Entitled to Vote
Class 1	Priority Non-Tax Claims	No	No
Class 2	Other Secured Claims	No	No
Class 3	Prepetition Revolving Credit Facility Claims	Yes	Yes
Class 4	Prepetition Term Loan Claims	Yes	Yes
Class 5	General Unsecured Claims	Yes	No
Class 6	Sponsor Note Claims	Yes	No
Class 7	Subordinated Claims	Yes	No
Class 8	Existing Interests	Yes	No

If a controversy arises regarding whether any Claim is properly classified under the Plan, the Bankruptcy Court shall, upon proper motion and notice, determine such controversy at the Confirmation Hearing. If the Bankruptcy Court finds that the classification of any Claim is improper, then such Claim shall be reclassified and the Ballot previously cast by the holder of such Claim shall be counted in, and the Claim shall receive the treatment prescribed in, the Class in which the Bankruptcy Court determines such Claim should have been classified, without the necessity of resoliciting any votes on the Plan.

4.2. *Unimpaired Classes of Claims.*

The following Classes of Claims are unimpaired and, therefore, deemed to have accepted this Plan and are not entitled to vote on this Plan under section 1126(f) of the Bankruptcy Code:

(a) Class 1: Class 1 consists of all Priority Non-Tax Claims.

(b) Class 2: Class 2 consists of all Other Secured Claims.

4.3. ***Impaired Classes of Claims.***

(a) The following Classes of Claims are impaired and entitled to vote on this Plan:

(i) Class 3: Class 3 consists of Prepetition Revolving Credit Facility Claims.

(ii) Class 4: Class 4 consists of Prepetition Term Loan Claims.

(b) The following Classes of Claims and Interests are impaired and deemed to have rejected this Plan and, therefore, are not entitled to vote on this Plan under section 1126(g) of the Bankruptcy Code:

(i) Class 5: Class 5 consists of General Unsecured Claims.

(ii) Class 6: Class 6 consists of all Sponsor Note Claims.

(iii) Class 7: Class 7 consists of all Subordinated Claims.

(iv) Class 8: Class 8 consists of all Existing Interests.

4.4. ***Separate Classification of Other Secured Claims.***

Although all Other Secured Claims have been placed in one Class for purposes of nomenclature, each Other Secured Claim, to the extent secured by a Lien on Collateral different than that securing any additional Other Secured Claims, shall be treated as being in a separate sub-Class for the purpose of receiving Plan Distributions.

ARTICLE V.
TREATMENT OF CLAIMS AND INTERESTS

5.1. ***Priority Non-Tax Claims (Class 1).***

(a) Treatment: The legal, equitable and contractual rights of the holders of Priority Non-Tax Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a different treatment, on the applicable Distribution Date, each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Debtor in an amount equal to such Allowed Claim; provided, that if the Credit Bid Transaction is implemented, each Allowed Priority Non-Tax Claim that is an assumed liability under the Credit Bid Transaction Agreement shall be paid in Cash by NewCo in an amount equal to such Allowed Priority Non-Tax Claim.

(b) Voting: The Priority Non-Tax Claims are not impaired Claims. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Priority Non-Tax Claims are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject the

Plan, and the votes of such holders will not be solicited with respect to such Allowed Priority Non-Tax Claims.

5.2. *Other Secured Claims (Class 2).*

(a) Treatment: The legal, equitable and contractual rights of the holders of Other Secured Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to a different treatment, on the applicable Distribution Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim shall each receive, subject to the terms of the Plan, in full and final satisfaction, settlement, release and discharge of its Allowed Other Secured Claim, at the election of the Debtors:

(i) Cash in an amount equal to such Allowed Other Secured Claim; or

(ii) such other treatment that will render such Other Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code;

provided, however, that (y) Other Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor without further notice to or order of the Bankruptcy Court, and (z) each Other Secured Claim that is an assumed liability under the Credit Bid Transaction Agreement shall be paid in Cash by NewCo in an amount equal to such Allowed Other Secured Claim.

Each holder of an Allowed Other Secured Claim shall retain the Liens securing its Allowed Other Secured Claim as of the Effective Date until full and final satisfaction of such Allowed Other Secured Claim is made as provided herein. On the full payment or other satisfaction of each Allowed Other Secured Claim in accordance with the Plan, the Liens securing such Allowed Other Secured Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person.

(b) Voting: The Other Secured Claims are not impaired Claims. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Other Secured Claims are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Allowed Other Secured Claims.

5.3. *Prepetition Revolving Credit Facility Claims (Class 3).*

(a) Treatment: The Prepetition Revolving Credit Facility Claims shall be Allowed under the Plan and shall not be subject to any avoidance, reductions, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person. On the Effective Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Prepetition Revolving

Credit Facility Claim shall receive, subject to the terms of the Plan, in full and final satisfaction, settlement, release and discharge of its Allowed Prepetition Revolving Credit Facility Claim, its Pro Rata Share of~~: (a) the Prepetition Revolving Credit Facility Exit Term Loan Distribution; (b) if applicable,~~ the Prepetition Revolving Credit Facility New Preferred Units Distribution~~;~~ and ~~(c)~~ the Prepetition Revolving Credit Facility New Common Units Distribution.

(b) Voting: The Prepetition Revolving Credit Facility Claims are impaired Claims. Holders of such Claims are entitled to vote to accept or reject the Plan, and the votes of such holders will be solicited with respect to such Prepetition Revolving Credit Facility Claims.

5.4. ***Prepetition Term Loan Claims (Class 4).***

(a) Treatment: The Prepetition Term Loan Claims shall be Allowed under the Plan and shall not be subject to any avoidance, reductions, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person. On the Effective Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Prepetition Term Loan Claim shall receive, subject to the terms of the Plan, in full and final satisfaction, settlement, release and discharge of its Allowed Prepetition Term Loan Claim, its Pro Rata Share of the Prepetition Term Loan New Common Units Distribution.

(b) Voting: The Prepetition Term Loan Claims are impaired Claims. Holders of such Claims are entitled to vote to accept or reject the Plan, and the votes of such holders will be solicited with respect to such Prepetition Term Loan Claims.

5.5. ***General Unsecured Claims (Class 5).***

(a) Treatment: Holders of Allowed General Unsecured Claims shall not receive or retain any distribution under the Plan on account of such Allowed General Unsecured Claims.

(b) Voting: The General Unsecured Claims are impaired Claims. In accordance with section 1126(g) of the Bankruptcy Code, the holders of General Unsecured Claims are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Allowed General Unsecured Claims.

5.6. ***Sponsor Note Claims (Class 6).***

(a) Treatment: Each holder of a Sponsor Note Claim shall not receive or retain any distribution under the Plan on account of such Sponsor Note Claim.

(b) Voting: The Sponsor Note Claims are impaired Claims. In accordance with section 1126(g) of the Bankruptcy Code, the holders of Sponsor Note Claims are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Sponsor Note Claims.

5.7. ***Subordinated Claims (Class 7).***

(a) Treatment: Each holder of an Allowed Subordinated Claim shall not receive or retain any distribution under the Plan on account of such Subordinated Claim.

(b) Voting: The Subordinated Claims are impaired Claims. In accordance with section 1126(g) of the Bankruptcy Code, the holders of Subordinated Claims are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Subordinated Claims.

5.8. ***Existing Interests (Class 8).***

(a) Treatment: Existing Interests shall be discharged, cancelled, released and extinguished, and holders thereof shall not receive or retain any distribution under the Plan on account of such Existing Interests.

(b) Voting: The Existing Interests are impaired Interests. In accordance with section 1126(g) of the Bankruptcy Code, the holders of Existing Interests are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Existing Interests.

ARTICLE VI.
ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR INTERESTS

6.1. ***Class Acceptance Requirement.***

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of holders of the Allowed Claims in such Class that have voted on the Plan.

6.2. ***Tabulation of Votes on a Non-Consolidated Basis.***

All votes on the Plan shall be tabulated on a non-consolidated basis by Class and by Debtor for the purpose of determining whether the Plan satisfies sections 1129(a)(8) and/or (10) of the Bankruptcy Code. Notwithstanding the foregoing, the Debtors, in consultation with the Majority Ad Hoc Group, reserve the right to seek to substantively consolidate any two or more Debtors; provided, that, such substantive consolidation does not materially and adversely impact the amount of the Plan Distributions to any Person.

6.3. ***Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code or "Cramdown."***

Because certain Classes are deemed to have rejected this Plan, the Debtors will request confirmation of this Plan, as it may be modified and amended from time to time, under section 1129(b) of the Bankruptcy Code with respect to such Classes. Subject to sections 14.3 and 14.4 of this Plan, the Debtors reserve the right, in consultation with the Majority Ad Hoc

Group, to revoke or withdraw this Plan or, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, to alter, amend, or modify this plan or, alter, amend, modify, revoke or withdraw any Plan Document, in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. Subject to sections 14.3 and 14.4 of this Plan (including the consent and consultation rights set forth therein), the Debtors also reserve the right to request confirmation of the Plan, as it may be modified, supplemented or amended from time to time, with respect to any Class that affirmatively votes to reject the Plan.

6.4. ***Elimination of Vacant Classes.***

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed as of the date of the deadline for voting to accept or reject the Plan shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan pursuant to section 1129(a)(8) of the Bankruptcy Code.

6.5. ***Voting Classes; Deemed Acceptance by Non-Voting Classes.***

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class timely vote to accept or reject the Plan, the Plan shall be deemed accepted by such Class.

6.6. ***Confirmation of All Cases.***

Except as otherwise specified herein, the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors; provided, however, that the (i) Debtors, in consultation with the Majority Ad Hoc Group, may at any time waive this section 6.6 and (ii) Debtors, in consultation with the Majority Ad Hoc Group can withdraw the Plan as to one of more Debtors if the Plan is not confirmed as to them.

ARTICLE VII.
MEANS FOR IMPLEMENTATION

7.1. ***Continued Existence and Vesting of Assets ~~in Reorganized Debtors~~.***

(a) ~~Except~~In the event the Credit Bid Transaction is not implemented and except as otherwise provided in this Plan, the Debtors shall continue to exist after the Effective Date as Reorganized Debtors in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to the Amended Constituent Documents, for the purposes of satisfying their obligations under the Plan and the continuation of their businesses. On or after the Effective Date, each Reorganized Debtor, in its discretion, may take such action as permitted by applicable law and such Reorganized Debtor's organizational documents, as such Reorganized Debtor may determine is reasonable and appropriate, including causing: (i) a Reorganized Debtor to be merged into another Reorganized Debtor, or its Subsidiary and/or affiliate; (ii) a Reorganized Debtor to be dissolved; (iii) the legal name of a Reorganized Debtor to be changed; or (iv) the closure of a Reorganized Debtor's case on the Effective Date or any time thereafter. Additionally, on the Effective Date, each recipient of New Common Units and/or New Preferred Units will be deemed to be a party to the

~~Reorganized Southcross~~New LLC Agreement without the need for execution of the ~~Reorganized Southcross~~New LLC Agreement by such recipient.

(b) ~~Except~~In the event the Credit Bid Transaction is not implemented and except as otherwise provided in this Plan, on and after the Effective Date, all property of the Estates, wherever located, including all claims, rights and Causes of Action, and any property, wherever located, acquired by the Debtors under or in connection with this Plan, shall vest in each respective Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances and Interests. On and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property, wherever located, and prosecute, compromise or settle any Claims (including any Administrative Expense Claims) and Causes of Action without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by this Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for Professional Persons' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

(c) On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions that may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law and any other terms to which the applicable entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, dissolution, or other organizational documents pursuant to applicable state law; and (4) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

7.2. *Employee Protection Plan and STIP*

As of the Effective Date, the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) shall be deemed to have adopted the Employee Protection Plan for all of the Debtors' full-time employees, and the Reorganized Debtors' or NewCo's obligations thereunder shall be deemed incurred as of the Effective Date. For the STIP, the discretionary awards shall be paid on the Effective Date on terms, if any, to be agreed upon by the Debtors and the Majority Ad Hoc Group and included in the Plan Supplement. For the avoidance of doubt, the Bankruptcy Court has not been asked to approve, nor is it approving, either the Employee Protection Plan or STIP.

7.3. Creation of NewCo and Credit Bid Transaction

In the event that all Roll-Up DIP Lenders do not consent to the treatment set forth in Section 3.1 hereof, the Credit Bid Transaction may be implemented with the agreement of the Debtors and the Majority Ad Hoc Group. In such event, which shall result in substantially the same treatment for all of the Debtors' creditors as they would receive if the Credit Bid Transaction was not implemented, (a) the Debtors shall consummate the Credit Bid Transaction by, among other things, transferring all or substantially all of their assets, other than as necessary to satisfy the New Money DIP Claims, the Carve-Out, and the Wind Down Budget, to NewCo free and clear of all liens, Claims, encumbrances, and other interests pursuant to sections 365 and/or 1123 of the Bankruptcy Code, this Plan, and the Confirmation Order, (b) upon entry of the Confirmation Order by the Bankruptcy Court, all matters provided for under the Credit Bid Transaction Agreement and the Plan with respect to the Credit Bid Transaction, and any documents in connection herewith and therewith, shall be deemed authorized and approved without any requirement of further act or action by the Debtors, the Debtors' interest holders, general partners, limited partners, boards of directors, or any other Person, (c) the Credit Bid Required Lenders and the Debtors will agree to an appropriate Wind Down Budget, and (d) the Debtors shall be authorized to execute and deliver, and to consummate the transactions contemplated by, the Credit Bid Transaction Agreement and this Plan, as well as to execute, deliver, file, record, and issue any note, documents, or agreements in connection therewith, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or the vote, consent, authorization, or approval of any Person. Pursuant to the Credit Bid Transaction Agreement, NewCo shall be treated as a partnership for U.S. federal and applicable state and local income tax purposes unless otherwise directed in writing by the Credit Bid Required Lenders, in which case NewCo shall be treated as a corporation for U.S. federal and applicable state and local income tax purposes. If consummated, the Credit Bid Transaction (including the distributions of New Preferred Units and New Common Units in accordance herewith) will represent the settlement, compromise, and satisfaction of the DIP Claims (other than New Money DIP Claims, which will be satisfied in Cash by the Reorganized Debtors), Prepetition Revolving Credit Facility Claims, and Prepetition Term Loan Claims. For the avoidance of doubt, if there is any dispute among the Debtors and the Credit Bid Required Lenders regarding the Wind Down Budget, such dispute shall be resolved by the Bankruptcy Court. Any Carve-Out funds that are unused after satisfaction of all Allowed Claims with recourse to the Carve-Out shall be transferred by Reorganized Southcross to NewCo as soon as reasonably practicable following satisfaction of all such Claims.

In the event all Roll-UP DIP Lenders do not consent to the treatment set forth in Section 3.1 hereof, and the Bankruptcy Court does not enter the Confirmation Order, this Plan shall be deemed a motion to approve the Credit Bid Transaction, in accordance with Section 7.3 hereof, under sections 105(a), 363, and 365 of the Bankruptcy Code and the applicable Bankruptcy Rules.

7.4. ~~7.3.~~ *Issuance of New Common Units and New Preferred Units*

~~Shares of~~ New Common Units shall be issued on the Effective Date and distributed as soon as practicable thereafter in accordance with this Plan. ~~Shares of~~ New Preferred Units may be issued on the Effective Date and~~, if issued,~~ shall be distributed on the Effective Date or as soon as practicable thereafter in accordance with this Plan. All of the New Common Units and New Preferred Units issuable in accordance with this Plan, if so issued, shall

be duly authorized, validly issued, fully paid, and non-assessable. The issuance of the New Common Units and New Preferred Units is authorized without the need for any further corporate, limited liability company, or other similar action and without any further action by any holder of an Allowed Claim or Interest. The Reorganized Debtors (or NewCo, in the event the Credit Bid Transaction is implemented) are authorized to issue or reserve for issuance to the directors and/or management of the Reorganized Debtors (or NewCo, in the event the Credit Bid Transaction is implemented) a number of ~~shares of~~ New Common Units on terms to be determined by the New Board in accordance with the terms of the ~~Reorganized Southcross~~New LLC Agreement.

The New Common Units and New Preferred Units ~~(if issued)~~ will not be listed on a national securities exchange, the Reorganized Debtors and NewCo (if created) will not be reporting companies under the Securities Exchange Act, and the Reorganized Debtors and NewCo shall not be required to and will not file reports with the SEC or any other governmental entity after the Effective Date. To prevent the Reorganized Debtors and NewCo from becoming subject to ~~the~~registration or reporting requirements ~~of~~under the Securities Act or Securities Exchange Act, except in connection with a public offering, or the Investment Company Act of 1940, or to otherwise become subject to certain restrictions under the Employee Retirement Income Security Act of 1974, the Amended Constituent Documents and similar governing documents adopted by NewCo may impose certain trading restrictions, and the New Common Units and New Preferred Units will be subject to certain transfer and other restrictions pursuant to the Amended Constituent Documents designed to maintain the Reorganized Debtors and NewCo as private, non-reporting companies.

7.5. ~~7.4.~~ *Plan Value of New Common Units and New Preferred Units*

For purposes of this Plan~~:~~ , (a) each New Common Unit shall have a deemed value equal to the New Common Units Plan Value~~;~~ and (b) ~~if issued,~~ each New Preferred Unit shall have a deemed value equal to the applicable New Preferred Units Plan Value~~, which value will be used to determine the number of New Preferred Units issued in lieu of rights and obligations under the Exit Term Loan, if applicable, pursuant to Sections 3.1 and 5.3 of this Plan.~~ .

7.6. ~~7.5. *Section 1145*~~ *Exemption from Registration*

Pursuant to section 1145 of the Bankruptcy Code, the issuance of the New Common Units and New Series A Units is exempt from the registration requirements of the Securities Act and any State or local law requiring registration for offer or sale of a security. In addition, pursuant to section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, the issuance of the New Series B Preferred Units is exempt from the registration requirements of the Securities Act~~,~~ and any State or local law requiring registration for offer or sale of a security.

7.7. ~~7.6.~~ *Exit ~~Facilities~~Credit Facility*

On the Effective Date, the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) shall be authorized to enter into ~~(a)~~ the Exit ~~Revolving~~ Credit Facility ~~Agreement and (b) the Exit Term Loan~~ Agreement without the need for any further corporate,

limited liability company, or other similar action. The entry of the Confirmation Order shall be deemed approval of the Exit ~~Revolving~~ Credit Facility Agreement ~~and the Exit Term Loan Agreement~~ (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and authorization for the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) to enter into and execute the Exit ~~Revolving~~ Credit Facility Agreement~~, the Exit Term Loan Agreement,~~ and such other documents as the lenders ~~under the Exit Revolving Credit Facility Agreement and the Exit Term Loan Agreement, as applicable,~~thereunder may reasonably require, subject to such modifications as the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) may deem to be reasonably necessary to consummate ~~either~~the agreement. The Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) may use the Exit ~~Revolving~~ Credit Facility ~~and/or the Exit Term Loan~~ for any purpose permitted ~~under the Exit Revolving Credit Facility Agreement and/or the Exit Term Loan Agreement, as applicable~~thereunder, including the funding of obligations under this Plan.

On the ~~respective~~ effective ~~dates~~date of the Exit ~~Revolving~~ Credit Facility ~~Agreement and the Exit Term Loan~~ Agreement: (i) the Debtors and the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) are authorized to execute and deliver the Exit ~~Revolving~~ Credit Facility Documents ~~and the Exit Term Loan Documents, as applicable,~~ and perform their obligations thereunder, including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages, or indemnities; (ii) the Exit ~~Revolving~~ Credit Facility Documents ~~and the Exit Term Loan Documents, as applicable,~~ shall constitute the legal, valid, and binding obligations of the Reorganized Debtors that are parties thereto (or, if the Credit Bid Transaction is implemented, NewCo), enforceable in accordance with their ~~respective~~ terms; and (iii) no obligation, payment, transfer, or grant of security under the Exit ~~Revolving~~ Credit Facility Documents ~~and the Exit Term Loan Documents, as applicable,~~ shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law or subject to any defense, reduction, recoupment, setoff, or counterclaim. The Debtors and the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo), as applicable, and the other persons granting any Liens and security interests to secure the obligations under the Exit ~~Revolving~~ Credit Facility Documents ~~and the Exit Term Loan Documents, as applicable,~~ are authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary or desirable to establish and further evidence perfection of such Liens and security interests under the provisions of any applicable federal, state, provincial, or other law (whether domestic or foreign) (it being understood that perfection shall occur automatically by virtue of the occurrence of the Effective Date, and any such filings, recordings, approvals, and consents shall not be required), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

7.8. ~~7.7.~~ *Cancellation of Existing Securities and Agreements.*

Except for the purpose of evidencing a right to distribution under this Plan, and except as otherwise set forth herein, on the Effective Date all agreements, instruments, and other documents evidencing, related to or connected with any Claim or Interest, other than

Intercompany Claims and Intercompany Interests, and any rights of any holder in respect thereof, shall be deemed cancelled, discharged and of no force or effect. The holders of, or parties to, such cancelled instruments, securities and other documentation will have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided for pursuant to this Plan. Notwithstanding anything to the contrary herein, (i) the Prepetition Term Loan Agreement and Prepetition Revolving Credit Facility Agreement shall continue in effect solely to the extent necessary to: (a) permit holders of Prepetition Term Loan Claims and the Prepetition Revolving Credit Facility Claims to receive Plan Distributions in accordance with the terms of this Plan; (b) permit the Debtors to make Plan Distributions on account of the Prepetition Term Loan Claims and the Prepetition Revolving Credit Facility Claims; and (c) authorize the Debtors or Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo), as applicable, to compensate and/or reimburse fees and expenses of the Prepetition Term Loan Agent and Prepetition Revolving Credit Facility Agent in accordance with the terms of this Plan. Except as provided pursuant to this Plan, upon the satisfaction of the Prepetition Revolving Credit Facility Claims and the Prepetition Term Loan Claims, the Prepetition Agents and their respective agents, successors and assigns shall be discharged of all of their obligations associated with the Prepetition Revolving Credit Facility and Prepetition Term Loan, as applicable. Notwithstanding the foregoing (including, without limitation, the releases set forth in Section 12.6(b) of this Plan) the indemnification and expense reimbursement obligations of the Prepetition Revolving Credit Facility Lenders and the Prepetition Term Loan Lenders under the Prepetition Revolving Credit Facility and the Prepetition Term Loan Agreement, respectively, shall survive the Effective Date of this Plan.

7.9. ~~7.8.~~ *Boards of Directors.*

(a) On the Effective Date, the board of directors of each of the Debtors shall consist of those individuals selected by the Debtors, who shall be reasonably acceptable to the Debtors and the Majority Ad Hoc Group, and identified in the Plan Supplement to be filed with the Bankruptcy Court on or before the date of the Confirmation Hearing.

(b) Unless reappointed pursuant to Section ~~7.8~~7.9(a) hereof, the members of the board of directors of each Debtor prior to the Effective Date shall have no continuing obligations to the Debtors in their capacities as such on and after the Effective Date and each such member shall be deemed to have resigned or shall otherwise cease to be a director of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors of each of the Debtors shall serve pursuant to the terms of the applicable organizational documents of such Debtor and may be replaced or removed in accordance therewith, as applicable.

7.10. ~~7.9.~~ *Corporate and Other Action.*

(a) The Debtors, as applicable, shall serve on the U.S. Trustee quarterly reports of the disbursements made by each Debtor on an entity-by-entity basis until such time as a final decree is entered closing the applicable Chapter 11 Case or the applicable Chapter 11 Case is converted or dismissed, or the Bankruptcy Court orders otherwise. Any deadline for filing Administrative Expense Claims shall not apply to U.S. Trustee Fees.

(b) On the Effective Date, the Amended Constituent Documents and any other applicable amended and restated corporate or other organizational documents of each of the Debtors shall be deemed authorized in all respects.

(c) Any action under the Plan to be taken by or required of the Debtors as applicable, including the adoption or amendment of certificates of incorporation and by-laws, the issuance of securities and instruments, or the selection of officers or directors, shall be authorized and approved in all respects, without any requirement of further action by any of the Debtors', equity holders, holders of partnership interests, sole members, boards of directors or boards of managers, or similar body, as applicable.

(d) The Debtors shall be authorized to execute, deliver, file, and record such documents (including the Plan Documents), contracts, instruments, releases and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan, without the necessity of any further Bankruptcy Court, corporate, limited liability company, board, member, or shareholder approval or action. In addition, the selection of the Persons who will serve as the initial directors, officers and managers of the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) as of the Effective Date shall be deemed to have occurred and be effective on and after the Effective Date without any requirement of further action by the board of directors, board of managers, or equity holders of the applicable Reorganized Debtor (or, if the Credit Bid Transaction is implemented, NewCo).

(e) In the event the Credit Bid Transaction is implemented, the Debtors shall appoint a Person to serve as a plan administrator (the "**Plan Administrator**") to carry out the Debtors' duties and responsibilities under the Plan following the Effective Date. The Confirmation Order shall contain customary provisions setting forth the Plan Administrator's powers and obligations.

7.11. ~~**7.10.**~~ ***Comprehensive Settlement of Claims and Controversies.***

Pursuant to Bankruptcy Rule 9019 and in consideration for the Plan Distributions and other benefits provided under this Plan, the provisions of this Plan will constitute a good faith compromise and settlement of all Claims and controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any Plan Distribution on account thereof. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are: (a) in the best interest of the Debtors, the Estates and their respective property and stakeholders; and (b) fair, equitable and reasonable.

7.12. ~~**7.11.**~~ ***Ad Hoc Group Fee Claim.***

The Debtors, on the Effective Date or as soon as reasonably practicable thereafter, shall pay the Ad Hoc Group Fee Claim in full in Cash.

7.13. ~~7.12.~~ ***Agent Fee Claims.***

The Debtors, on the Effective Date or as soon as reasonably practicable thereafter, shall pay each of the DIP Agent Fee Claim and Prepetition Agent Fee Claims, in full in Cash.

7.14. ~~7.13.~~ ***Transactions Authorized under Plan***

On and after the Effective Date, the Debtors shall be authorized to take such actions as may necessary or appropriate to implement the transactions contemplated by the Plan and/or the Implementation Memorandum.

7.15. ~~7.14.~~ ***Approval of Plan Documents***

The solicitation of votes with respect to the Plan shall be deemed a solicitation for the approval of the Plan Documents and all transactions contemplated hereunder. Entry of the Confirmation Order shall constitute approval of the Plan Documents and such transactions. On the Effective Date, each of the Debtors shall be authorized to enter into, file, execute and/or deliver each of the Plan Documents and any other agreement or instrument issued in connection with any Plan Document without the necessity of any further corporate, board, shareholder, manager, or similar action.

ARTICLE VIII.
DISTRIBUTIONS

8.1. ***Distributions.***

The Disbursing Agent shall make all Plan Distributions to the applicable holders of Allowed Claims in accordance with the terms of this Plan; provided, however, that all Plan Consideration distributable to (i) the Prepetition Revolving Credit Facility Lenders on account of Prepetition Revolving Credit Facility Claims and (ii) the Prepetition Term Loan Lenders on account of the Prepetition Term Loan Claims shall be made directly to the applicable Prepetition Revolving Credit Facility Lenders and/or Prepetition Term Loan Lenders, with a record of such Plan Distributions provided to the Prepetition Revolving Credit Facility Lenders and Prepetition Term Loan Lenders, respectively, as soon as reasonably practicable after such Plan Distributions are made.

8.2. ***No Postpetition Interest on Claims.***

Unless otherwise specifically provided for in the Plan or Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on such Claim on or after the Petition Date.

8.3. ***Date of Distributions.***

Unless otherwise provided herein, any Plan Distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon as reasonably practicable thereafter; provided, that the Debtors may utilize periodic Distribution Dates to the extent that

use of a periodic Distribution Date does not delay payment of the Allowed Claim more than thirty (30) days. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

8.4. ***Distribution Record Date.***

As of the close of business on the Distribution Record Date, the various lists of holders of Claims in each of the Classes, as maintained by the Debtors or their agents, shall be deemed closed and there shall be no further changes in the record holders of any of the Claims after the Distribution Record Date. Neither the Debtors nor the Disbursing Agent shall have any obligation to recognize any transfer of Claims occurring after the close of business on the Distribution Record Date. Additionally, with respect to payment of any Cure Amounts or any Cure Disputes in connection with the assumption and/or assignment of the Debtors' executory contracts and unexpired leases, neither the Debtors nor the Disbursing Agent shall have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Claim for a Cure Amount.

8.5. ***Disbursing Agent.***

(a) Powers of Disbursing Agent.

The Disbursing Agent shall be empowered to: (i) effectuate all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan; (ii) make all applicable Plan Distributions or payments contemplated hereby; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court (including any order issued after the Effective Date), pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) Expenses Incurred by the Disbursing Agent on or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Debtors, the amount of any reasonable and documented fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including reasonable attorney and other professional fees and expenses) of the Disbursing Agent shall be paid in Cash by the Debtors and will not be deducted from Plan Distributions made to holders of Allowed Claims by the Disbursing Agent. The foregoing fees and expenses shall be paid in the ordinary course, upon presentation of invoices to the Debtors.

In the event that the Disbursing Agent and the Debtors are unable to resolve a dispute with respect to the payment of the Disbursing Agent's fees, costs and expenses, the Disbursing Agent may elect to submit any such dispute to the Bankruptcy Court for resolution.

(c) Bond.

The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court and, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Debtors. Furthermore, any such entity required to give a bond shall notify the Bankruptcy Court and the U.S. Trustee in writing before terminating any such bond that is obtained.

(d) Cooperation with Disbursing Agent.

The Debtors shall use all commercially reasonable efforts to provide the Disbursing Agent with the amount of Claims and the identity and addresses of holders of Claims, in each case, as set forth in the Debtors' books and records. The Debtors will cooperate in good faith with the Disbursing Agent to comply with the withholding and reporting requirements outlined in Section 8.17 of this Plan.

8.6. ***Delivery of Distribution.***

Subject to the provisions contained in this Article VIII, the Disbursing Agent will issue, or cause to be issued, and authenticate, as applicable, all Plan Consideration, and subject to Bankruptcy Rule 9010 and except as provided in Section 8.3 of this Plan, make all Plan Distributions or payments to any holder of an Allowed Claim as and when required by this Plan at: (a) the address of such holder on the books and records of the Debtors or their agents; or (b) the address in any written notice of address change delivered to the Debtors or the Disbursing Agent, including any addresses included on any filed proofs of Claim or transfers of Claim filed with the Bankruptcy Court. In the event that any Plan Distribution to any holder is returned as undeliverable, no distribution or payment to such holder shall be made unless and until the Disbursing Agent has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter such Plan Distribution shall be made to such holder without interest; provided, however, such Plan Distributions or payments shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the later of 180 days from: (i) the Effective Date; and (ii) the first Distribution Date after such holder's Claim is first Allowed.

8.7. ***Unclaimed Property.***

Subject to Section 8.8 hereof, ninety (90) days from the later of: (i) the Effective Date, and (ii) the date that a Claim is first Allowed, all unclaimed property, wherever located, or interests in property distributable hereunder on account of such Claim shall be distributed as Plan Consideration pursuant to the terms hereof, including in accordance with the allocations set forth in the DIP Credit Agreement, and any claim or right of the holder of such Claim to such property, wherever located, or interest in property shall be discharged and forever barred.

8.8. ***Unclaimed New Common Units and/or New Preferred Units***

Any Plan Distribution of New Common Units and/or New Preferred Units under this Plan on account of an Allowed Claim that is unclaimed after ninety (90) days after it has

been delivered (or attempted to be delivered) shall be deemed forfeited and such ~~shares of~~ New Common Units and/or New Preferred Units, as applicable, shall be cancelled notwithstanding any state or other escheat or similar laws to the contrary, and the entitlement by the holder of such unclaimed Allowed Claim to such Plan Distribution or any subsequent Plan Distribution on account of such Allowed Claim shall be extinguished and forever barred.

8.9. ***Satisfaction of Claims.***

Unless otherwise specifically provided herein, any Plan Distributions and deliveries to be made on account of Allowed Claims hereunder shall be in complete settlement, satisfaction and discharge of such Allowed Claims.

8.10. ***Manner of Payment Under Plan.***

Except as specifically provided herein, at the option of the Debtors, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements or customary practices of the Debtors.

8.11. ***De Minimis Cash Distributions.***

The Debtors and the Disbursing Agent shall have no obligation to make a distribution that is less than $100.00 in Cash.

8.12. ***Fractional New Common Units or New Preferred Units***

Notwithstanding any other provision in this Plan to the contrary, no fractional interests of New Common Units or New Preferred Units shall be issued or distributed pursuant to this Plan. Whenever any Plan Distribution of a fraction of a share of New Common Units or New Preferred Units would otherwise be required under this Plan, the actual Plan Distribution made shall reflect a rounding of such fraction to the nearest whole share (up or down), with half shares or less being rounded down and fractions in excess of a half of a share being rounded up. If two or more holders are entitled to equal fractional entitlements and the number of holders so entitled exceeds the number of whole shares, as the case may be, which remain to be allocated, the Debtors shall allocate the remaining whole shares to such holders by random lot or such other impartial method as the Debtors deem fair, in the Debtors' sole discretion. Upon the allocation of all of the whole New Common Units and New Preferred Units authorized under this Plan, all remaining fractional portions of the entitlements shall be canceled and shall be of no further force and effect.

8.13. ***Distributions on Account of Allowed Claims Only.***

Notwithstanding anything herein to the contrary, no Plan Distribution shall be made on account of a Claim until such Claim becomes an Allowed Claim in its entirety.

8.14. ***No Distribution in Excess of Amount of Allowed Claim.***

Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Plan Distribution of a value in excess of the Allowed amount of such Claim.

8.15. ***Exemption from Securities Laws.***

The issuance of and the distribution of the New Common Units and New ~~Preferred~~Series A Units shall be exempt from registration under the Securities Act and any other applicable securities laws pursuant to section 1145 of the Bankruptcy Code, to the maximum extent permitted thereunder. The New Common Units and New ~~Preferred~~Series A Units may be resold by the holders thereof without restriction, except to the extent that any such holder is deemed to be an "underwriter" as defined in section 1145(b)(1) of the Bankruptcy Code.

The issuance of and the distribution of the New Series B Preferred Units (a) shall be exempt from the registration requirements of the Securities Act pursuant to section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, (b) shall be "restricted securities" subject to transfer restrictions under the U.S. federal securities laws, and (c) may be resold, exchanged, assigned, or otherwise transferred pursuant to registration or in compliance with the applicable provisions of Rule 144, Rule 144A, or any other registration exemption under the Securities Act.

The availability of the ~~exemption~~exemptions under section 1145 of the Bankruptcy Code, section 4(a)(2) of the Securities Act, and/or any other applicable securities laws shall not be a condition to occurrence of the Effective Date of the Plan.

8.16. ***Setoffs and Recoupments.***

Except as expressly provided in this Plan, each Debtor may, but shall not be required to, pursuant to sections 553 and 558 of the Bankruptcy Code or applicable non-bankruptcy law, setoff and/or recoup against any Allowed Claim and any Plan Distributions to be made on account of any Allowed Claim, any and all claims, rights and Causes of Action of any nature that such Debtor may hold against the holder of such Allowed Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; provided, however, that neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver, abandonment or release by a Debtor or its successor of any and all claims, rights and Causes of Action that such Debtor or its successor may possess against the applicable holder; provided further, that, for the avoidance of doubt, the Debtors may not setoff and/or recoup any Allowed Claim, right, or Cause of Action that the Debtor may hold against Allowed DIP Claims, Allowed Prepetition Term Loan Claims, or Allowed Prepetition Revolving Credit Facility Claims.

8.17. ***Withholding and Reporting Requirements.***

In connection with this Plan and all Plan Distributions hereunder, the Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Plan Distributions hereunder shall be subject to any such withholding and reporting requirements. The Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of any Plan Distribution to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Disbursing Agent believe are reasonable and appropriate, including requiring a holder of a Claim to submit appropriate tax and withholding certifications. Notwithstanding any other provision of this Plan: (a) each holder of an Allowed Claim that is to receive a Plan Distribution under this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding and other tax obligations on account of such distribution; and (b) no Plan Distributions shall be required to be made to or on behalf of such holder pursuant to this Plan unless and until such holder has made arrangements satisfactory to the Debtors for the payment and satisfaction of such tax obligations or has, to the Debtors' satisfaction, established an exemption therefrom.

ARTICLE IX.
PROCEDURES FOR RESOLVING CLAIMS

9.1. ***Objections to Claims.***

Other than with respect to Professional Fee Claims (or as otherwise expressly provided in any order of the Bankruptcy Court), only the Debtors shall be entitled to object to Claims after the Effective Date; *provided*, that, if the Credit Bid Transaction is implemented, only NewCo shall be entitled to object to a Claim that is an assumed liability under the Credit Bid Transaction Agreement. Any objections to those Claims (other than Administrative Expense Claims) shall be served and filed on or before the later of: (a) the Claims Objection Deadline and (b) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (a) hereof (for the avoidance of doubt, this objection deadline may be extended one or more times by the Bankruptcy Court). Any Claims filed after the applicable Bar Date (including, for the avoidance of doubt and without limitation, the Administrative Bar Date) shall be deemed Disallowed and expunged in their entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtors, as applicable, unless the Person wishing to file such untimely Claim has received the Bankruptcy Court's authorization to do so. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if the objecting party effects service in any of the following manners: (a) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim as well as all other representatives identified in the proof of claim or any attachment thereto; or (c) if counsel has agreed to or is otherwise deemed to accept service, by first class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in the Chapter 11 Cases (so long as such appearance has not been subsequently withdrawn). From and after the Effective Date, the Debtors, in their sole discretion, shall have

exclusive authority to settle or compromise any Disputed Claim that is not an assumed liability under the Credit Bid Transaction Agreement without approval of the Bankruptcy Court.

9.2. ***Amendment to Claims.***

From and after the Confirmation Date, no proof of Claim may be amended to increase or assert additional claims not reflected in a previously timely filed Claim (or Claim scheduled on the applicable Debtor's Schedules, unless superseded by a filed Claim), and any such Claim shall be deemed Disallowed and expunged in its entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtors, unless the claimant has obtained the Bankruptcy Court's prior approval to file such amended or increased Claim.

9.3. ***Disputed Claims.***

Disputed Claims shall not be entitled to any Plan Distributions unless and until they become Allowed Claims.

9.4. ***Estimation of Claims***

The Debtors may request that the Bankruptcy Court enter an Estimation Order with respect to any Claim, pursuant to section 502(c) of the Bankruptcy Code, for purposes of determining the Allowed amount of such Claim regardless of whether any Person has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time (including during the pendency of any appeal with respect to the allowance or disallowance of such Claims). In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim for allowance or distribution purposes, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the objecting party may elect to pursue any supplemental proceedings to object to any ultimate allowance of such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, resolved or withdrawn by any mechanism approved by the Bankruptcy Court.

9.5. ***Reserves.***

For purposes of calculating and making Plan Distributions, the Debtors shall be entitled to estimate, in consultation with the Majority Ad Hoc Group, in good faith and with due regard to litigation risks associated with Disputed Claims, the maximum dollar amount of Allowed and Disputed Claims, inclusive of contingent and/or unliquidated Claims in a particular Class. The Debtors also shall be entitled to seek one or more Estimation Orders from the Court for such purposes, regardless of whether the Debtors have previously objected to such Claim or whether the Court has ruled on any such objection, and the Court shall retain jurisdiction to estimate any Claim for purposes of determining the Allowed amount of such Claim at any time. Appropriate Disputed Claims reserves shall be established for each category of Claims as to which estimates are utilized or sought. Unless otherwise expressly set forth in the Confirmation

Order, the Debtors shall not be obligated to physically segregate and maintain separate accounts for reserves. Accordingly, reserves may be merely bookkeeping entries or accounting methodologies, which may be revised from time to time, as appropriate.

9.6. ***Expenses Incurred on or After the Effective Date.***

Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Debtors, the amount of any reasonable fees and expenses incurred by any Professional Person or the Claims Agent on or after the Effective Date in connection with implementation of this Plan, including reconciliation of, objection to, and settlement of Claims, shall be paid in Cash by the Debtors. For the avoidance of doubt, the Debtors or Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred on or after the Effective Date of (i) the DIP Agent (including legal fees and expenses), and (ii) the Prepetition Agents (including legal fees and expenses), in connection with actions taken by the DIP Agent or the Prepetition Agents, as applicable, (x) at the prior written direction of the Required Lenders (as that term is respectively defined in each of the DIP Credit Agreement, the Prepetition Revolving Credit Facility Agreement and the Prepetition Term Loan Agreement (collectively, the "***Applicable Credit Agreements***")) in accordance with the terms of the respective Applicable Credit Agreements and/or the Final DIP Order, or (y) as required in the Applicable Credit Agreements, the Plan, or the Confirmation Order (including, for the avoidance of doubt, actions taken at the prior written direction of the Debtors or Required Lenders in accordance with the Plan or Confirmation Order), in each case, which payment and/or reimbursement obligations of the Debtors shall vest in the Reorganized Debtors (or, if the Credit Bid Transaction is implemented, NewCo) on the Effective Date.

ARTICLE X.
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

10.1. ***General Treatment.***

As of and subject to the occurrence of the Effective Date and the payment of any applicable Cure Amount, all executory contracts and unexpired leases of the Debtors shall be deemed assumed, except that: (a) any executory contracts and unexpired leases that previously have been assumed, assumed and assigned, or rejected pursuant to a Final Order of the Bankruptcy Court (including, without limitation, in connection with any of the Sales) shall be treated as provided in such Final Order; (b) any executory contracts and unexpired leases listed on the Schedule of Rejected Contracts and Leases shall be deemed rejected as of the Effective Date; (c) all executory contracts and unexpired leases that are the subject of a separate motion to assume or reject under section 365 of the Bankruptcy Code pending on the Effective Date shall be treated as provided for in the Final Order resolving such motion; and (d) executory contracts and unexpired leases related to the D&O Liability Insurance Policies shall not be rejected; provided, that any executory contracts or unexpired leases that were in effect on the Petition Date and are rejected pursuant to a Final Order of the Bankruptcy Court or are rejected through a separate motion to reject under section 365 of the Bankruptcy Code shall be deemed terminated upon rejection, provided that rejection of any executory contract or unexpired lease pursuant to

the Plan or otherwise will not constitute a termination of obligations owed to the Debtors under such contract or lease that survive breach under applicable law; *provided*, *further*, that if the Credit Bid Transaction is implemented, any executory contracts or unexpired leases that were in effect on the Petition Date and have not otherwise been assumed and assigned or rejected pursuant to a Final Order of the Bankruptcy Court shall be assumed by the Debtors and assigned to NewCo unless otherwise rejected pursuant to the terms of this Plan. Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumptions, assumptions and assignments and rejections described in this Section 10.1 pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Section 10.1 shall revest in and be fully enforceable by the applicable Debtors in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law. Nothing contained in this Plan or the listing of a document on the Schedule of Rejected Contracts and Leases, any Cure Notice, or the Proposed Assumption and Assignment Notice shall constitute an admission by the Debtors that such document is an executory contract or an unexpired lease or that any Debtor or its successors and assigns has any liability thereunder. Notwithstanding anything to the contrary in the Plan, to the extent that any of the executory contracts and unexpired leases of the Debtors are not listed on the Schedule of Rejected Contracts and Leases, those executory contracts and unexpired leases of the Debtors shall be assumed under the Plan (and, if the Credit Bid Transaction is implemented, assigned to NewCo). To the extent that any of the executory contracts and unexpired leases of the Debtors are listed on the Schedule of Rejected Contracts and Leases, the Debtors may remove those executory contracts and unexpired leases of the Debtors from the Schedule of Rejected Contracts and Leases up until the commencement of the Confirmation Hearing, and those executory contracts and unexpired leases of the Debtors shall be assumed under the Plan. (and, if the Credit Bid Transaction is implemented, assigned to NewCo).

10.2. ***Claims Based on Rejection of Executory Contracts or Unexpired Leases.***

Except as otherwise explicitly set forth in the Plan, all Claims arising from the rejection of executory contracts or unexpired leases, if evidenced by a timely filed proof of claim, will be treated as General Unsecured Claims. All such Claims shall be discharged as of the Effective Date, and shall not be enforceable against the Debtors, the Estates or their respective properties or interests in property, or the Disbursing Agent. In the event that the rejection of an executory contract or unexpired lease by any of the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not evidenced by a timely filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or their respective properties or interests in property as agents, successors or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtors on or before the date that is thirty (30) days after the Effective Date of such rejection (which may be the Effective Date, the date on which the Debtors reject the applicable contract or lease as provided in Section 10.1 of this Plan, or pursuant to an order of the Bankruptcy Court).

10.3. ***Cure of Defaults for Assumed or Assumed and Assigned Executory Contracts and Unexpired Leases.***

(a) Except to the extent that less favorable treatment has been agreed to by the non-Debtor party or parties to each such executory contract or unexpired lease to be assumed or assumed and assigned pursuant to the Plan, any monetary defaults arising under such executory contract or unexpired lease shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the appropriate amount (the "***Cure Amount***") in full in Cash on the later of thirty (30) days after: (i) the Effective Date; or (ii) the date on which any Cure Dispute relating to such Cure Amount has been resolved (either consensually or through judicial decision).

(b) With respect to any executory contract or unexpired lease to be assumed or assumed and assigned pursuant to Section 10.1 of this Plan, the Debtors shall (i) abide by the terms and conditions set forth in the Bidding Procedures Order and the CCPN Sale Order or MS/AL Sale Order (as applicable) and (ii) no later than 14 calendar days prior to the commencement of the Confirmation Hearing, file a schedule (a "***Cure Schedule***") setting forth the Cure Amount, if any, for each executory contract or unexpired lease to be assumed by the Debtors (and not assigned), that was not listed on any Cure Notice. For the avoidance of doubt, to the extent the applicable counterparty to any contract or lease has previously received a Cure Notice from the Debtors, and failed to object to the Cure Amount by the deadline set forth therein, such Cure Amount shall be final in all cases (unless subsequently modified by the Debtors).

(c) In the event of a dispute (each, a "***Cure Dispute***") regarding: (i) the Cure Amount; (ii) the ability of the applicable Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or assumed and assigned; or (iii) any other matter pertaining to the proposed assumption or assumption and assignment, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving such Cure Dispute and approving the assumption or assumption and assignment. To the extent a Cure Dispute relates solely to the Cure Amount, the applicable Debtor may assume and/or assume and assign the applicable contract or lease prior to the resolution of the Cure Dispute provided, that, such Debtor reserves Cash in an amount sufficient to pay the full amount asserted as the required cure payment by the non-Debtor party to such contract or lease (or such smaller amount as may be fixed or estimated by the Bankruptcy Court). To the extent the Cure Dispute is resolved or determined against the applicable Debtor such Debtor may reject the applicable executory contract or unexpired lease after such determination, and the counterparty may thereafter file a proof of claim in the manner set forth in Section 3.2 of this Plan.

(d) In the event the Credit Bid Transaction Agreement is consummated, the Debtors shall assume and assign to NewCo any executory contract or unexpired lease that otherwise would have been assumed by the Reorganized Debtors as of the Effective Date unless such contract is otherwise rejected pursuant to the terms of this Plan.

10.4. ***Effect of Confirmation Order on Assumption, Assumption and Assignment, and Rejection.***

Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute entry of an order by the Bankruptcy Court pursuant to sections 365(a) and 1123(b) of the Bankruptcy Code approving the assumptions, assumptions and assignments and rejections described in this Article X and determining that: (a) with respect to such rejections, such rejected executory contracts and unexpired leases are burdensome and that the rejection therein is in the best interests of the Estates; (b) with respect to such assumptions, to the extent necessary, that the applicable Debtor has (i) cured, or provided adequate assurance that the applicable Debtor will promptly cure, any default in accordance with section 365(b)(1)(A) of the Bankruptcy Code, (ii) compensated or provided adequate assurance that it or its affiliate will promptly compensate the counterparty for any actual pecuniary loss to such party resulting from such default, and (iii) provided adequate assurance of future performance under such executory contract or unexpired lease; and (c) with respect to any assignment, to the extent necessary, that the applicable Debtor or the proposed assignee (including NewCo, if applicable) has (i) cured, or provided adequate assurance that it or its affiliate will promptly cure, any default in accordance with section 365(b)(1)(A) of the Bankruptcy Code, (ii) compensated or provided adequate assurance that the applicable Debtor or the proposed assignee will promptly compensate the counterparty for any actual pecuniary loss to such party resulting from such default, and (iii) that "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) by the assignee has been demonstrated and no further adequate assurance is required. Assumption of any executory contract or unexpired lease and satisfaction of the Cure Amounts shall result in the full discharge, release and satisfaction of any claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time before the date such executory contract or unexpired lease is assumed. Each executory contract and unexpired lease assumed or assumed and assigned pursuant to this Article X shall revest in and be fully enforceable by the applicable Debtor or NewCo, if applicable, in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law. To the maximum extent permitted by law, to the extent any provision in any executory contract or unexpired lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such executory contract or unexpired lease (including any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such executory contract or unexpired lease or to exercise any other default-related rights with respect thereto. Any party that fails to timely file a Cure Dispute on the basis that consent to assume or assume and assign the applicable executory contract or unexpired lease is a condition to such assumption or assumption and assignment, shall be deemed to have consented to the assumption or assumption and assignment, as applicable, of such contract or unexpired lease.

10.5. ***Compensation and Benefit Programs.***

Except as otherwise expressly provided hereunder, in a prior order of the Bankruptcy Court or to the extent subject to a motion pending before the Bankruptcy Court as of the Effective Date, all employment and severance policies (that were in place as of the Petition Date and relate to employees whose employment will continue with the Debtors following the occurrence of the Effective Date), and all compensation and benefit plans, policies, and programs of the Debtors applicable to their respective employees, retirees and non-employee directors including all savings plans, unfunded retirement plans, healthcare plans, disability plans, severance benefit plans, retention plans, incentive plans, and life, accidental death and dismemberment insurance plans are treated as executory contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code. Each of the Debtors may, prior to the Effective Date, enter into employment agreements with employees that become effective on or prior to the Effective Date and survive consummation of this Plan. Any such agreements (or a summary of the material terms thereof) shall be in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group and be included in the Plan Supplement or otherwise filed with the Bankruptcy Court on or before the date of the Confirmation Hearing. For the avoidance of doubt, this Section 10.5 does not apply to the Debtors' annual short-term incentive performance plan adopted by the Debtors prior to the Petition Date. Notwithstanding the foregoing, if the Credit Bid Transaction is implemented, the Credit Bid Transaction Agreement shall provide for NewCo to assume such plans, policies, programs, and agreements under the Credit Bid Transaction Agreement in a manner acceptable to the Debtors and NewCo.

10.6. ***Assumption of Directors and Officers Insurance Policies***

To the extent that the D&O Liability Insurance Policies issued to, or entered into by, the Debtors prior to the Petition Date constitute executory contracts, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair or otherwise modify any advancement, indemnity or other obligations of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any of the D&O Liability Insurance Policies with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled from the applicable insurers to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

On or before the Effective Date, the Debtors shall purchase and maintain directors, officers and employee liability tail coverage for the six year period following the Effective Date on terms no less favorable than the Debtors' existing director, officer and employee coverage and with an aggregate limit of liability upon the Effective Date of no less

than the aggregate limit of liability under the existing director, officer and employee coverage upon placement. From and after the Effective Date, reasonable directors and officers insurance policies shall remain in place in the ordinary course.

The Reorganized Debtors shall comply with the foregoing paragraphs of this Section 10.6 regardless of whether the Credit Bid Transaction is implemented. If the Credit Bid Transaction is implemented, as soon as reasonably practicable after the Effective Date, NewCo shall purchase and maintain directors, officers, and employee liability coverage following the Effective Date, with an aggregate limit of liability upon the Effective Date of no less than the aggregate limit of liability under the existing director, officer, and employee coverage held by Reorganized Southcross as of the Effective Date.

10.7. ***Assumption of Certain Indemnification Obligations***

Each Indemnification Obligation to a current or former director, officer, manager or employee who was employed by any of the Debtors in such capacity on or after January 1, 2019 (including, for the avoidance of doubt, the members of the board of directors, board of managers or equivalent body of each Debtor at any time) shall be deemed assumed by the Reorganized Debtors (and, if the Credit Bid Transaction is implemented, assigned to NewCo) effective as of the Effective Date. Each Indemnification Obligation that is deemed assumed by the Reorganized Debtors (and, if the Credit Bid Transaction is implemented, assigned to NewCo) pursuant to the Plan shall (a) remain in full force and effect, (b) not be modified, reduced, discharged, impaired or otherwise affected in any way, (c) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not proofs of claim have been filed with respect to such obligations and (d) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before, on or after the Petition Date.

Any obligations of the Debtors (whether pursuant to their corporate charters, bylaws, certificates of incorporation, other organizational documents, board resolutions, indemnification agreements, employment contracts, policy of providing employee indemnification, applicable state law, specific agreement in respect of any claims, demands, suits, causes of action or proceedings against such Persons or agreements, including amendments, or otherwise) entered into at any time prior to the Effective Date, to indemnify, reimburse or limit the liability of the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers and other professionals of the Debtors, as applicable, in each case, based upon any act or omission related to such Persons' service with, for or on behalf of the Debtors prior to the Effective Date with respect to all present and future actions, suits and proceedings relating to the Debtors shall survive the Confirmation Order and, except as set forth herein, remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement or limitation of liability accrued or is owed in connection with an occurrence before or after the Petition Date; provided, that all obligations under this Section 10.7 shall be limited solely to available insurance coverage and neither the Debtors nor any of their assets shall be liable for any such obligations. Any Claim based on the Debtors' obligations set forth in this Section 10.7 shall not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code. This provision for indemnification obligations shall not apply to or cover any Causes of Action against a Person that result in a Final Order

determining that such Person seeking indemnification is liable for fraud, willful misconduct, gross negligence, bad faith, self-dealing or breach of the duty of loyalty. Notwithstanding the foregoing, if the Credit Bid Transaction is implemented, NewCo shall assume the Debtors' obligations set forth in this paragraph pursuant to the terms of the Credit Bid Transaction Agreement.

For the avoidance of doubt, all obligations of the Debtors to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of former directors, officers or employees who were not directors, officers or employees of any of the Debtors at any time on or after January 1, 2019, against any Causes of Action, shall be classified and treated as General Unsecured Claims and shall be discharged on the Effective Date.

ARTICLE XI.
CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

11.1. ***Conditions Precedent to the Effective Date.***

The occurrence of the Effective Date is subject to:

(a) the Disclosure Statement Order, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, having been entered by the Bankruptcy Court and remaining in full force and effect;

(b) the Confirmation Order, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, having become a Final Order and remaining in full force and effect;

(c) the Plan Documents, including the Plan Supplement, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, being filed with the Bankruptcy Court, executed and delivered, and any conditions (other than the occurrence of the Effective Date or certification by a Debtor that the Effective Date has occurred) contained therein having been satisfied or waived in accordance therewith;

(d) a chapter 11 trustee, a responsible officer, or an examiner with enlarged powers relating to the operation of the businesses of any of the Debtors (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) not having been appointed in any of the Chapter 11 Cases;

(e) all material governmental, regulatory and third party approvals, authorizations, certifications, rulings, no-action letters, opinions, waivers and/or consents required in connection with the Plan, if any, having been obtained and remaining in full force and effect, and there existing no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court or before any arbitrator or governmental instrumentality, which would prohibit the consummation of the Plan;

(f) the Amended Constituent Documents, in form and substance reasonably acceptable to the Debtors and the Majority Ad Hoc Group, shall have been filed with the applicable authorities of the relevant jurisdictions of incorporation and shall have become effective in accordance with such jurisdictions' corporation laws;

(g) the Exit ~~Revolving Credit Facility Agreement and Exit Term Loan~~ Credit Facility Documents having been consummated, and being in full force and effect;

(h) if the Credit Bid Transaction is implemented, the Credit Bid Transaction Agreement having been consummated, and being in full force and effect; and

(i) ~~(h)~~ all fees and expenses incurred as of the Effective Date by the Prepetition Term Loan Agent, the Prepetition Revolving Credit Facility Agent, the Prepetition Term Loan Lenders and the Prepetition Revolving Credit Facility Lenders that are provided for under the Final DIP Order, other financing or cash collateral order approved by the Bankruptcy Court or this Plan, having been paid in full in Cash by the Debtors; provided, that, payment of any such amounts incurred by such parties as of the Effective Date but not invoiced to the Debtors shall not be a condition precedent to the effectiveness of this Plan and shall be payable by the Debtors, after receipt by the Debtors of one or more invoices therefor (redacted as appropriate to preserve privilege).

11.2. ***Satisfaction and Waiver of Conditions Precedent.***

Except as otherwise provided herein, any actions taken on the Effective Date shall be deemed to have occurred simultaneously and no such action shall be deemed to have occurred prior to the taking of any other such action. Any of the conditions set forth in section 11.1 of this Plan may be waived in whole or in part, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, without notice and a hearing, and the Debtors' benefits under any "mootness" doctrine shall be unaffected by any provision hereof. The failure to satisfy or waive any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any act, action, failure to act or inaction by the Debtors). The failure of the Debtors to assert the non-satisfaction of any such conditions shall not be deemed a waiver of any other rights hereunder, and each such right shall be deemed an ongoing right that may be asserted or waived (as set forth herein) at any time or from time to time.

11.3. ***Effect of Failure of Conditions Precedent to the Effective Date.***

If all of the conditions to effectiveness have not been satisfied (as provided in Section 11.1 hereof) or duly waived (as provided in Section 11.2 hereof) and the Effective Date has not occurred on or before the first Business Day that is more than 30 days after the Confirmation Date, or by such later date as set forth by the Debtors in a notice filed with the Bankruptcy Court prior to the expiration of such period, then, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, the Debtors may file a motion to vacate the Confirmation Order. Notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if all of the conditions to consummation set forth in Section 11.1 hereof are either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested

in such motion. If the Confirmation Order is vacated pursuant to this Section 11.3, this Plan shall be null and void in all respects, the Confirmation Order shall be of no further force or effect, no Plan Distributions shall be made, the Debtors and all holders of Claims and Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred, and upon such occurrence, nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims against or Interests in the Debtors; (b) prejudice in any manner the rights of the holder of any Claim against or Interest in the Debtors; or (c) constitute an admission, acknowledgment, offer or undertaking by any Debtor or any other Person with respect to any matter set forth in the Plan.

ARTICLE XII.
EFFECT OF CONFIRMATION

12.1. ***Binding Effect.***

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or Interest in, the Debtors and inure to the benefit of and be binding on such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.

12.2. ***Discharge of Claims Against and Interests in the Debtors.***

Upon the Effective Date and in consideration of the Plan Distributions, except as otherwise provided herein or in the Confirmation Order, each Person that is a holder (as well as any trustees and agents for or on behalf of such Person) of a Claim or Interest shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Except as otherwise provided herein, upon the Effective Date, all such holders of Claims and Interests shall be forever precluded and enjoined, pursuant to sections 105, 524, 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in any Debtor or any property, wherever located, of the Estates.

12.3. ***Term of Pre-Confirmation Injunctions or Stays.***

Unless otherwise provided herein, all injunctions or stays provided in the Chapter 11 Cases arising prior to the Confirmation Date in accordance with sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

12.4. ***Injunction Against Interference with Plan.***

Upon the entry of the Confirmation Order, all holders of Claims and Interests and other Persons, along with their respective present or former affiliates, employees, agents, officers, directors, or principals, shall be enjoined from taking any actions, whether in the United States or elsewhere, to interfere with the implementation or consummation of this Plan. Moreover,

Bankruptcy Code section 1141(c) provides, among other things, that the property dealt with by this Plan is free and clear of all Claims and Interests. As such, to the fullest extent permissible under applicable law, no Person holding a Claim or Interest may receive any payment from, or seek recourse against, any assets that are to be distributed under this Plan other than assets required to be distributed to that Person under this Plan. As of the Confirmation Date, to the fullest extent permissible under applicable law, all Persons are precluded and barred from asserting against any property to be distributed under this Plan any Claims, rights, Causes of Action, liabilities, Interests, or other action or remedy based on any act, omission, transaction, or other activity that occurred before the Confirmation Date except as expressly provided in this Plan or the Confirmation Order.

12.5. ***Injunction.***

(a) **Except as otherwise specifically provided in this Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons or Entities who have held, hold or may hold Claims against and/or Interests in the Debtors or the Estates, and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and affiliates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, their Estates or any of their property, wherever located, or any direct or indirect transferee of any property, wherever located, of, or direct or indirect successor in interest to, any of the foregoing Persons or any property, wherever located, of any such transferee or successor; (ii) enforcing, levying, attaching (including any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, or their Estates or any of their property, wherever located, or any direct or indirect transferee of any property, wherever located, of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property, wherever located, of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors or their Estates or any of their property, wherever located, or any direct or indirect transferee of any property, of, or successor in interest to, any of the foregoing Persons; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan to the full extent permitted by applicable law (including, without limitation, commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan) to the fullest extent permitted by applicable law, or (v) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or their Estates, or against the property or interests in property of the Debtors or their Estates, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Debtors and their respective properties and interest in properties; <u>provided</u>, <u>however</u>, that nothing contained herein shall preclude such Persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of this Plan.**

(b) **By accepting Plan Distributions, each holder of an Allowed Claim or Interest will be deemed to have specifically consented to the injunctions set forth in this Section 12.5.**

12.6. ***Releases.***

(a) **Releases by the Debtors. Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, including their cooperation and contributions to the Chapter 11 Cases, the Released Parties shall be deemed released and discharged by the Debtors and their Estates from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, their Estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity or that any holder of a Claim or Interest or other Entity would have been legally entitled to assert derivatively for or on behalf of the Debtors, or their Estates, based on, relating to or in any manner arising from, in whole or in part, the Debtors, their Estates, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the DIP Credit Agreement, the Chapter 11 Cases, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; provided, that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action that has been released or is contemplated to be released pursuant to the Plan in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against any other Released Party, and such Released Party does not abandon such Claim or Cause of Action upon request, then the release set forth in the Plan shall automatically and retroactively be null and void *ab initio* with respect to the Released Party bringing or asserting such Claim or Cause of Action; provided further that the immediately preceding proviso shall not apply to (i) any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim against the Debtors or (ii) any release or indemnification provided for in any settlement or granted under any other court order, provided that, in the case of (i) and (ii), the Debtors shall retain all defenses related to any such action. Notwithstanding anything contained herein**

to the contrary, the foregoing release shall not release any obligation of any party under the Plan or any document, instrument or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in the Plan is: (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (ii) in the best interests of the Debtors and all holders of Interests and Claims; (iii) fair, equitable and reasonable; (iv) given and made after due notice and opportunity for hearing; and (v) a bar to the Debtors asserting any claim, Cause of Action or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

(b) **Releases by the Holders of Claims and Interests. Except as otherwise specifically provided in this Plan or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, including the obligations of the Debtors under this Plan, the Plan Consideration and other contracts, instruments, releases, agreements or documents executed and delivered in connection with this Plan, each Releasing Party shall be deemed to have consented to this Plan and the restructuring embodied herein for all purposes, and shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged the Released Parties from any and all Claims, Interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based on, relating to or in any manner arising from, in whole or in part, the Debtors, the Estates, the liquidation, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Releasing Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the DIP Credit Agreement, the Prepetition Revolving Credit Facility, the Prepetition Term Loan Agreement, or this Plan or the Disclosure Statement, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; provided that any holder of a Claim or Interest that elects to opt out of the releases contained in the Plan shall not receive the benefit of the releases set forth in the Plan (even if for any reason otherwise entitled). Notwithstanding anything contained**

herein to the contrary, the foregoing release shall not release any obligation of any party under the Plan or any document, instrument or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in the Plan is: (i) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (ii) in the best interests of the Debtors and all holders of Interests and Claims; (ii) fair, equitable and reasonable; (iv) given and made after due notice and opportunity for hearing; and (v) a bar to the Debtors asserting any claim, Cause of Action or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

(c) **Notwithstanding anything to the contrary contained herein, the releases set forth in this Section 12.6 shall not release any (i) claims against any Person to the extent such Person asserts a crossclaim, counterclaim and/or claim for setoff which seeks affirmative relief against a Debtor or any of its officers, directors, or representatives and (ii) claims against any Person arising from or relating to such Person's gross negligence, willful misconduct, each as determined by a Final Order of the Bankruptcy Court.**

12.7. ***Exculpation and Limitation of Liability.***

On the Effective Date, except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, to the maximum extent permissible under applicable law, none of the Exculpated Parties shall have or incur any liability to any holder of any Claim or Interest or any other Person for any act or omission in connection with, or arising out of the Debtors' restructuring, including the negotiation, implementation and execution of this Plan, the Plan Supplement, the Chapter 11 Cases, the Prepetition Term Loan Agreement, the Prepetition Revolving Credit Facility Agreement, the Disclosure Statement, the solicitation of votes for and the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, including all documents ancillary thereto, all decisions, actions, inactions and alleged negligence or misconduct relating thereto and all activities leading to the promulgation and confirmation of this Plan except for gross negligence or willful misconduct, each as determined by a Final Order of the Bankruptcy Court. For purposes of the foregoing, it is expressly understood that any act or omission effected with the approval of the Bankruptcy Court conclusively will be deemed not to constitute gross negligence or willful misconduct unless the approval of the Bankruptcy Court was obtained by fraud or misrepresentation, and in all respects, the applicable Persons shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under, or in connection with, the Chapter 11 Cases, the Plan, and administration thereof. The Exculpated Parties have, and upon confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time

for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

12.8. ***Injunction Related to Releases and Exculpation.***

The Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities released pursuant to this Plan, including the claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities released in or encompassed by Sections 12.6 and 12.7 of this Plan. Each of the Debtors is expressly authorized hereby to seek to enforce such injunction.

12.9. ***Retention of Causes of Action/Reservation of Rights.***

(a) Except as expressly provided in this Plan or in the Confirmation Order, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors or the Estates may have, or that the Debtors may choose to assert on behalf of their respective Estates or the Estates, as applicable, under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim and/or claim for setoff that seeks affirmative relief against the Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Estates to the Debtors.

(b) Except as expressly provided in this Plan or in the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or regarding any Claim left Unimpaired by the Plan. The Debtors shall have, retain, reserve and be entitled to commence, assert and pursue all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

(c) Except as expressly provided in this Plan or in the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

ARTICLE XIII.
RETENTION OF JURISDICTION

Pursuant to sections 105 and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction, to the fullest extent permissible

under law, over all matters arising in, arising under, or related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine all matters relating to the assumption or rejection of executory contracts or unexpired leases, including whether a contract or lease is or was executory or expired, and the Cure Disputes resulting therefrom;

(b) To hear and determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;

(c) To hear and resolve any disputes arising from or relating to (i) any orders of the Bankruptcy Court granting relief under Bankruptcy Rule 2004, or (ii) any protective orders entered by the Bankruptcy Court in connection with the foregoing;

(d) To ensure that Plan Distributions to holders of Allowed Claims are accomplished as provided herein;

(e) To consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim;

(f) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

(g) To issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of this Plan, the Confirmation Order, or any other order of the Bankruptcy Court (including, without limitation, with respect to releases, exculpations and indemnifications);

(h) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(i) To hear and determine all matters relating to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

(j) To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(k) To hear and determine disputes arising in connection with or related to the interpretation, implementation, or enforcement of this Plan, the Confirmation Order, the Disclosure Statement, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing (including without limitation the Plan Supplement and the Plan Documents); provided that the Bankruptcy Court shall not retain jurisdiction over disputes concerning documents contained in the Plan

Supplement that have a jurisdictional, forum selection or dispute resolution clause that refers disputes to a different court and any disputes concerning documents contained in the Plan Supplement shall be governed in accordance with the provisions of such documents;

(l) To take any action and issue such orders, including any such action or orders as may be necessary after occurrence of the Effective Date and/or consummation of the Plan, as may be necessary to construe, enforce, implement, execute, and consummate this Plan, including any release or injunction provisions set forth herein, or to maintain the integrity of this Plan following consummation;

(m) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(p) To resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement Hearing, the Confirmation Hearing, any applicable Bar Date, or the deadline for responding or objecting to a Cure Amount, for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;

(q) To recover all assets of the Debtors and property of the Estates, wherever located;

(r) To hear and determine any rights, claims or Causes of Action held by or accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory; and

(s) To enter a final decree closing each of the Chapter 11 Cases.

As of the Effective Date, notwithstanding anything in this Article XIII to the contrary, the Exit ~~Revolving~~ Credit Facility Agreement and the Exit ~~Term Loan Agreement~~Credit Facility Documents shall be governed by the ~~respective~~ jurisdictional provisions therein.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, the provisions of this Article XIII shall have no effect on and shall not control, limit, or prohibit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE XIV.
MISCELLANEOUS PROVISIONS

14.1. ***Exemption from Certain Transfer Taxes.***

Pursuant to section 1146(a) of the Bankruptcy Code and to the fullest extent permitted by applicable law, (i) any issuance, transfer, or exchange under this Plan of New Common Units and New Preferred Units and the security interests in favor of the lenders under the Exit ~~Revolving~~ Credit Facility and ~~the Exit Term Loan and~~ (ii) the consummation of sale transactions by the Debtors and approved by the Bankruptcy Court on and after the Confirmation Date through and including the Effective Date, including any transfers effectuated under this Plan, the sale by the Debtors of any owned property pursuant to section 363(b) of the Bankruptcy Code, and any assumption, assignment, and/or sale by the Debtors of their interests in unexpired leases of non-residential real property or executory contracts pursuant to section 365(a) of the Bankruptcy Code, shall constitute a "transfer under a plan" shall not be subject to any stamp, real estate transfer, recording, or other similar tax.

14.2. *Termination of Professionals.*

On the Effective Date, the engagement of each Professional Person retained by the Debtors shall be terminated without further order of the Bankruptcy Court or act of the parties; provided, however, such Professional Person shall be entitled to prosecute their respective Professional Fee Claims and represent their respective constituents with respect to applications for allowance and payment of such Professional Fee Claims and the Debtors shall be responsible for the reasonable and documented fees, costs and expenses associated with the prosecution of such Professional Fee Claims. Nothing herein shall preclude any Debtor from engaging a former Professional Person on and after the Effective Date in the same capacity as such Professional Person was engaged prior to the Effective Date.

14.3. *Amendments.*

If reasonably acceptable to the Debtors and the Majority Ad Hoc Group, this Plan may be amended, modified, or supplemented in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims pursuant to this Plan, the Debtors may, if reasonably acceptable to the Debtors and the Majority Ad Hoc Group, make appropriate technical adjustments, remedy any defect or omission or reconcile any inconsistencies in this Plan, the Plan Documents and/or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of this Plan, and any holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan as amended, modified, or supplemented.

14.4. *Revocation or Withdrawal of this Plan.*

The Debtors reserve the right, in consultation with the Majority Ad Hoc Group, to revoke, delay or withdraw this Plan, as to any or all of the Debtors, prior to the Effective Date. If the Debtors revoke, delay or withdraw this Plan, in accordance with the preceding sentence, prior to the Effective Date as to any or all of the Debtors, or if confirmation or consummation as to any or all of the Debtors does not occur, then, with respect to such Debtors: (a) this Plan shall be null and void in all respects; (b) any settlement or compromise not previously approved by Final

Order of the Bankruptcy Court embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption, assumption and assignment, or rejection of executory contracts or leases affected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void; and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person.

14.5. ***Allocation of Plan Distributions Between Principal and Interest.***

To the extent that any Allowed Claim entitled to a distribution under the Plan consists of indebtedness and other amounts (such as accrued but unpaid interest thereon), such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to such other amounts.

14.6. ***Severability.***

If, prior to the entry of the Confirmation Order, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, in consultation with the Majority Ad Hoc Group, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.7. ***Governing Law.***

Except to the extent that the Bankruptcy Code or other U.S. federal law is applicable, or to the extent a Plan Document or exhibit or schedule to the Plan provides otherwise, the rights, duties, and obligations arising under this Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof to the extent such principles would result in the application of the laws of any other jurisdiction.

14.8. ***Section 1125(e) of the Bankruptcy Code.***

The Debtors have, and upon confirmation of this Plan shall be deemed to have, solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and the Debtors and the Ad Hoc Group (and each of their respective affiliates, agents, directors, officers, employees, advisors, and attorneys) participated in good

faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, solicitation and/or purchase of the securities offered and sold under this Plan, and therefore are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or offer, issuance, sale, or purchase of the securities offered and sold under this Plan.

14.9. ***Inconsistency.***

In the event of any inconsistency among the Plan, the Disclosure Statement, the Plan Documents, any exhibit to the Plan or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall govern.

14.10. ***Time.***

In computing any period of time prescribed or allowed by this Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply. If any payment, distribution, act or deadline under the Plan is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date.

14.11. ***Exhibits.***

All exhibits to this Plan are incorporated and are a part of this Plan as if set forth in full herein.

14.12. ***Notices.***

In order to be effective, all notices, requests, and demands to or upon the Debtors shall be in writing (including by facsimile transmission) and, unless otherwise provided herein, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Southcross Energy Partners, L.P.
1717 Main St., Suite 5300
Dallas, TX 75201
Attn: ~~Michael B. Howe~~Kelly Jameson
Fax: (214) 979-3710
Email: ~~michael.howe~~kelly.jameson@southcrossenergy.com

with a copy to (which shall not constitute notice):

Davis Polk & Wardwell LLP
450 Lexington Ave.
New York, NY 10017
Attn: Marshall S. Huebner, Darren S. Klein and Steven Szanzer
Fax: (212) 701-5217
Email: marshall.huebner@davispolk.com
darren.klein@davispolk.com
steven.szanzer@davispolk.com

Morris, Nichols, Arsht & Tunnell LLP
1201 N. Market St., 16th Floor, PO Box 1347
Attn: Robert J. Dehney, Andrew R. Remming, Joseph C. Barsalona II, and Eric W. Moats
Fax: (302) 658-3989
Email: rdehney@mnat.com
aremming@mnat.com
jbarsalona@mnat.com
emoats@mnat.com

Willkie Farr & Gallagher LLP
787 Seventh Ave.
New York, NY 10019
Attn: Joseph G. Minias, Paul V. Shalhoub, and Debra C. McElligott
Fax: (212) 728-8111
Email: jminias@willkie.com
pshalhoub@willkie.com
dmcelligott@willkie.com

-and-

Young Conaway Stargatt & Taylor LLP
1000 N. King St.
Wilmington, DE 19801
Attn: Matthew B. Lunn, Edmon L. Morton, and Joseph M. Mulvihill
Fax: (302) 571-1253
Email: mlunn@ycst.com
emorton@ycst.com
jmulvihill@ycst.com

14.13. ***Filing of Additional Documents.***

On or before substantial consummation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

14.14. ***Reservation of Rights.***

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtors or the Ad Hoc Group (or the Majority Ad Hoc Group) with respect to this Plan shall be or shall be deemed to be, an admission or waiver of any rights of the Debtors or the Ad Hoc Group (or the Majority Ad Hoc Group) with respect to any Claims or Interests prior to the Effective Date.

~~Respectfully submitted,~~

~~Southcross Energy Partners GP, LLC (for itself and on behalf of all Debtors)~~

~~*/s/ Michael B. Howe*~~
~~Name: Michael B. Howe~~
~~Title: Chief Financial Officer~~

Respectfully submitted,

Southcross Energy Partners GP, LLC (for itself and on behalf of all Debtors)

/s/ James W. Swent III
Name: James W. Swent III
Title: Chief Executive Officer

Exhibit A

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are:

Southcross Energy Partners, L.P. (5230)
Southcross Energy Partners GP, LLC (5141)
Southcross Energy Finance Corp. (2225)
Southcross Energy Operating, LLC (9605)
Southcross Energy GP LLC (4246)
Southcross Energy LP LLC (4304)
Southcross Gathering LTD. (7233)
Southcross CCNG Gathering LTD. (9553)
Southcross CCNG Transmission LTD. (4531)
Southcross Marketing Company LTD. (3313)
Southcross NGL Pipeline LTD. (3214)
Southcross Midstream Services, L.P. (5932)
Southcross Mississippi Industrial Gas Sales, L.P. (7519)
Southcross Mississippi Pipeline, L.P. (7499)
Southcross Gulf Coast Transmission, LTD. (0546)
Southcross Mississippi Gathering, L.P. (2994)
Southcross Delta Pipeline LLC (6804)
Southcross Alabama Pipeline LLC (7180)
Southcross Nueces Pipelines LLC (7034)
Southcross Processing LLC (0672)
FL Rich Gas Services GP, LLC (5172)
FL Rich Gas Services, LP (0219)
FL Rich Gas Utility GP, LLC (3280)
FL Rich Gas Utility, LP (3644)
Southcross Transmission, LP (6432)
T2 EF Cogeneration Holdings LLC (0613)
T2 EF Cogeneration LLC (4976)

Document comparison by Workshare 9.5 on Tuesday, January 7, 2020 3:28:29 PM

Input:	
Document 1 ID	interwovenSite://WIL-DMS/WILM/13264223/1
Description	#13264223v1<WILM> - SXE - Plan of Reorganization (SOLICITAION VERSION) (AS FILED) (11.7.19)
Document 2 ID	N:\NRPortbl\WILM\EMOATS\13417462_1.docx
Description	N:\NRPortbl\WILM\EMOATS\13417462_1.docx
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	429
Deletions	385
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	824

Exhibit B

Liquidation Analysis

1) Introduction

The Debtors, with the assistance of their restructuring, legal, and financial advisors, have prepared this hypothetical Liquidation Analysis in connection with the Debtors' Amended Plan and Disclosure Statement Supplement pursuant to chapter 11 of the Bankruptcy Code. The Liquidation Analysis indicates the estimated recoveries that may be obtained by Classes of Claims and Interests in a hypothetical liquidation pursuant to chapter 7 of the Bankruptcy Code upon disposition of assets as an alternative to the Amended Plan. Accordingly, asset values discussed herein may be different than amounts referred to in the Amended Plan. The Liquidation Analysis is based upon the assumptions discussed herein.

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that the Bankruptcy Court find, as a condition to confirmation of the Amended Plan, that each holder of a Claim or Interest in each Impaired Class: (i) has accepted the Amended Plan; or (ii) will receive or retain under the Amended Plan property of a value, as of the Effective Date, that is not less than the amount that such Person would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. In order to make these findings, the Bankruptcy Court must: (1) estimate the cash proceeds (the "**Liquidation Proceeds**") that a chapter 7 trustee (the "**Trustee**") would generate if each Debtor's chapter 11 cases were converted to a chapter 7 case on the Effective Date and the assets of such Debtor's estate were liquidated; (2) determine the distribution (the "**Liquidation Distribution**") that each holder of a Claim or Interest would receive from the Liquidation Proceeds under the priority scheme dictated in chapter 7; and (3) compare each holder's Liquidation Distribution to the distribution under the Amended Plan (the "**Plan Distribution**") that such holder would receive if the Amended Plan were confirmed and consummated. Accordingly, asset values discussed herein may be different than amounts referred to in the Amended Plan. The Liquidation Analysis is based upon certain assumptions discussed herein and in the Disclosure Statement and the Disclosure Statement Supplement.

THE DEBTORS MAKE NO REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN, OR A TRUSTEE'S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THAT THE CHAPTER 11 CASES ARE CONVERTED TO A CHAPTER 7 LIQUIDATION, ACTUAL RESULTS COULD VARY MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THIS LIQUIDATION ANALYSIS.

2) Basis of Presentation

The Liquidation Analysis has been prepared assuming that the Debtors' chapter 7 liquidation would commence on or about January 31, 2020 (the "**Liquidation Date**"). The *pro forma* values referenced herein are projected as of January 31, 2020. The Debtors assume January 31, 2020 to be a reasonable proxy for the anticipated Effective Date. The Liquidation Analysis was prepared on a legal entity basis for each Debtor and summarized into a consolidated report.

The Liquidation Analysis represents an estimate of recovery values and percentages based upon a hypothetical liquidation if a trustee were appointed by the Bankruptcy Court to convert assets into cash. The determination of the hypothetical proceeds from the liquidation of assets is a highly uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by management and their advisors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors and their management team. The Liquidation Analysis should be read in conjunction with the assumptions, qualifications, and explanations set forth in the Disclosure Statement, the Disclosure Statement Supplement, and the Amended Plan in their entirety as well as the notes and assumptions set forth below.

The Liquidation Analysis assumes the Debtors and certain non-Debtor subsidiaries[1], enter chapter 7 on January 31, 2020, a proxy for the assumed Effective Date of the Debtors' chapter 11 plan.

The Liquidation Analysis incorporates the fact that that the CCPN Assets were sold on November 6, 2019, and that the MS/AL Assets were sold on December 16, 2019. Proceeds from these asset sales, net of transaction fees, immediately pay down debt pursuant to the DIP Facility terms. The January 31, 2020 balances are adjusted to exclude all CCPN Assets and MS/AL Assets.

The Liquidation Analysis assumes that the Debtors' equity interests in T2 Eagle Ford Gathering Company LLC and T2 LaSalle Gathering Company LLC (the "**Joint Venture Entities**") are sold in a three-month period post-conversion to chapter 7.

For liquidating legal entities, the Liquidation Analysis assumes a timeline in which:

- on the Liquidation Date, the Debtors' operations cease as soon as is safely practicable;

- all assets are assumed to be sold and book-keeping is finalized by May 31, 2020, over a 4-month period following the cessation of operations.

In preparing the Liquidation Analysis, the Debtors have estimated an amount of allowed claims for each Class of claimants based upon a review of the Debtors' balance sheets as of October 31, 2019, adjusted for estimated balances as of the Liquidation Date where needed. The estimate of all allowed claims in the Liquidation Analysis is based on the par value of each of these Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any

[1] Non-debtor entities include recently acquired Southcross Holdings entities (Frio LaSalle Pipeline, LP, Frio LaSalle GP, LLC, Southcross Midstream Utility, LP, and Southcross Midstream T/U GP, LLC), Southcross Energy acquired all assets at each of these entities, excluding cash. The Debtors received a $60 million secured claim at these entities and therefore it is assumed that all proceeds flow to the Debtors secured lenders.

determination of the value of any distribution to be made on account of Allowed Claims under the Amended Plan. The actual amount of Allowed Claims could be materially different from the amount of Claims estimated in the Liquidation Analysis.

The cessation of business in a liquidation is likely to trigger certain claims that otherwise would not exist under a chapter 11 plan absent a liquidation. Examples of these kinds of claims included in this analysis are various potential employee claims (for such items as severance), unpaid chapter 11 administrative claims and rejection damages claims relating to executory contracts or unexpired leases.

The Liquidation Analysis also does not include estimates for the tax consequences that may be triggered upon the liquidation and sale of assets in the manner described above. Such tax consequences may be material.

The Liquidation Analysis does not include recoveries resulting from any potential preference, fraudulent transfer, or other litigation or avoidance actions.

3) Liquidation Process

For purposes of this analysis, the Debtors' hypothetical liquidation would be conducted in a chapter 7 environment with the Trustee managing the bankruptcy estate of each Debtor (each an "**Estate**" or the "**Estates**") to maximize recovery in an expedited process. The Trustee's initial step would be to develop a liquidation plan to generate proceeds from the sale of entity specific assets for distribution to creditors. The three major components of the liquidation are as follows:

- generation of cash proceeds from asset sales, largely sold on a piecemeal basis;
- costs related to the liquidation process, such as personnel retention costs, severance, Estate wind-down costs and Trustee, professional, and other administrative fees; and
- distribution of net proceeds generated from asset sales to the holders of Claims and Interests in accordance with the priority scheme under chapter 7 of the Bankruptcy Code.[2]

4) Distribution of Net Proceeds to Claimants

Any available net proceeds would be allocated to the applicable holders of Claims and Interests in strict priority in accordance with section 726 of the Bankruptcy Code:

- Pursuant to the DIP Credit Agreement and Final DIP Order, all proceeds realized from the liquidation or other disposition of all or substantially all of the Debtors'

[2] The liquidation process would include a reconciliation of claims asserted against the Estates to determine the allowed Claim amount per Class.

assets shall be subject first to the Carve-Out before repayment of any DIP Obligations, Adequate Protection Obligations, 507(b) Claims, Prepetition Secured Debt (each as defined in the Final DIP Order), or any other claims against the Debtors. The Carve-Out means a carve-out from the DIP Superpriority Claims, the DIP Liens (other than DIP Liens in the Cash Collateral, held in the Cash Collateral Account, securing DIP Letters of Credit), the 507(b) Claims, and the Adequate Protection Liens (each as defined in the Final DIP Order) in an amount equal to the sum of (i) all court and U.S. Trustee fees, (ii) all reasonable fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an aggregate amount not to exceed $50,000, and (iii) to the extent allowed by the Court at any time, all unpaid fees and expenses (the "**Professional Fees**") incurred by persons or firms retained by the Debtors, pursuant to section 327, 328, or 363 of the Bankruptcy Code (or by a Committee, if any, pursuant to section 328 and 1103 of the Bankruptcy Code). As such, the estimate of accrued and unpaid Carve-Out fees as of the Liquidation Date is $7.5 million. This chapter 7 liquidation analysis is based on the assumption that the Carve-Out provided for in the Final DIP Order is sufficient to satisfy the costs and expenses of a hypothetical chapter 7 liquidation. It is possible that the amounts necessary to conduct a hypothetical chapter 7 liquidation are more or less than amounts permitted to be paid as part of the Carve-Out. The Debtors believe that the Final DIP Order also requires that a Wind-Down Account be established, if necessary, if a Section 363 Sale is conducted by a chapter 7 trustee. The DIP Lenders, Prepetition Revolving Credit Facility Lenders and Prepetition Term Loan Lenders do not believe the Final DIP Order requires this result.

- DIP Claims consist of any claim held by any of the DIP Lenders or the DIP Agent arising under or related to the DIP Credit Agreement or the Final DIP Order, including any Claim for principal, interest, fees and expenses to the extent not otherwise satisfied pursuant to an Order of the Court.

- The New Money DIP Claims consist of the new money DIP Term Loan of $72.7 million and DIP LC Loan of $55.1 million. Additionally, there were fees paid-in-kind on the new money DIP loans due to the DIP extension and the unpaid DIP exit fee, which is calculated at 1.5% of the outstanding new money DIP. The New Money DIP Claims have priority over all remaining claims other than the Carve-Out claims described above. Prior to the Liquidation Date, the New Money DIP Claims were paid down with proceeds from the CCPN Sale and the MS/Al Sale, emission credits sales, and other compressor asset sales proceeds. Additionally, after incorporating assumed letters of credit drawn by counterparties upon the Liquidation Date the remaining cash available in the DIP LC Loan account is assumed to be used to repay

the remaining New Money DIP Claims. As such, there are no remaining New Money DIP Claims as of the Liquidation Date.

- The DIP Term Loan Roll-Up consists of prepetition claims of $127.5 million that were rolled up in proportion with the total new money DIP loans. Additionally, there were fees paid-in-kind on the DIP Term Loan Roll-Up due to the DIP extension. Prior to the Liquidation Date, a portion of the DIP Term Loan Roll-Up was paid down with remaining proceeds from asset sales and remaining cash in the DIP LC Loan account (as described above) after the satisfaction of all New Money DIP Claims. These paydowns are allocated between the DIP Term Loan Roll-Up Claims and the Prepetition Revolving Credit Facility Claims (described below) in accordance with the terms described in the Amended Plan. As such, the balance of the DIP Term Loan Roll-Up as of the Liquidation Date is $116.9 million.

- Prepetition Revolving Credit Facility Claim means any Claim arising under the Prepetition Revolving Credit Facility and the Prepetition Revolving Credit Facility Agreement. Prior to the Liquidation Date, a portion of the Prepetition Revolving Credit Facility Claims were paid down with remaining proceeds from asset sales and remaining cash in the DIP LC Loan account after the satisfaction of all New Money DIP Claims. These paydowns are allocated between the DIP Term Loan Roll-Up and the Prepetition Revolving Credit Facility (described above), in accordance with the terms described in the Amended Plan. As such, the balance of the Prepetition Revolving Credit Facility Claims as of the Liquidation Date is $79.1 million.

- Prepetition Term Loan Claims means any Claim arising under the Prepetition Term Loan and the Prepetition Term Loan Agreement. As of the Liquidation Date, the balance of the Prepetition Term Loan Claims is $309.5 million.
- Chapter 11 Administrative Expense and Priority Claims: Administrative expense Claims not otherwise covered by the Carve-Out include post-petition liabilities, post-petition severance for all employees terminated as part of the liquidation of the company and restructuring transaction fees (in excess of those covered by the Carve-Out).

- General Unsecured Claims: includes contract rejection claims and various other unsecured liabilities.

- Sponsor Notes: includes unsecured notes dated January 22, 2018.

- Existing Interests: includes any equity security in a Debtor as defined in section 101(16) of the Bankruptcy Code, including all common stock or units, preferred stock or units, or other instruments evidencing an ownership interest in any of the Debtors.

5) Conclusion

The Debtors have determined, as summarized in the following analysis, upon the Effective Date, the Amended Plan will provide all holders of Claims and Interests with a recovery (if any) that is not less than what they would otherwise receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code, and as such believe that the Amended Plan satisfies the requirement of 1129(a)(7) of the Bankruptcy Code.

The following Liquidation Analysis should be reviewed with the accompanying notes. The following tables reflect the rollup of the deconsolidated liquidation analysis for the Debtors.

Summary of Net Proceeds Available for Distribution

	Low	Midpoint	High
Gross Liquidation Proceeds	$ 67,579,346	$ 80,286,411	$ 100,507,718
Less: Liquidation Costs	(6,223,812)	(6,732,094)	(7,540,946)
Net Liquidation Proceeds	**$ 61,355,535**	**$ 73,554,317**	**$ 92,966,772**

Summary of Recovery (%)

	Remaining Claim	Low	Midpoint	High
Less: Pre-Chapter 7 Professional Fees Carve-Out	$ 7,475,283	100%	100%	100%
Less: Remaining New Money DIP Claims (1) (2)	-			
Less: Remaining DIP Term Loan Roll-Up Claims (2)	116,913,652	39%	48%	62%
Less: Remaining Pre-Petition Revolving Credit Facility Claims	79,093,795	11%	13%	17%
Less: Pre-Petition Term Loan Claims	309,418,356	0%	0%	0%
Less: Ch. 11 Administrative, Priority, and Priority Tax Claims	16,753,223	0%	0%	0%
Less: General Unsecured Claims	12,859,813	0%	0%	0%
Less: Sponsor Notes	17,382,775	0%	0%	0%
Less: Equity Interests	N/A	0%	0%	0%
Total Pre-Petition Revolving Credit Facility Claims	79,093,795	11%	13%	17%
Total Term Loan Claims	$ 426,332,008	11%	13%	17%

Notes:

(1) The New Money DIP Claims are paid in full upon conversion through a combination of asset sale proceeds and remaining cash in the DIP LC escrow account. See additional information in Exhibit B and Disclosure Statement.

(2) Recoveries on the total DIP claims of ($259.4 M) are 72%, 76%, and 83% in the low, midpoint, and high scenarios, respectively.

[Remainder of This Page Intentionally Left Blank]

Southcross Energy Liquidation Analysis
Consolidation of Debtor Entities

	Notes	1/31/2020 Estimated Value	Recovery Estimate % Low	Recovery Estimate % Midpoint	Recovery Estimate % High	Recovery Estimate $ Low	Recovery Estimate $ Midpoint	Recovery Estimate $ High
Assets								
Cash	[A]	$ 15,212,360	*100%*	*100%*	*100%*	15,212,360	15,212,360	15,212,360
Trade Accounts Receivable	[B]	27,179,810	*60%*	*70%*	*80%*	16,307,886	19,025,867	21,743,848
Prepaid Expenses	[C]	4,679,623	*0%*	*0%*	*0%*	-	-	-
Property, plant and equipment, net	[D]							
Construction in Progress	[E]	5,579,000	*0%*	*0%*	*0%*	-	-	-
Pipeline	[F]	150,284,840	*0%*	*0%*	*5%*	-	-	7,514,242
Plants	[G]	125,714,365	*10%*	*16%*	*22%*	12,341,500	19,907,500	27,473,500
Compressors	[H]	26,504,757	*65%*	*70%*	*75%*	17,275,700	18,604,600	19,933,500
Rights of Way	[I]	27,196,319	*0%*	*0%*	*0%*	-	-	-
Capital Leases	[J]	806,464	*0%*	*0%*	*0%*	-	-	-
Other	[K]	6,283,283	*3%*	*6%*	*9%*	157,082	353,435	549,787
Investments in Joint Ventures	[L]	88,346,563	*7%*	*8%*	*9%*	6,284,818	7,182,649	8,080,480
Other Assets	[M]	6,392,867	*0%*	*0%*	*0%*	-	-	-
Total Assets / Gross Liquidation Proceeds		**$ 484,180,252**	**14%**	**17%**	**21%**	**$ 67,579,346**	**$ 80,286,411**	**$ 100,507,718**
Less Liquidation Adjustments								
Chapter 7 Trustee Fee	[N]					(2,027,380)	(2,408,592)	(3,015,232)
Chapter 7 Professional Fees	[O]					(675,793)	(802,864)	(1,005,077)
Employee Company Costs to Wind Down Estate	[P]					(839,820)	(839,820)	(839,820)
Non-Employee Company Costs to Wind Down Estate	[Q]					(2,680,818)	(2,680,818)	(2,680,818)
Total Liquidation Adjustments						**$ (6,223,812)**	**$ (6,732,094)**	**$ (7,540,946)**
Liquidation Proceeds Available for Distribution to Creditors						**$ 61,355,535**	**$ 73,554,317**	**$ 92,966,772**

Summary Hypothetical Waterfall Scenario

		Claim Est.	Recovery Estimate $ Low	Recovery Estimate $ Midpoint	Recovery Estimate $ High
			$	$	$
Less: Pre-Chapter 7 Professional Fees Carve-Out	[R]	$ 7,475,283	7,475,283	7,475,283	7,475,283
Remaining Proceeds			**53,880,252**	**66,079,034**	**85,491,488**
Less: Remaining New Money DIP Claims (1) (2)	[S]	-	-	-	-
Remaining Proceeds			**53,880,252**	**66,079,034**	**85,491,488**
Less: Remaining DIP Term Loan Roll-Up Claims (2)	[T]	116,913,652	45,448,562	55,738,364	72,112,974
Remaining Proceeds			**8,431,690**	**10,340,670**	**13,378,514**
Less: Remaining Pre-Petition Revolving Credit Facility Claims	[U]	79,093,795	8,431,690	10,340,670	13,378,514
Remaining Proceeds			-	-	-
Less: Pre-Petition Term Loan Claims	[V]	309,418,356	-	-	-
Remaining Proceeds			-	-	-
Less: Ch. 11 Administrative, Priority, and Priority Tax Claims	[W]	16,753,223	-	-	-
Remaining Proceeds			-	-	-
Less: General Unsecured Claims	[X]	12,859,813	-	-	-
Remaining Proceeds			-	-	-
Less: Sponsor Notes	[Y]	17,382,775	-	-	-
Remaining Proceeds			-	-	-
Less: Equity Interests	[Z]	N/A	-	-	-
Remaining Proceeds			-	-	-

Notes:

(1) The New Money DIP Claims are paid in full upon conversion through a combination of asset sale proceeds and remaining cash in the DIP LC escrow account. See additional information in Exhibit B and Disclosure Statement.

(2) Recoveries on the total DIP claims of ($259.4 M) are 72%, 76%, and 83% in the low, midpoint, and high scenarios, respectively.

[Remainder of This Page Intentionally Left Blank]

Specific Notes to the Liquidation Analysis

Net Liquidation Proceeds

- **Note A - Cash**
  - Consists of rollforward of book cash as of the Liquidation Date for all legal entities.
  - The analysis assumes that the Debtors cease operations immediately upon the Liquidation Date and no cash is generated or used through operations.
  - The projected cash balance as of January 31, 2020 is based on the latest *pro forma* cash flow forecast projections prepared by the Debtors and its advisors.
  - The adjusted letters of credit restricted cash account balance is $49.1 million prior to the Liquidation Date due to the original issue discount of 1.5% and a vendor prepayment made out of the account of $5.1 million.
  - Upon the Liquidation Date, $31.8 million of the $49.1 million escrow account for letters of credit is used to pay down the New Money DIP Claims, the DIP Term Loan Roll-Up Claims and the Prepetition Revolving Credit Facility Claims, while the remaining $17.3 million is assumed to be drawn by counterparties. These balances are adjusted out of the *pro forma* cash balance at January 31, 2020.
  - The Debtors estimate a 100% recovery of the *pro forma* balance of cash.

- **Note B - Accounts Receivable**
  - Accounts receivable consists of invoices and accrued revenues due under normal trade terms, generally requiring payment within 30 to 60 days of production.
  - The analysis assumes that a chapter 7 Trustee would retain certain existing staff to handle collection efforts for outstanding trade accounts receivable for the entities undergoing liquidation.
  - There are high risks with collecting accounts receivable once a liquidation is announced.
  - The adjustments to collections reflect the potential costs of litigation if customers do not pay or delay payments, customers attempting to offset payables due to business disruption, contract breach expenses as a result of the cessation of operations including the cost to connect to other pipelines, and other offset risks as certain customers are also vendors.
  - The Debtors estimate the liquidation recovery value of accounts receivable is 60% to 80% of the *pro forma* value.

- **Note C - Prepaid Expenses**
  - Prepaid Expenses includes short-term portion of prepaid expenses. Prepaid expenses include insurance, Board fees, safety assessment, and other short term prepaids.

- Prepaid expenses have been adjusted for the estimated net book value as of January 31, 2020.
- The Debtors believe that recovery on the prepaid assets is unlikely due to the nature of the assets.
- The Debtors estimate the liquidation recovery value of prepaid expenses is 0% of the *pro forma* value.

- **Note D – Property, Plant, and Equipment**
  - Property, Plant, and Equipment includes various asset groups – Construction in Progress, Pipeline, Plants, Compressors, Rights-of-Way, Capital Leases, and Other.
  - There was an impairment taken on all property, plant & equipment during the first quarter of 2020. As such, each asset has been adjusted to reflect the fair value.
  - Each asset has been adjusted to reflect an estimated balance at January 31, 2020.
  - Each asset group has a unique liquidation value range as detailed below in Notes E – Notes K.

- **Note E - Property, Plant, and Equipment – Construction in Progress**
  - Property, Plant, and Equipment – Construction in Progress consists of various in process capital expenditure projects for both growth and maintenance of current PP&E.
  - In a liquidation scenario, the recovery on these projects is captured with the related asset category the construction is for and therefore there is no separate recovery for this account.
  - The Debtors estimate the liquidation recovery value of Property, Plant, and Equipment – Construction in Progress is 0% of the *pro forma* value.

- **Note F - Property, Plant, and Equipment - Pipeline**
  - Property, Plant, and Equipment - Pipeline consists of more than 2,000 miles of pipelines located in the Eagle Ford region of South Texas and approximately 1,100 miles of pipelines in Mississippi and Alabama. The pipeline assets sold in the MS/AL Sale and the CCPN Sale are shown as sold prior to the Liquidation Date.
  - The South Texas pipeline would be sold as-is, with all costs to disassemble and relocate the assets born by the buyer. After considering the state of the industry, the costs of building new pipelines, the costs of transport and the low potential recovery values of any scrap sales, it is highly unlikely that any party would find it economical to purchase the existing South Texas pipeline in an inactive state.
  - Based on discussions with management and certain third-party industry experts, the Debtors estimate the liquidation recovery on the remaining Property, Plant and Equipment – Pipeline is 0% to 5% of the *pro forma* value.

- **Note G - Property, Plant, and Equipment – Plants**
  - Property, Plant, and Equipment - Plants consists of gas processing (Woodsboro, Lone Star), treating (Lancaster, Valley Wells) and fractionation (Bonnie View) plant facilities.
  - Estimated recoveries are built up on a plant by plant basis, based on estimates from management team and guidance on current market rates for inactive plants from brokers.
  - These recoveries assume that the Debtors have ceased operations and no volumes are moving through the plants and they are sold in a fire-sale scenario. The buyer would purchase the plants as-is and would be responsible for any dismantling and transportation costs to relocate the assets to an operating location. Recovery estimates in this section includes the plants, but not the compressors (which are covered in Note H below) and assume the buyers will pay all ad valorem property taxes when due and as such will net out the estimated unpaid amounts from the purchase price.
  - The Debtors estimate the liquidation recovery value of Property, Plant and Equipment – Plants is 10% to 22% of the *pro forma* value.

- **Note H - Property, Plant, and Equipment - Compressors**
  - Property, Plant, and Equipment - Compressors consist of the engine, skid, scrubbers, and coolers used in the gas transportation and refinement processes.
  - Recovery estimates based on the as is sale value of the inactive compressor package, factoring in dismantling and transportation costs for the assets sold as-is to the buyer.
  - The Debtors management team, along with guidance from industry experts, estimated recovery values in an orderly liquidation process in a range of 65 to 75% of the Property, Plant, and Equipment – Compressors *pro forma* value.

- **Note I - Property, Plant, and Equipment – Rights-of-Way**
  - Property, Plant, and Equipment – Rights-of-Way consists of agreements that allow Debtor to construct and maintain pipelines on others property.
  - Right-of-Ways and Easements are contracts with land owners and do not contain much value in a liquidation scenario.
  - The Debtors estimate the liquidation recovery value of Property, Plant, and Equipment – Rights of Way is 0% of the *pro forma* value.

- **Note J - Property, Plant, and Equipment – Capital Leases**
  - Property, Plant, and Equipment – Capital Leases consist of leases for vehicles.
  - Capital Leases are offset by liabilities representing the lease payments remaining which would eliminate the value to recover on the assets in a liquidation.

- The Debtors estimate the liquidation recovery value of Property, Plant, and Equipment – Capital Leases is 0% of *pro forma* value.

- **Note K - Property, Plant, and Equipment – Other**
  - Property, Plant and Equipment – Other are other Property, Plant and Equipment assets such as Land & Buildings, Furniture & Fixtures, and Equipment (including IT Equipment).
  - These assets are believed to have some recoverable value based primarily on the underlying land assets while the other types are not assumed to have a material recoverable value.
  - The Debtors estimate the liquidation recovery value of Property, Plant, and Equipment –and Other are 3% to 9% of *pro forma* value.

- **Note L - Investment in JV**
  - Investment in JV consists of the Debtors' joint venture interest in T2 Eagle Ford Gathering Company LLC and T2 LaSalle Gathering Company LLC.
  - The estimated liquidation recovery value is based on a buyer paying a discount to the current market rates based on contractual and estimated future volumes.
  - Management provided an estimated range of values which were considered and discounted to reflect the fire-sale nature of the disposition.
  - The Debtors estimate the liquidation recovery value of the Investment in JV is 7% to 9% of the *pro forma* value.

- **Note M - Other Assets**
  - Other Assets consist of long-term insurance prepayments, professional fee retainers, lessee rights of use, and intangibles.
  - The deposits account consists of professional fee retainers and has been adjusted to zero as of January 31, 2020.
  - The long-term prepaid account consists of prepayments for insurance that have been adjusted to account for use until January 31, 2020.
  - Due to the nature of these assets, the Debtors estimate the liquidation recovery value of Other Assets is 0% of the *pro forma* value.

Liquidation Adjustments

- **Note N - Chapter 7 Trustee Fees**

  - Chapter 7 Trustee Fees consist of fees paid to the Chapter 7 Trustee to liquidate the Estates of the Debtors.

  - The estimate is based on Section 326 of the Bankruptcy Code and is calculated at 3% of all gross liquidation proceeds.

- Based on the Liquidation proceeds forecast, the Debtors estimate the Chapter 7 Trustee Fees to be $2.0 million to $3.0 million.

- **Note O - Chapter 7 Trustee Professional Fees**
  - Chapter 7 Professional Fees consist of fees paid to the Chapter 7 trustee professionals to liquidate the Estates of the Debtors.
  - The analysis assumes an estimated 1% of all gross liquidating proceeds will be incurred in order to assist the Chapter 7 Trustee in liquidating the Estates.
  - Based on the Liquidation proceeds forecast, the Debtors estimate the Chapter 7 Trustee Professional Fees to be $0.7 million to $1.0 million.

- **Note P - Employee Company Costs to Wind-Down Estates**
  - Employee Costs to Wind-Down the Estates include the costs to retain employees and consultants for the wind-down period.
  - A portion of the Estates' employees would be required to assist the Chapter 7 Trustee to wind down the Estates to collect cash, pay liabilities and maintain the books and records.
  - The Employee Company Costs to Wind-Down the Estates are estimated to be $0.8 million.

- **Note Q - Non- Employee Company Costs to Wind-Down Estates**
  - Non-Employee Company Costs to Wind-Down Estates consist of G&A costs (HR, Tax, IT, etc.) which are required to maintain the workforce required to wind down the Debtors' business in an orderly fashion as described above.
  - The asset monetization and wind-down period is expected to last ~4 months from the Liquidation Date to the end of the case.
  - The Employee Company Costs to Wind-Down the Estates are estimated to be $2.7 million.

Claims

- **Note R – Pre-Chapter 7 Professional Fees Carve-Out**

- Pre-Liquidation Date accrued Professional Fees consist of accrued and unpaid professional fees related to Debtor, lender, and related party professionals as of the Liquidation Date, net of retainers.
- The Pre-Chapter 7 Professional Fees Carve-Out is $7.5 million as of the Liquidation Date and recoveries will be 100%.

- **Note S – New Money DIP Claims**
  - The New Money DIP Claims are repaid in full prior to the Liquidation Date as described above.

- **Note T – DIP Term Loan Roll-Up Claims**
  - Including the pre-Liquidation Date paydown described above, the Debtors estimate that there will be approximately $116.9 million outstanding on the Liquidation Date and that the recoveries on the DIP Term Loan Roll-Up Claims will be 39% to 62%.

- **Note U - Prepetition Revolving Credit Facility Claims**
  - Including the pre-Liquidation Date paydown described above, the Debtors estimate that there will be approximately $79.1 million outstanding on the Liquidation Date and that the recoveries on the Prepetition Revolving Credit Facility Claims will be 11% to 17%.

- **Note V - Prepetition Term Loan Claims**
  - Prepetition Term Loan Claims consist of outstanding balances owed under the prepetition term loan facility, excluding balances related to the DIP Term Loan roll-up.
  - The Debtors estimate that there will be approximately $309.5 million outstanding on the Liquidation Date and that the recoveries on the Prepetition Term Loan Claims will be 0%.

- **Note W – Chapter 11 Administrative and Priority Claims**
  - Administrative and priority claims consists of any administrative and priority Claims against any Debtor.
  - The Debtors estimate that there will be approximately $16.8 million of total administrative, priority, and tax claims and that there will be a 0% recovery on these claims.

- **Note X – General Unsecured Claims**
  - General Unsecured Claims consists of claims against any Debtor including contract rejection damage claims and various other unsecured liabilities.

- The Debtors estimate that there will be approximately $12.9 million of General Unsecured Claims remaining as of the Liquidation Date and that the recoveries will be 0%.

- **Note Y – Sponsor Notes**
  - Sponsor Notes consists of unsecured notes dated January 22, 2018 of $17.4 million and the Debtors estimate that the recoveries will be 0%.

- **Note Z - Existing Interests**
  - Existing Interests consists of Interests of any holders of any class of equity securities of any of the Debtors, represented by shares of common or preferred stock, limited partnership interests or other instruments evidencing an ownership interest in any of the Debtors, whether or not certificated, transferable, voting or denominated "stock" or a similar security, or any option, warrant or right, contractual or otherwise, to acquire any such interest.
  - The Debtors estimate that there will be no recovery for potential Existing Interests on the Liquidation Date.

Exhibit C

Financial Projections[1]

The Amended Plan provides, among other things, that Southcross will be reorganized to include all the gathering and processing assets in South Texas, the Lancaster assets, and the Valley Wells assets and that the proceeds of the CCPN Sale and MS/AL Sale will be distributed to creditors. Accordingly, in conjunction with preparation of the Amended Plan and the Disclosure Statement Supplement, Southcross, with the assistance of the other Debtors, their management team and advisors, prepared the following Financial Projections for the fiscal year ending December 31, 2020 ("FY2020") through the fiscal year ending December 31, 2024 ("FY2024," and, such period, the "Projection Period") for post-Effective Date Southcross (on a consolidated basis).

The Financial Projections are based on a number of assumptions made by Southcross and the other Debtors with respect to the future operating performance of the post-Effective Date Southcross and the Reorganized Debtors.[2] Although Southcross and the other Debtors have prepared the Financial Projections in good faith and believe the assumptions to be reasonable, it is important to note that neither Southcross nor the other Debtors can provide any assurance that such assumptions will be realized and such assumptions, therefore, remain subject to the risk factors set forth in the Disclosure Statement and the Disclosure Statement Supplement (as applicable) and the assumptions described herein, including all relevant qualifications and footnotes.

Neither Southcross nor the other Debtors have generally published financial projections of their respective anticipated financial positions, results of operations, or cash flows. Accordingly, neither Southcross nor the other Debtors will, and disclaim any obligation to, furnish updated business plans or projections to holders of Claims or other parties in interest after the Effective Date, or to include such information in documents required to be filed with any regulatory or other governmental body (such as the SEC) or otherwise make such information public, unless required to do so by the SEC or other regulatory body pursuant to the provisions of the Amended Plan.

As described in detail in the Disclosure Statement and the Disclosure Statement Supplement, a variety of risk factors could affect Southcross and/or the other Reorganized Debtors' financial results and holders of Claims entitled to vote to accept or reject the Amended Plan should consider those risk factors. Accordingly, the Financial Projections should be reviewed in conjunction with the risk factors set forth in the Disclosure Statement and the Disclosure Statement Supplement and the assumptions described herein, including all relevant qualifications and footnotes. Although the Financial Projections represent Southcross and the other Debtors' respective best estimates and good faith judgment (for which Southcross and the other Debtors, as applicable, believe they have a reasonable basis) of the results of future operations, financial position, and cash flows of Southcross and the other Debtors, as applicable, they are only estimates and actual results may vary considerably from the Financial Projections. Consequently, the Financial Projections should not be regarded as a representation by Southcross

[1] Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Disclosure Statement Supplement, to which the Financial Projections are attached.

[2] References to the Reorganized Debtors herein include NewCo, as applicable.

or the other Debtors, or their respective advisers or representatives, that the projected results of operations, financial position, and cash flows of Southcross or the other Debtors, as applicable, will be achieved.

The Financial Projections were not prepared with a view toward compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The projected consolidated balance sheet does reflect an estimate of the impact of "fresh start" accounting, but a detailed "fresh start" analysis was not completed.

Moreover, the Financial Projections may contain certain statements that are "forward-looking statements" within the meaning of the private securities litigation reform act of 1995. These statements are subject to a number of assumptions, risks, and uncertainties, many of which are beyond the control of Southcross and/or the other Debtors, including the implementation of the Amended Plan, and the continuing availability of sufficient borrowing capacity or other financing to fund operations. Holders of Claims entitled to vote on the Amended Plan are cautioned that the forward-looking statements speak as of the date made and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in the forward-looking statements, and the Debtors undertake no obligation to update any such statements.

The Financial Projections, while presented with numerical specificity, are necessarily based on a variety of estimates and assumptions which, though considered reasonable by the Debtors, may not be realized and are inherently subject to significant business, economic, industry, regulatory, legal, market, and financial uncertainties and contingencies, many of which are beyond the control of Southcross and/or the other Reorganized Debtors, as applicable. Southcross and the other Debtors caution that no representations can be made or are made as to the accuracy of the projections or to Southcross, the other Debtors', and/or the Reorganized Debtors' ability to achieve the projected results. Some assumptions inevitably will be incorrect. Moreover, events and circumstances occurring subsequent to the date on which Southcross and the other Debtors prepared these projections may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. Except as otherwise provided in the Amended Plan, the Disclosure Statement, or the Disclosure Statement Supplement, Southcross, the other Debtors, and the Reorganized Debtors, as applicable, do not intend and undertake no obligation to update or otherwise revise these Financial Projections to reflect events or circumstances existing or arising after the date of the Disclosure Statement Supplement or to reflect the occurrence of unanticipated events. Therefore, the Financial Projections may not be relied upon as a guarantee or other assurance of the actual results that will occur. In deciding whether to vote to accept or reject the Amended Plan, holders of Claims entitled to vote to accept or reject the Amended Plan must make their own determinations as to the reasonableness of such assumptions and the reliability of the projections, and should consult with their own advisors.

General Assumptions

- *Methodology*. The Financial Projections contain the operational and capital expenditure plans for Southcross. The projected performance of Southcross was analyzed by key management personnel and incorporate numerous assumptions regarding industry and revenue growth, productivity improvements, and other operating and cost reduction initiatives. The Financial Projections account for the CCPN Sale and MS/AL Sale. In addition, the Financial Projections assume all remaining assets, including the gathering and processing assets in South Texas, the Lancaster assets, and the Valley Wells assets, continue operating and does not assume sales or closure of any operating assets nor any acquisitions of new operating units.

- *Assumed Effective Date*. The Financial Projections assume that the Effective Date will occur on or before January 31, 2020 (the "Assumed Effective Date"). However, the growth assumptions in the Consolidated Financial Projections section include full 2020 projections for illustrative purposes, while the projected financials include a stub period for 2020 from an assumed emergence date of January 31, 2020 to December 31, 2020.

- *Macroeconomic and Industry Environment*. The Financial Projections and related volume and pricing assumptions are based on input from Southcross's senior management and certain industry reports prepared by various third parties.

- *Operating Conditions*. The Financial Projections assume a reversion to operating conditions upon emergence that would be normal for a company of a similar size and nature with capitalization consistent with that of Southcross.

Consolidated Financial Projections

- *Net Sales*. During the Projection Period, the sales of Southcross are expected to grow from approximately $308 million in FY2020 to approximately $399 million in FY2024. Assumptions related to customer acquisition, increased system utilization, and contract renegotiation were considered in arriving at sales assumptions.

- *Cost of Sales*. The Financial Projections expect Southcross's gas purchases to grow from $204 million in FY2020 to $288 million in FY2024, in correlation with the growth in sales.

- *Selling, General and Administrative Expenses*. Southcross's Selling, General, and Administrative ("SG&A") expenses are expected to decrease slightly from FY2020 ($16.2 million) to FY2024 ($16.1 million) as a result of implemented strategies and anticipated management cost savings resulting from the CCPN Sale and MS/AL Sale, and the planned consolidation of the back offices in Houston. SG&A expenses include labor and benefits, business technology, plant SG&A, office costs, and other administrative expenses.

- *EBITDA*. Southcross's EBITDA is expected to grow from approximately $24.6 million in FY2020 to $30.1 million in FY2024.

- *Interest Expense*. Reorganized Southcross's interest expense is expected to remain at approximately $5.4 million per year as a result of an assumed $65 million Exit Credit

Facility consisting of (i) a revolving credit facility in an aggregate principal amount at any time outstanding up to $30,000,000 and (ii) a single-draw term loan facility in an aggregate principal amount of up to $35,000,000, the proceeds of which will be used to cash collateralize a letter of credit subfacility (collectively, the "Exit Financing").

- *Income Taxes*. The Financial Projections do not project income taxes during the Projection Period as the reorganized entity is assumed to continue to operate as an MLP.

Projected Financials Key Assumptions
Southcross's post-Effective Date projected balance sheet sets forth the projected consolidated financial position of Southcross Energy Partners, L.P. after giving effect to the Amended Plan. All financials for 2020 below reflect a stub period from the assumed emergence date of January 31, 2020 to December 31, 2020.

General Assumptions:

- *Overview*. The projected consolidated opening balance sheet was developed from expected changes in assets and liabilities of Southcross from the October 2019 unaudited actual balance sheets for each subsidiary rolled forward and including estimated fresh-start adjustments to January 31, 2020, and after giving effect to the occurrence of the Effective Date. The Financial Projections reflect Southcross's projected post-Effective Date consolidated balance sheet as of each fiscal-year end, reflecting projected results of operations and assumed investments in fixed assets and working capital.

- *Cash*. After payment of New Money DIP Claims and all transaction related expenses (e.g., accrued and unpaid professional fees, sales fees, financing fees, reserves, and restructuring fees), Southcross's post-Effective Date cash balance is projected to total approximately $25.4 million. Projected cash included in the Financial Projections reflects the impact on cash from the projected operating results, capital investment, working capital changes, and debt service assumed in these Financial Projections. Actual cash may vary from cash reflected in the projected consolidated balance sheet because of variances in the Financial Projections and potential changes in cash needed to consummate the Amended Plan.

- *Debt*. The projected consolidated balance sheet reflects the existence of the Exit Financing as of the Assumed Effective Date with any projected payments made in the ordinary course of operations based on newly defined terms. The following table outlines the debt structure prior to the Assumed Effective Date and contemplated under the Amended Plan. The Financial Projections capture interest expense based on contemplated terms.

DEBT STRUCTURE

(US $ in thousands)

Debt	1/31/2020	Post-Emergence 1/31/2020
New Money DIP	$ 27,010	$ -
LC Collateral DIP	20,489	-
Existing TL (1)	438,187	-
Existing RCF (2)	81,293	-
Unsecured Sponsor Notes	17,383	-
New 1L RCF (3)	-	30,000
New 2L Term Loan (4)	-	35,000

(1) Balance reflects the projected amount at emergence inclusive of the accrued and unpaid interest. Roll-Up Component exchanged for New Series A Preferred Units.
(2) Balance reflects the projected amount at emergence inclusive of the accrued and unpaid interest. Ratable (with TL Roll-Up) portion of RCF exchanged for New Series A Preferred Units.
(3) Reflects commitments that will be undrawn at the time of emergence. $30m represents the size of the facility.
(4) Facility sized at $35m to replace DIP Letters of Credit assumed upon emergence.

- *Working Capital*. Balances for accounts receivable and accounts payable are based on Southcross's long-term historical turnover ratios which result in a Days Sales Outstanding assumption of 37 days and a Days Payable Outstanding assumption of 28 days. Other working capital accounts are assumed to fluctuate throughout the year due to items such as prepayments, property taxes, bonuses, and interest payments.

- *Capital Expenditures*. Southcross has capital projects planned during the Projection Period designed to pursue strategic growth, improve competitiveness, expand capacity, and maintain pipeline integrity and safety standards.

PROJECTED CAPITAL EXPENDITURES

	FYE December 31,				
(US $ in thousands)	**2020 (1)**	**2021**	**2022**	**2023**	**2024**
Maintenance Cap Ex	$ 7,624	$ 7,268	$ 7,275	$ 10,282	$ 7,289
Growth Cap Ex	8,538	4,640	3,005	3,140	1,640
Total Cap Ex	**$ 16,162**	**$ 11,908**	**$ 10,280**	**$ 13,422**	**$ 8,929**

(1) 2020 is a stub period from the assumed emergence date of January 31, 2020 to December 31, 2020.

Projected Income Statement – Consolidated

PROJECTED INCOME STATEMENT					
	FYE December 31,				
(US $ in thousands)	**2020 [1]**	**2021**	**2022**	**2023**	**2024**
Gas Sales	$ 284,763	$ 338,222	$ 357,968	$ 383,748	$ 399,113
Cost of Sales	189,326	232,406	248,708	273,155	288,011
Gross Margin	***$ 95,437***	***$ 105,816***	***$ 109,260***	***$ 110,593***	***$ 111,102***
Gross Margin %	*34%*	*31%*	*31%*	*29%*	*28%*
Operating Expenses	$ 57,877	$ 63,270	$ 63,650	$ 64,287	$ 64,930
SG&A	14,831	15,138	15,440	15,749	16,064
EBITDA	***$ 22,729***	***$ 27,409***	***$ 30,169***	***$ 30,558***	***$ 30,109***
Depreciation & Amortization	$ 10,365	$ 11,870	$ 12,363	$ 12,996	$ 13,375
Interest Expense [2]	4,978	5,424	5,424	5,424	5,439
Net Income	***$ 7,386***	***$ 10,115***	***$ 12,382***	***$ 12,137***	***$ 11,295***

Footnotes

(1) 2020 is a stub period from the assumed emergence date of January 31, 2020 to December 31, 2020.

(2) For purposes of this analysis, no excess cash flow sweep is contemplated.

[Remainder of This Page Intentionally Left Blank]

Projected Balance Sheet – Consolidated

PROJECTED BALANCE SHEET					
	FYE December 31,				
(US $ in thousands)	**2020**	**2021**	**2022**	**2023**	**2024**
Assets					
Cash	$ 33,657	$ 43,940	$ 57,905	$ 69,717	$ 84,755
Reserved Cash	35,000	35,000	35,000	35,000	35,000
Accounts Receivable	32,025	34,343	36,256	38,533	39,983
Prepaid Expenses	4,649	4,716	4,785	4,854	5,296
Current Assets	62	62	62	62	62
Total Current Assets	$ 105,393	$ 118,061	$ 134,008	$ 148,165	$ 165,097
Property, Plant and Equip	$ 173,527	$ 173,564	$ 171,481	$ 171,907	$ 167,460
Investment in JV	9,071	9,071	9,071	9,071	9,071
Other Assets	2,747	2,339	1,923	1,498	1,066
Total Assets	**$ 290,737**	**$ 303,035**	**$ 316,483**	**$ 330,641**	**$ 342,694**
Liabilities					
AP and Accrued Expenses	$ 21,161	$ 23,419	$ 24,562	$ 26,661	$ 27,499
Property Tax Liability	13,005	13,265	13,530	13,801	14,077
Accrued Payroll	3,629	3,702	3,776	3,851	3,928
Capital Lease Obligations LT	995	995	995	995	995
Other Current Liabilities	124	124	124	124	124
Total Current Liabilities	$ 38,914	$ 41,505	$ 42,987	$ 45,433	$ 46,624
New Revolver	$ -	$ -	$ -	$ -	$ -
New Term Loan [(1)]	35,000	35,000	35,000	35,000	35,000
Total Long-Term Debt	$ 35,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Capital Lease Obligations LT	1,295	1,295	1,295	1,295	1,295
Office Lease - LT Liabilities	2,747	2,339	1,923	1,498	1,066
Total Liabilities	$ 77,956	$ 80,140	$ 81,205	$ 83,227	$ 83,985
Total Liabilities & Equity	**$ 290,737**	**$ 303,035**	**$ 316,483**	**$ 330,641**	**$ 342,694**

Footnotes

(1) For purposes of this analysis, no excess cash flow sweep is contemplated.

Projected Cash Flow Statement – Consolidated

PROJECTED CASH FLOW STATEMENT					
	FYE December 31,				
(US $ in thousands)	**2020[1]**	**2021**	**2022**	**2023**	**2024**
Cash Flow From Operations					
Net Income	$ 7,386	$ 10,115	$ 12,382	$ 12,137	$ 11,295
Depreciation	10,365	11,870	12,363	12,996	13,375
Change in Working Capital					
(Increase) / Decrease in Current Assets	(4,613)	(2,385)	(1,982)	(2,346)	(1,893)
Increase / (Decrease) in Current Liabilities	11,286	2,592	1,482	2,446	1,191
Total Cash From Operations	$ 24,424	$ 22,191	$ 24,245	$ 25,233	$ 23,968
Cash Flow From Investing Activities					
Capital Expenditures	$ (16,162)	$ (11,908)	$ (10,280)	$ (13,422)	$ (8,929)
(Increase) / Decrease in Other Non-Current Assets	(2,747)	408	416	424	433
(Increase) / Decrease in Other Non-Current Liabilities	2,747	(408)	(416)	(424)	(433)
Total Cash From Investing	$ (16,162)	$ (11,908)	$ (10,280)	$ (13,422)	$ (8,929)
Cash Flow From Financing Activities					
Increase / (Decrease) in Financing [2]	-	-	-	-	-
Total Cash From Financing	$ -	$ -	$ -	$ -	$ -
Net Cash from Operations, Investing and Financing	$ 8,262	$ 10,283	$ 13,965	$ 11,811	$ 15,039
Beginning Cash Balance	$ 25,395	$ 33,657	$ 43,940	$ 57,905	$ 69,717
Net Cash from Operations, Investing and Financing	8,262	10,283	13,965	11,811	15,039
Ending Cash Balance	$ 33,657	$ 43,940	$ 57,905	$ 69,717	$ 84,755

Footnotes

(1) 2020 is a stub period from the assumed emergence date of January 31, 2020 to December 31, 2020.

(2) For purposes of this analysis, no excess cash flow sweep is contemplated.

Exhibit D

Valuation Analysis

THE VALUATION INFORMATION CONTAINED IN THE FOLLOWING ANALYSIS IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE AMENDED PLAN. THIS VALUATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE AMENDED PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE AMENDED PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF CLAIMS AGAINST THE DEBTORS. IN ADDITION, THE VALUATION OF NEWLY-ISSUED SECURITIES IS SUBJECT TO ADDITIONAL UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT. ACTUAL MARKET PRICES OF SUCH SECURITIES AT ISSUANCE WILL DEPEND UPON, AMONG OTHER THINGS, PREVAILING INTEREST RATES, CONDITIONS IN THE FINANCIAL MARKETS, THE ANTICIPATED INITIAL SECURITIES HOLDINGS OF PREPETITION CREDITORS, SOME OF WHICH MAY PREFER TO LIQUIDATE THEIR INVESTMENT RATHER THAN HOLD IT ON A LONG-TERM BASIS, AND OTHER FACTORS WHICH GENERALLY INFLUENCE PRICES OF SECURITIES.

THE ESTIMATES OF THE RANGES OF ENTERPRISE VALUE AND EQUITY VALUE DETERMINED BY EVERCORE DO NOT REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE IMPUTED ESTIMATE OF THE RANGE OF THE EQUITY VALUE OF REORGANIZED DEBTORS ASCRIBED IN THIS ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET TRADING VALUE. ANY SUCH TRADING VALUE MAY BE MATERIALLY DIFFERENT FROM THE IMPUTED ESTIMATE OF THE EQUITY VALUE RANGE FOR THE REORGANIZED DEBTORS ASSOCIATED WITH EVERCORE'S VALUATION ANALYSIS.

As outlined in Section III.G. of the Disclosure Statement, Evercore ran a comprehensive marketing process for substantially all of the Debtors' assets. The marketing process resulted in the sale of certain of the Debtors' assets, including:

- Sale of the MS / AL Assets to Magnolia Infrastructure Holdings, LLC for $31.5 million of gross proceeds;[1] and
- Sale of the CCPN Assets to Kinder Morgan Tejas Pipeline, LLC for $76.0 million of gross proceeds.[2]

Solely for purposes of this Valuation Analysis, the Debtors' G&P Assets[3] (including the Acquired Companies) are collectively referred to as the Reorganized Debtors[4].

[1] The MS/AL Sale closed on December 16, 2019, as set forth in the MS/AL Closing Notice.

[2] The CCPN Sale closed on November 6, 2019, as set forth in the CCPN Closing Notice.

[3] The **"G&P Assets"** include all of the Debtors' assets other than the CCPN Assets and the MS/AL Assets.

[4] If the Credit Bid Transaction is consummated, the G&P Assets will be owned by NewCo.

Solely for purposes of the Amended Plan and the Disclosure Statement Supplement, Evercore has estimated the total enterprise value (the "**Total Enterprise Value**") and implied equity value (the "**Equity Value**") of the Reorganized Debtors on a going concern basis and *pro forma* for the transactions contemplated by the Amended Plan.

In estimating the going concern value of the Reorganized Debtors Evercore met with the Debtors' senior management team to discuss the Debtors' assets, operations, and future prospects, and reviewed the Debtors' historical financial information, certain of the Debtors' internal financial and operating data, the Reorganized Debtors' Financial Projections provided in **Exhibit C** to the Disclosure Statement Supplement, and publicly available third-party information and conducted such other studies, analyses, and inquiries we deemed appropriate.

The valuation analysis herein represents a valuation of the Reorganized Debtors as the continuing operators of the G&P Assets, including the Acquired Companies, after giving effect to the Amended Plan, based on the application of standard valuation techniques. The estimated values set forth in this **Exhibit D**: (a) do not purport to constitute an appraisal of the assets of the Reorganized Debtors; (b) do not constitute an opinion on the terms and provisions or fairness from a financial point of view to any holder of the consideration to be received by such holder under the Amended Plan; (c) do not constitute a recommendation to any holder of Claims or Interests as to how such holder should vote or otherwise act with respect to the Amended Plan; and (d) do not necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors.

In preparing the estimates set forth below, Evercore has relied upon the accuracy, completeness, and fairness of financial and other information furnished by the Debtors. Evercore did not attempt to independently audit or verify such information, nor did it perform an independent appraisal of the assets or liabilities of the Reorganized Debtors.

The estimated values set forth herein assume that the Reorganized Debtors will achieve their Financial Projections in all material respects. Evercore has relied on the Debtors' representation and warranty that the Financial Projections: (a) have been prepared in good faith; (b) are based on fully disclosed assumptions, which, in light of the circumstances under which they were made, are reasonable; (c) reflect the Debtors' best currently available estimates; and (d) reflect the good faith judgments of the Debtors. Evercore does not offer an opinion as to the attainability of the Financial Projections. As disclosed in the Disclosure Statement and Disclosure Statement Supplement, the future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors and Evercore, and consequently, are inherently difficult to project.

This analysis contemplates facts and conditions known and existing as of the date of the Disclosure Statement Supplement. Events and conditions subsequent to this date, including updated Financial Projections, as well as other factors, could have a substantial effect upon the Total Enterprise Value. Among other things, failure to consummate the Amended Plan in a timely manner may have a materially negative effect on the Total Enterprise Value. For purposes of this valuation, Evercore has assumed that no material changes that would affect value will occur between the date of the Disclosure Statement Supplement and the assumed Effective Date.

Evercore did not consider any one analysis or factor to the exclusion of any other analyses or factors. Accordingly, Evercore believes that its analysis and views must be considered as a whole and that selecting portions of its analysis and factors could create a misleading or incomplete view of the processes underlying the preparation of the valuation. Reliance on only one of these methodologies used or portions of the analysis performed could create a misleading or incomplete conclusion.

The following is a summary of analyses performed by Evercore to arrive at its recommended range of estimated Total Enterprise Value.

A. Discounted Cash Flow Analysis

The discounted cash flow ("**DCF**") analysis estimates the value of the Reorganized Debtors by calculating the present value of expected future cash flows to be generated by the assets of such entities. Under this methodology, projected future cash flows are discounted by a range of discount rates above and below the Reorganized Debtors' estimated weighted average cost of capital (the "**Discount Rate**"). The Total Enterprise Value is determined by calculating the present value of the Reorganized Debtors unlevered after-tax free cash flows over the course of the projection period plus an estimate for the value of the Reorganized Debtors beyond the projection period, known as the terminal value plus the value of any other cash flow streams, such as certain amortization fees associated with the Debtors' Lancaster System (the "**Lancaster Facility Amortization Fees**"). The terminal values are calculated using: (a) a range of EBITDA multiples based on public company trading and (b) a range of perpetuity growth rates. The value of the Lancaster Facility Amortization Fees are calculated based on discounting such projected fees by a range of discount rates based on the long-term borrowing rates of the customers that owe such fees (the "**Lancaster Facility Amortization Fees Value**").

B. Peer Group Trading Analysis

The peer group trading analysis estimates the value of a company based on a relative comparison with other publicly traded companies with similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public company is determined by examining the trading prices for the equity securities of such company in the public markets and adding the aggregate amount of outstanding net debt for such company. Such enterprise values are commonly expressed as multiples of various measures of financial and operating statistics, such as earnings before interest, taxes, depreciation and amortization expenses ("**EBITDA**"). The Total Enterprise Value is then calculated by applying these multiples to the Reorganized Debtors' actual and projected financial metrics and adding the Lancaster Facility Amortization Fees Value. The selection of public comparable companies for this purpose was based upon the asset base and business risk profile as well as other characteristics that were deemed relevant.

C. Precedent M&A Transaction Analysis

Precedent M&A transaction analysis estimates the value of a company by examining public and private transactions on an asset-level basis. Under this methodology, transaction values are commonly expressed as multiples of EBITDA. The selection of asset-level transactions for this purpose was based upon the asset type, asset growth profile, and other characteristics that were deemed relevant. The Total Enterprise Value in this case is calculated by applying multiples of EBITDA to the Reorganized Debtors' projected financial results, adjusting for projected growth capital expenditures, discounting such value to the assumed Effective Date, and adding the Lancaster Facility Amortization Fees Value.

D. Total Distributable Value, Total Enterprise Value and Implied Equity Value

The assumed range of the reorganization value, as of an assumed Effective Date of January 31, 2020, reflects work performed by Evercore on the basis of information with respect to the business and assets of the Debtors available to Evercore as of the date of the Disclosure Statement Supplement. It should be understood that, although subsequent developments may affect Evercore's conclusions, Evercore does not have any obligation to update, revise, or reaffirm its estimate.

As a result of the analysis described herein, Evercore estimates the Total Enterprise Value of the Reorganized Debtors to be approximately $150.0 million to $210.0 million, with a midpoint of $180.0 million as of the assumed Effective Date of January 31, 2020. Based on assumed *pro forma* net debt of -$25.4 million as of the Effective Date[5], the Total Enterprise Value implies an Equity Value[6] range of $175.4 million to $235.4 million, with a midpoint of $205.4 million. This estimate is based in part on information provided by the Debtors, solely for purposes of the Amended Plan. For purposes of this analysis, Evercore assumes that no material changes will occur that would affect value as stipulated in the Amended Plan between the date of the Disclosure Statement Supplement and the Effective Date. With the Amended Plan contemplating the sale of the MS/AL Assets for $31.5 million and the CCPN Assets for $76.0 million, this implies a total distributable value (the "**Total Distributable Value**") of approximately $282.9 million to $342.9 million, with a midpoint of $312.9 million.[7,8]

The estimate of Total Distributable Value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein depending on the results of the Reorganized Debtors' operations or changes in the financial markets. Additionally, these estimates of value represent hypothetical enterprise and equity values of the Reorganized Debtors as the continuing operator of the Debtors' businesses and assets, and do not purport to reflect or constitute appraisals, liquidation values, or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Amended Plan, which may be significantly different than the amounts set forth herein. Such estimates were developed solely for purposes of formulation and negotiation of the Amended Plan and analysis of implied relative recoveries to creditors thereunder. The value of an operating business such as the Debtors' businesses is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such businesses.

Evercore's estimated valuation range of the Reorganized Debtors does not constitute a recommendation to any holder of Claims or Interests as to how such holder should vote or otherwise act with respect to the Amended Plan. The estimated value of the Reorganized Debtors set forth herein does not constitute an opinion as to the fairness from a financial point of view to any holder of the consideration to be received by such holder under the Amended Plan or of the terms and provisions of the Amended Plan. Because valuation estimates are inherently subject to uncertainties, none of the Debtors, Evercore, or any other person assumes responsibility for their accuracy or any differences between the estimated valuation ranges herein and any actual outcome.

Evercore is acting as investment banker to the Debtors, and will not be responsible for, and will not provide, any tax, accounting, actuarial, legal, or other specialist advice.

[5] The Exit Facility as of the assumed Effective Date currently contemplates (i) an undrawn revolving credit facility and (ii) a single-draw term loan facility to cash collateralize letters of credit. The projections assume $25.4 million of cash on balance sheet as of the Effective Date.

[6] Consisting of aggregate preferred and common equity value.

[7] Estimated values prior to certain payments related to applicable taxes, severance and other items.

[8] All proceeds have already been distributed on account of CCPN.